China Power New Energy Development Company Limited
中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability

Stock Code : 0735

* For identification purpose only

Wind Power

Hydro Power

Waste-to-energy Power

About CPNE

China Power New Energy Development Company Limited is committed to the development of environmentally-friendly energy projects

Natural Gas Power

Photovoltaic Power

Other Power

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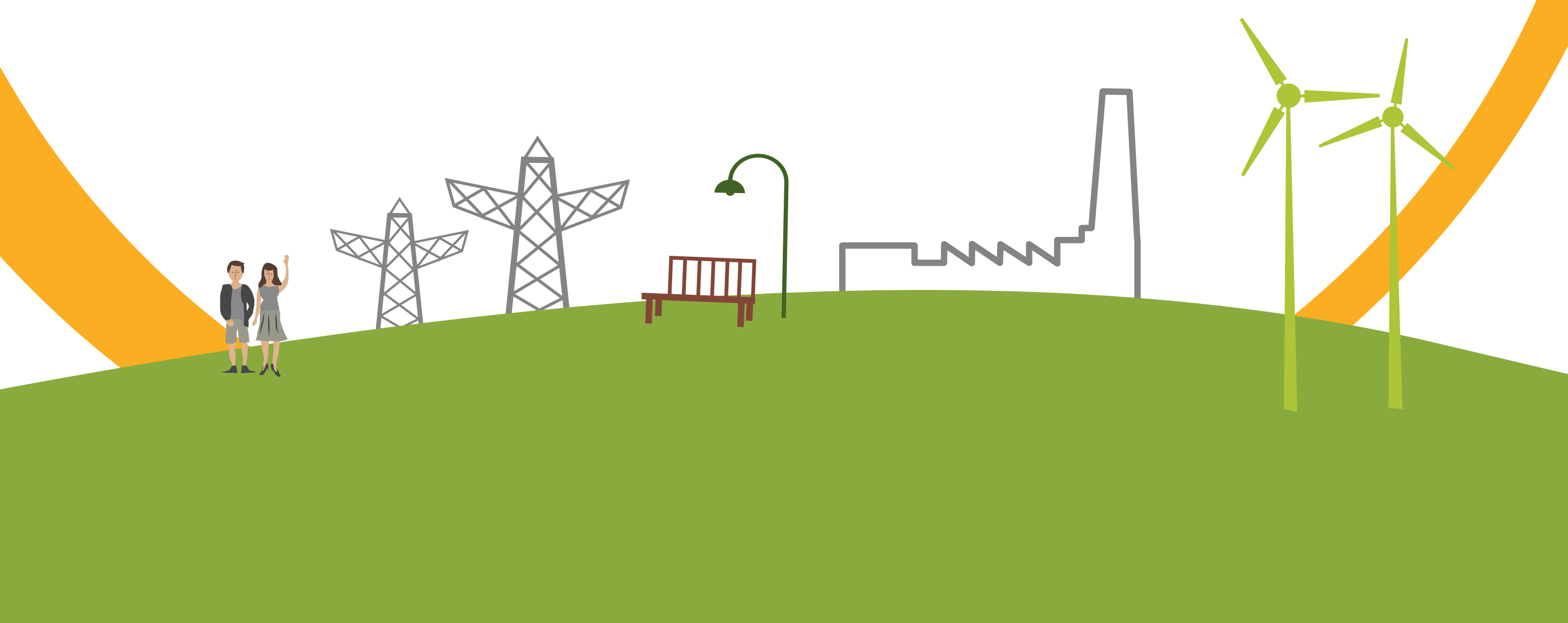


Corporate Information

CHAIRMAN OF THE BOARD:

Ms. Li Xiaolin

VICE CHAIRMEN OF THE BOARD:

Mr. Yin Lian
Mr. Bi Yaxiong (appointed on 1 April 2013)

EXECUTIVE DIRECTORS:

Ms. Li Xiaolin
Mr. Yin Lian
Mr. Bi Yaxiong (appointed on 1 April 2013)
Mr. Zhao Xinyan
Mr. He Hongxin (appointed on 1 April 2013)
Mr. Wang Hao

NON-EXECUTIVE DIRECTOR:

Mr. An Luming (appointed on 20 March 2014)
Mr. Cheng Chi (resigned on 20 March 2014)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Chu Kar Wing
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum (appointed on 28 June 2013)

AUDIT COMMITTEE:

Mr. Chu Kar Wing *(Chairman)*
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum (appointed on 28 June 2013)

REMUNERATION COMMITTEE:

Mr. Chu Kar Wing *(Chairman)*
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum (appointed on 28 June 2013)

NOMINATION COMMITTEE:

Ms. Li Xiaolin *(Chairman)*
Mr. Chu Kar Wing
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum (appointed on 28 June 2013)

COMPANY SECRETARY:

Mr. Fung Chun Nam

AUDITOR:

PricewaterhouseCoopers
(Certified Public Accountants)
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

Rooms 3801–05, 38/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR:

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE:

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE:

www.cpne.com.hk

STOCK CODE:

735

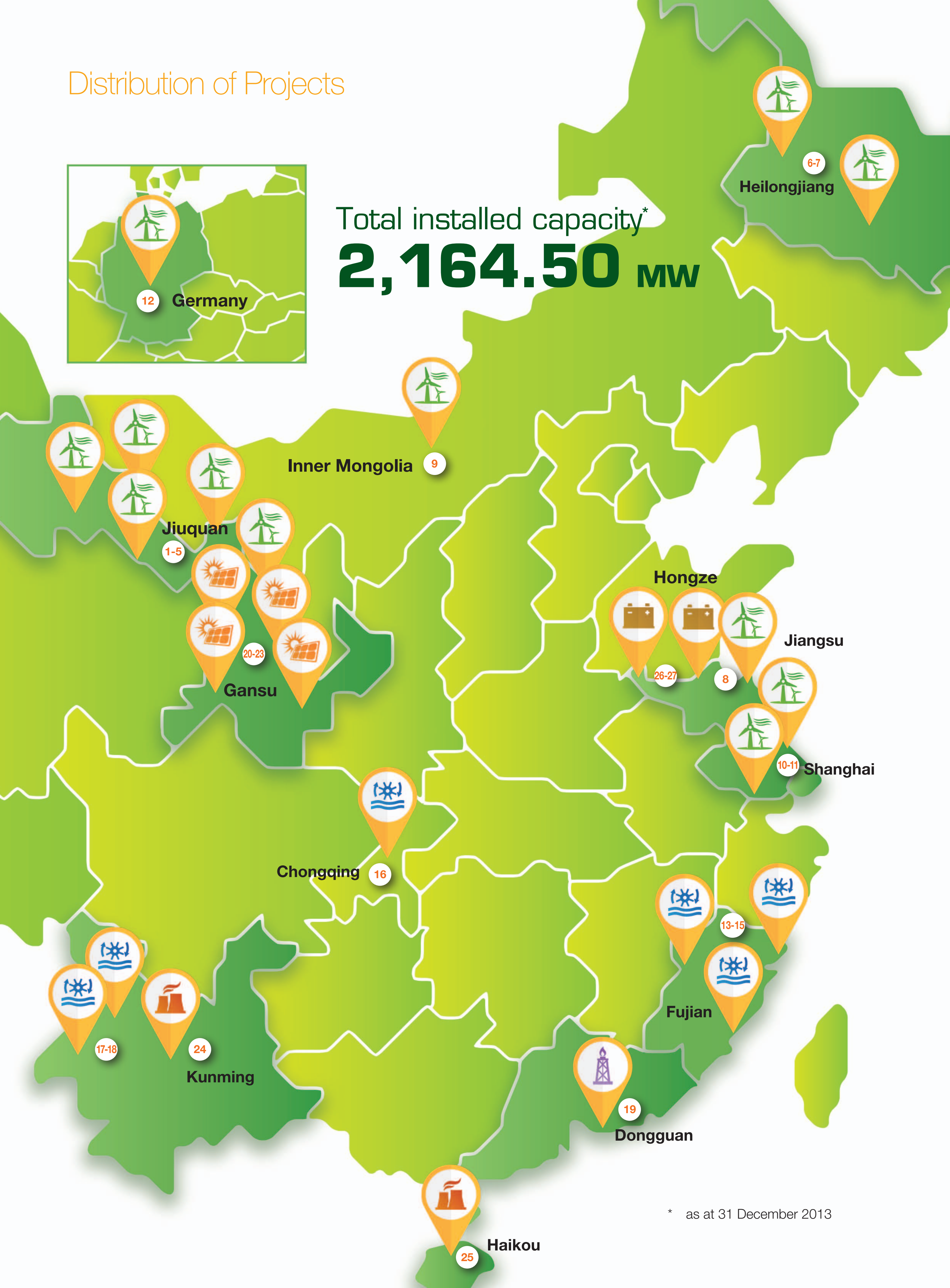
INVESTOR RELATIONS:

Tel: (852) 3607 8888
Fax: (852) 3607 8899
Email: ir@cpne.com.hk

Distribution of Projects

Total installed capacity*

2,164.50 MW



* as at 31 December 2013

WELL-ESTABLISHED PLATFORMS WITH VARIOUS RENEWABLE PROJECTS

Wind Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
1	Phase I of the Gansu Wind Power Project	100.50	100	100.50
2	Phase II of the Gansu Wind Power Project	49.50	100	49.50
3	Phase III of the Gansu Wind Power Project	201.00	100	201.00
4	Phase IV of the Gansu Wind Power Project	100.50	100	100.50
5	Phase V of the Gansu Wind Power Project	20.00	100	20.00
6	Heilongjiang Hongqi Wind Power Project	49.50	100	49.50
7	Heilongjiang Hailang Wind Power Project	49.75	100	49.75
8	China Power Dafeng Wind Power Project	200.25	100	200.25
9	Inner Mongolia Chayou Zhongqi Wind Power Project	49.50	100	49.50
10	Shanghai Sea Wind Power Project	102.00	24	24.48
11	Chongming Beiyan Wind Power Project	48.00	20	9.60
12	German Bönen Wind Power Project	8.00	100	8.00
	Sub-total	**978.50**		**862.58**

Hydro Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
13	Fujian Shaxikou Hydro-electric Power Plant	300.00	100	300.00
14	Niu Tou Shan Power Stations	115.00	52	59.80
15	Zhangping Huakou Hydro Power Plant	36.60	100	36.60
16	Chongqing Meixi Hydro Power Plant	129.00	100	129.00
17	Yunnan Yingjiang Hongfu Industrial Hydro Power	64.00	100	64.00
18	Yunnan Yingjiang Huimin Hydro Power	6.40	100	6.40
	Sub-total	**651.00**		**595.80**

Natural Gas Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
19	Dongguan China Power New Energy Heat and Power Plant	360.00	90.1	324.36
	Sub-total	**360.00**		**324.36**

Photovoltaic Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
20	Phase I of Gansu Wuwei Photovoltaic Power Project	20.00	100	20.00
21	Phase II of Gansu Wuwei Photovoltaic Power Project	30.00	100	30.00
22	Phase I of Gansu Baiyin Photovoltaic Power Project	20.00	100	20.00
23	Phase II of Gansu Baiyin Photovoltaic Power Project	30.00	100	30.00
	Sub-total	**100.00**		**100.00**

Waste-to-energy Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
24	Kunming Waste Incineration Power Plant	30.00	100	30.00
25	Haikou Waste Incineration Power Plant	24.00	100	24.00
	Sub-total	**54.00**		**54.00**

Other Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
26	Zhongdian Hongze Reproductive Substance Thermal Power Plant	15.00	100	15.00
27	Zhongdian Hongze Thermal Plant	6.00	60	3.60
	Sub-total	**21.00**		**18.60**

Milestone

2013

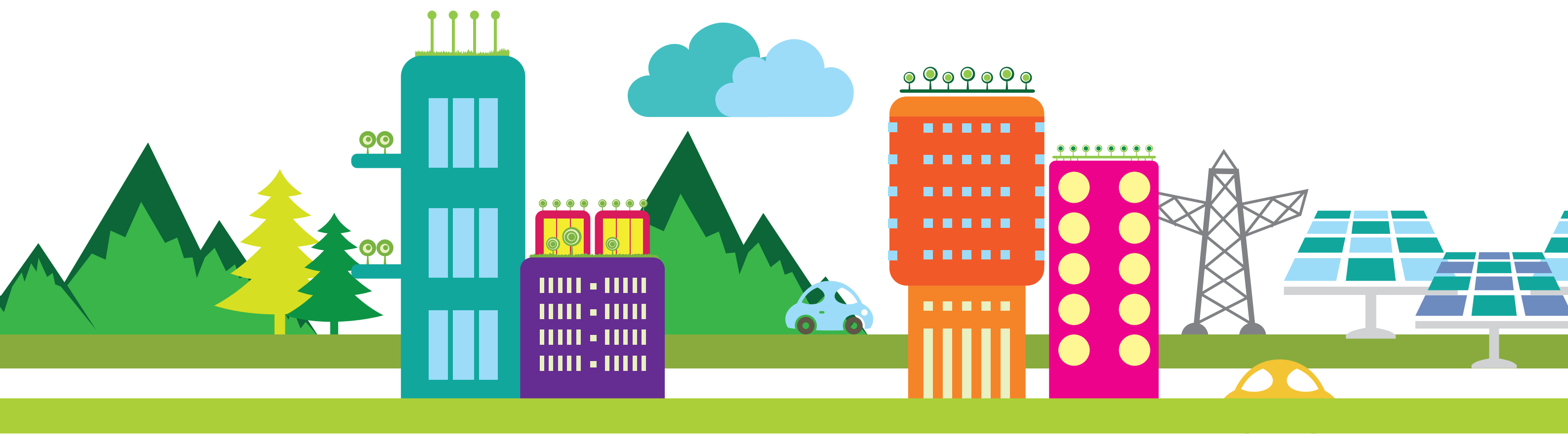
- Entered into a cooperation agreement with Charoen Energy and Water Asia Co., Ltd, intending to jointly develop Laos Phou Ngoy Hydroelectricity Project with a planned installed capacity of 728MW and annual average power generation of 3.25 billion kWh
- Entered into an equity acquisition cooperation agreement with SCHÖNBORG KRAFT AB. The installed capacity was 6MW
- Completed the acquisition of German Bönen Wind Power Project. The installed capacity was 8MW
- Entered into New Share Subscription Agreement with China Energy Engineering Group Guangdong Electric Power Design Institute and intended to issue shares with a total amount of RMB200,000,000
- Acquired 100% equity interests in both Yingjiang Hongfu Industrial Company Limited and Yingjian Huimin Hydropower Company
- Commenced operation of Chongqing Meixi Hydropower Company with 129MW installed capacity
- Commenced expansion of Dongguan Phase II Gas-fired Power Generation Project of 920MW
- Commenced Power Project in Gansu Anbei of 600MW
- The expansion of Haikou Waste Power Project (Phase II of Haikou) of 24MW commenced

2012

- Completed the issue of convertible bonds in the principal amount of approximately HK$236,000,000 to China Power New Energy Limited
- Completed the issue of shares to China Three Gorges Corporation
- Signed the contract to acquire 20% equity interest in Hainan Dalecheng Development Holding Limited
- Completed the issue of RMB800,000,000 6.5% RMB denominated bonds due 2017
- Commenced operation of Heilongjiang Hailang Wind Power Project with 49.75MW

2011

- Completed the issue of RMB500,000,000 3.75% RMB denominated bonds due 2014
- Commenced operation of Phase III of Gansu Jiuquan with 200MW and Phase IV of Gansu Jiuquan with 100MW Wind Power Projects
- Increased to 90.1% equity interest in Dongguan China Power New Energy Heat and Power Company Limited and disposed of 40% equity interest in Dongguan City Kewei Environmental Power Company Limited
- Announced introduction of China Three Gorges Corporation as a shareholder by subscription of new shares of the Company
- Enter into a share transfer agreement to acquire 100% equity interest in Meixi Hydropower Company
- Commenced operation of Heilongjiang Hongqi Wind Power Project with 49.5MW
- Commenced operation of Haikou Waste Power Project with 24MW
- Commenced operation of Zhangping Huakou Hydro Power Project with 36.6MW



2010

- Increased to 100% equity interest in Gansu China Power Jiuquan Wind Electric Power Company Limited
- Increased to 100% equity interest in Kunming China Power Environmental Power Company Limited
- Increased to 100% equity interest in Zhangping Huakou Hydro Power Company Limited
- Acquired 100% equity interest in China Power Dafeng Wind Power Company Limited

2009

- Acquired 51% equity interest in Zhangping Huakou Hydro Power Company Limited
- Changed the auditors and the financial year-end date
- Formed a joint venture with Shanghai Green Environmental Protection Energy Company Limited and CLP Power China (Chongming) Limited

2008

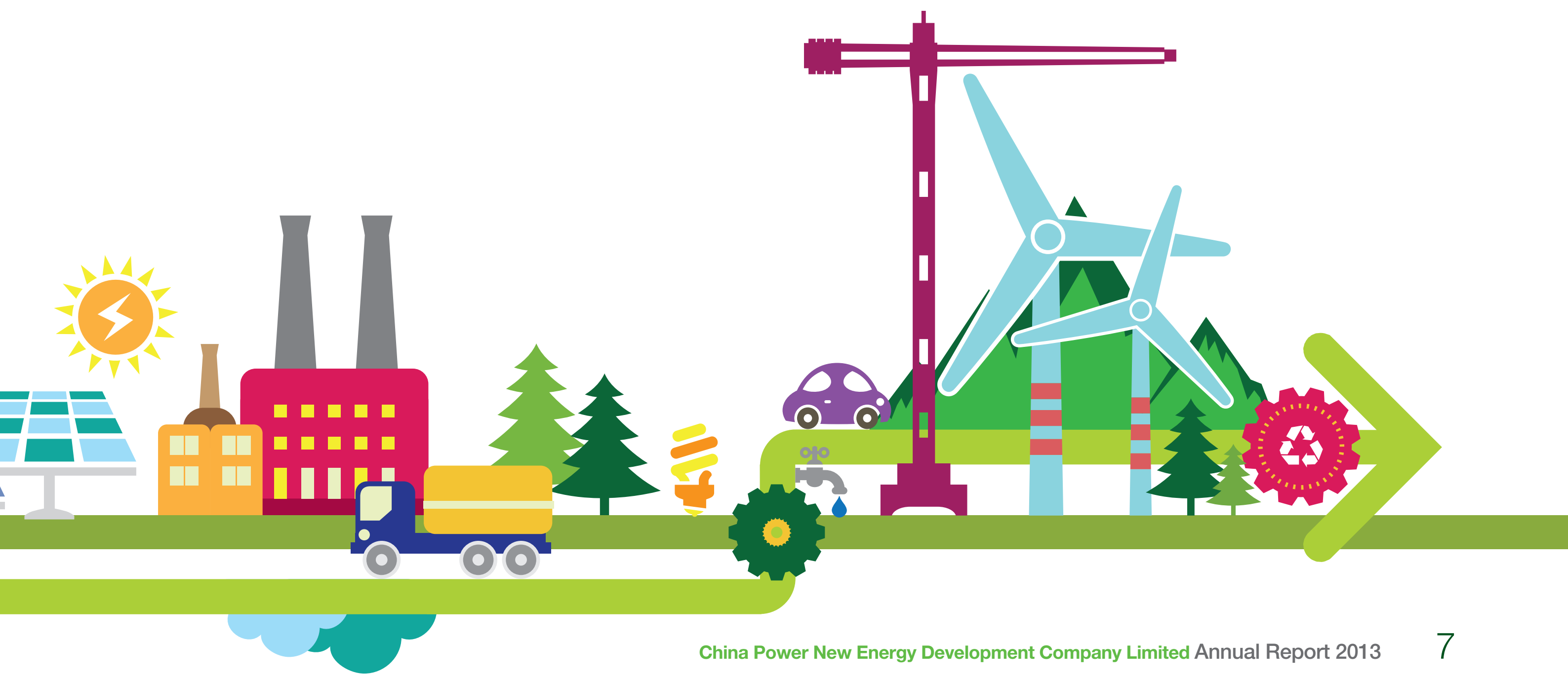
- Increased to 80% equity interest in Dongguan China Power New Energy Heat and Power Company Limited
- Acquired 60% equity interest in Kunming China Power Environmental Power Company Limited (formerly known as Yunnan Shuangxing Green Energy Co., Ltd.)

2007

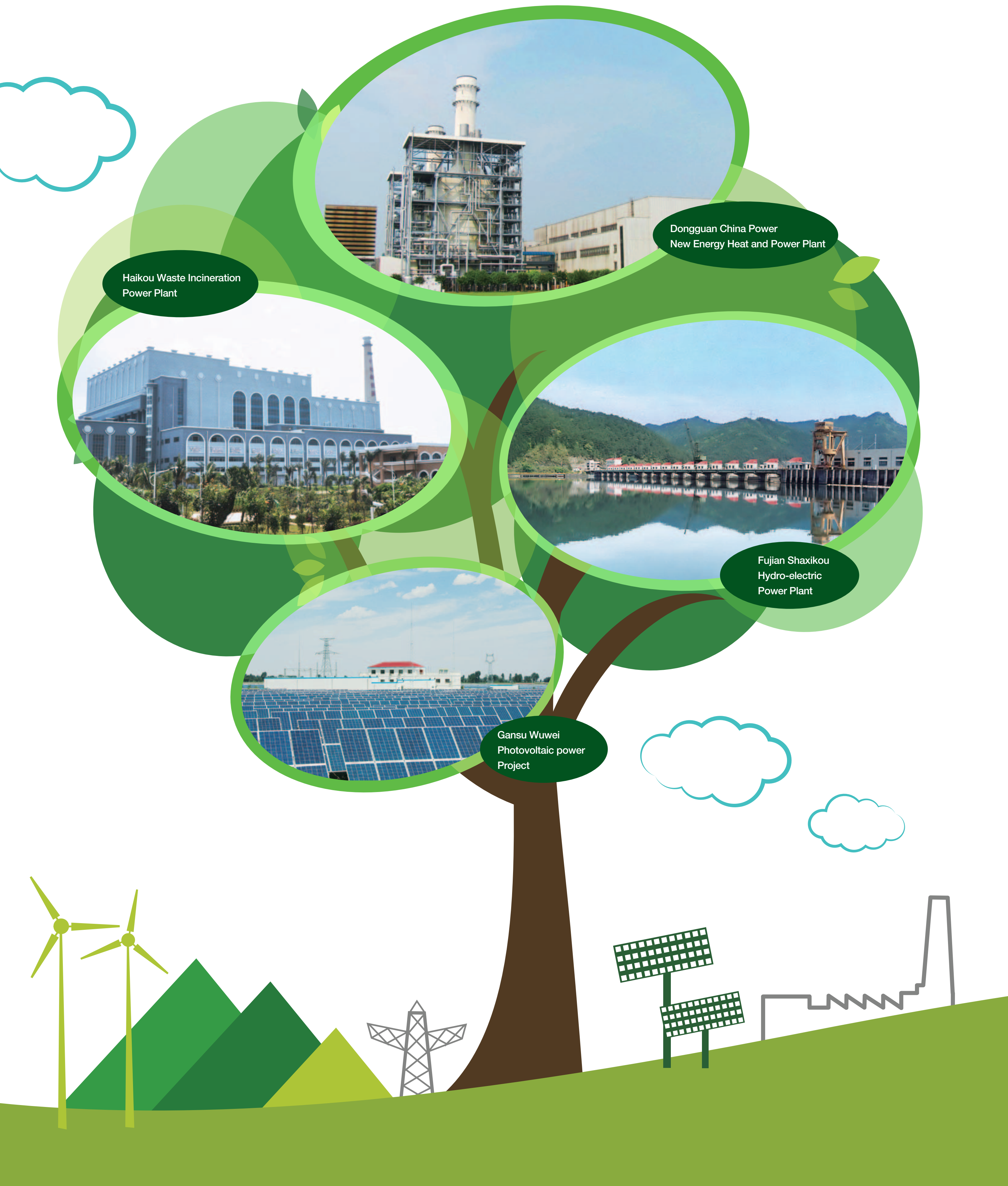
- Acquired China Power International New Energy (Shanghai) Holding Company Limited
- Changed the company name to China Power New Energy Development Company Limited
- Acquired 40% equity interest in Dongguan China Power New Energy Heat and Power Company Limited (formerly known as Dongguan Dong Cheng Dong Xin Heat and Power Company Limited) and 40% equity interest in Dongguan City Kewei Environmental Power Company Limited
- China National Offshore Oil Corporation became a strategic shareholder
- Acquired Shanghai New Energy Tower
- Acquired 90% equity interest in Gansu China Power Jiuquan Wind Electric Power Company Limited and 100% equity interest in CPI (Fujian) Power Development Limited
- Acquired 100% equity interest in Zhejiang Deqing Jia Neng Waste Incineration Power Company Limited

2006

- Acquired 60% equity interest in Zhongdian Hongze Thermal Power Co., Ltd. and 100% equity interest in Zhongdian Hongze Reproductive Substance Thermal Power Co., Ltd.

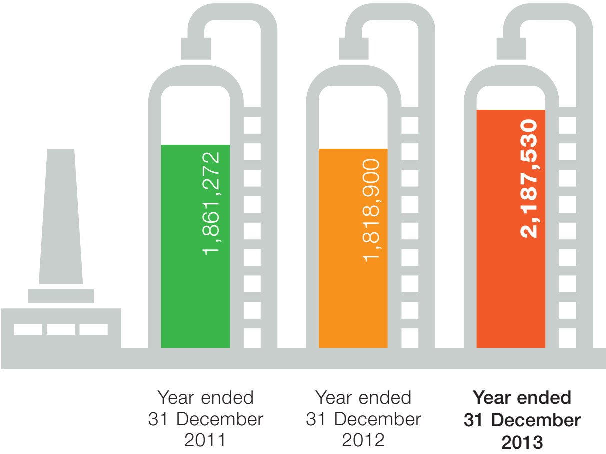


Business and Financial Highlights



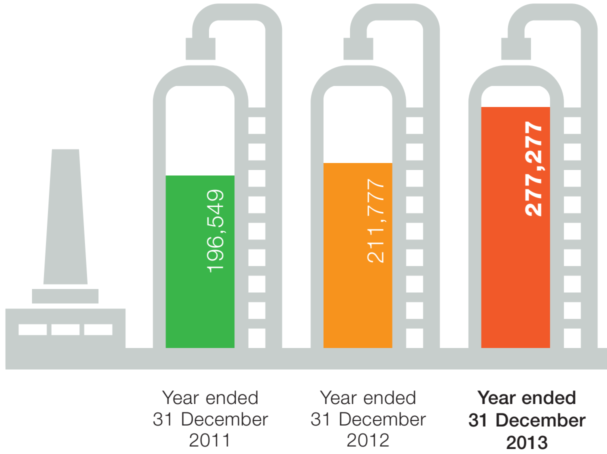
REVENUE AND TARIFF ADJUSTMENT

RMB'000



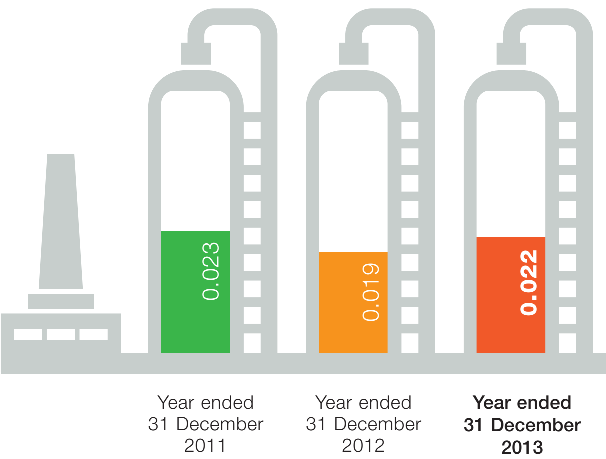
PROFIT FOR THE YEAR

RMB'000



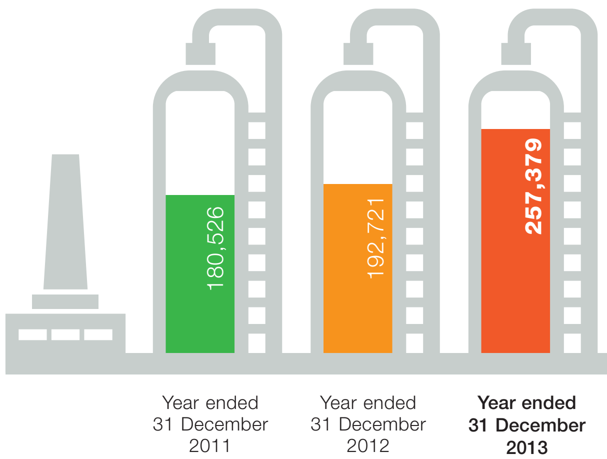
BASIC EARNINGS PER SHARE

RMB

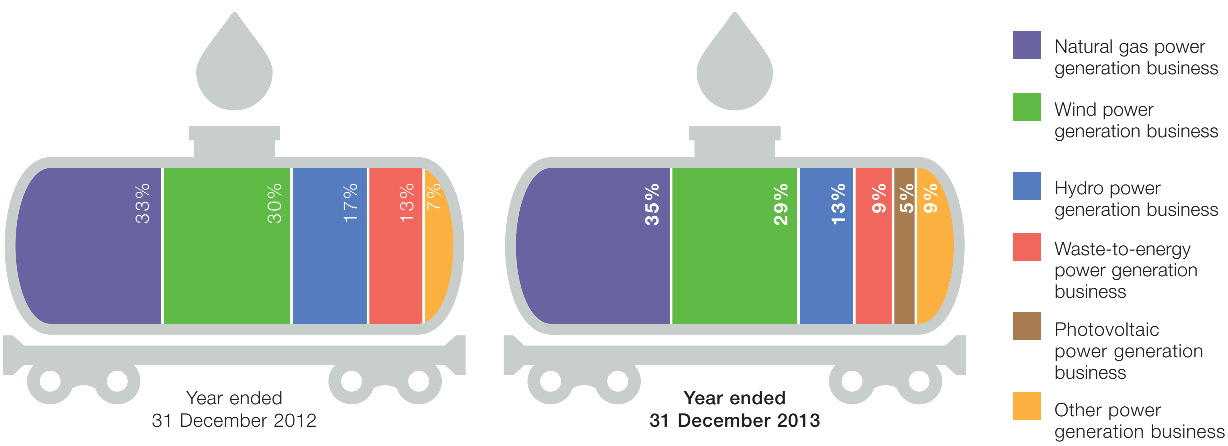


PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

RMB'000



REVENUE AND TARIFF ADJUSTMENT BY BUSINESS SEGMENTS



Letter to Shareholders

On behalf of the Board of directors (the "Board") of China Power New Energy Development Company Limited (the "Company" or "CPNE"), I am pleased to present the financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2013.

Li Xiaolin
Chairman of the Board

Dear Shareholders,

As one of the pioneers in developing clean energy in the People's Republic of China (the "PRC"), the Group owned power generation projects in wind power, hydro power, natural gas power, photovoltaic power, waste-to-energy power and others with a total attributable installed capacity of 1,955.34MW as at 31 December 2013. All projects are located in regions that offer maximum strategic advantages. Our achievements and the coordinated development of the abovementioned six segments will not only open up complementary sources of revenue, but will also effectively diversify our investment risks. The structure and development of the clean energy industry has consistently been optimised by collaboration between the five geographical regions of the PRC, thereby setting a solid foundation for future development.

For the year ended 31 December 2013, the Group recorded revenue and tariff adjustment of approximately RMB2,187,530,000 (2012: RMB1,818,900,000), a growth of 20.3% over the previous year. The Group's profit for the year was approximately RMB277,277,000 (2012: RMB211,777,000), an increase of 30.9% over the previous year. Profit attributable to equity holders of the Company amounted to approximately RMB257,379,000 (2012: RMB192,721,000), a growth of 33.6% over the previous year.

In 2013, the Group consolidated upon past experience and prepared for future development. 2013 was also a crucial year for seizing opportunities to accelerate development. With the increasingly serious atmospheric pollution in the PRC, clean energy once again showed signs of favorable development opportunities. Last year, the Group respectively activated the Gansu Anbei 600MW Wind Power Project (expected to commence operation by the end of 2014) and Phase II of Dongguan 920MW Natural Gas Power Project (expected to reach full operation by 2015), and it's expected the installed capacity of the Group will then record substantial growth. Meixi River 129MW Hydro Power Project, Wuwei Baiyin Photovoltaic Project, Inner Mongolia Chayou Zhongqi Wind Power Project have commenced operation. The mergers and acquisitions of Yunnan Yingjiang Hydro Power as well as the introduction of strategic shareholders of China Energy Engineering Group Guangdong Electric Power Design Institute ("China Energy Engineering") showed that the Group was developing progressively and steadily. Not only has its development in China accelerated, the implementation of internationalisation strategy has also sped up, which demonstrated the success of the Company's strategy for development into other regions. The "Exploration to the west and extension to the south" strategy enabled the completion of German 8MW Wind Power Project acquisition and the entering into Sweden Wind Power Project Equity Acquisition Cooperation Agreement and Laos Phou Ngoy Hydro Power Project Cooperation Agreement. Despite the limited projects in operation by previous international mergers and acquisitions, a well-trained team with extensive experience in international operation was developed. This pushed forward the transformation and upgrade of the Company, and represented a step forward towards a new era of international development.

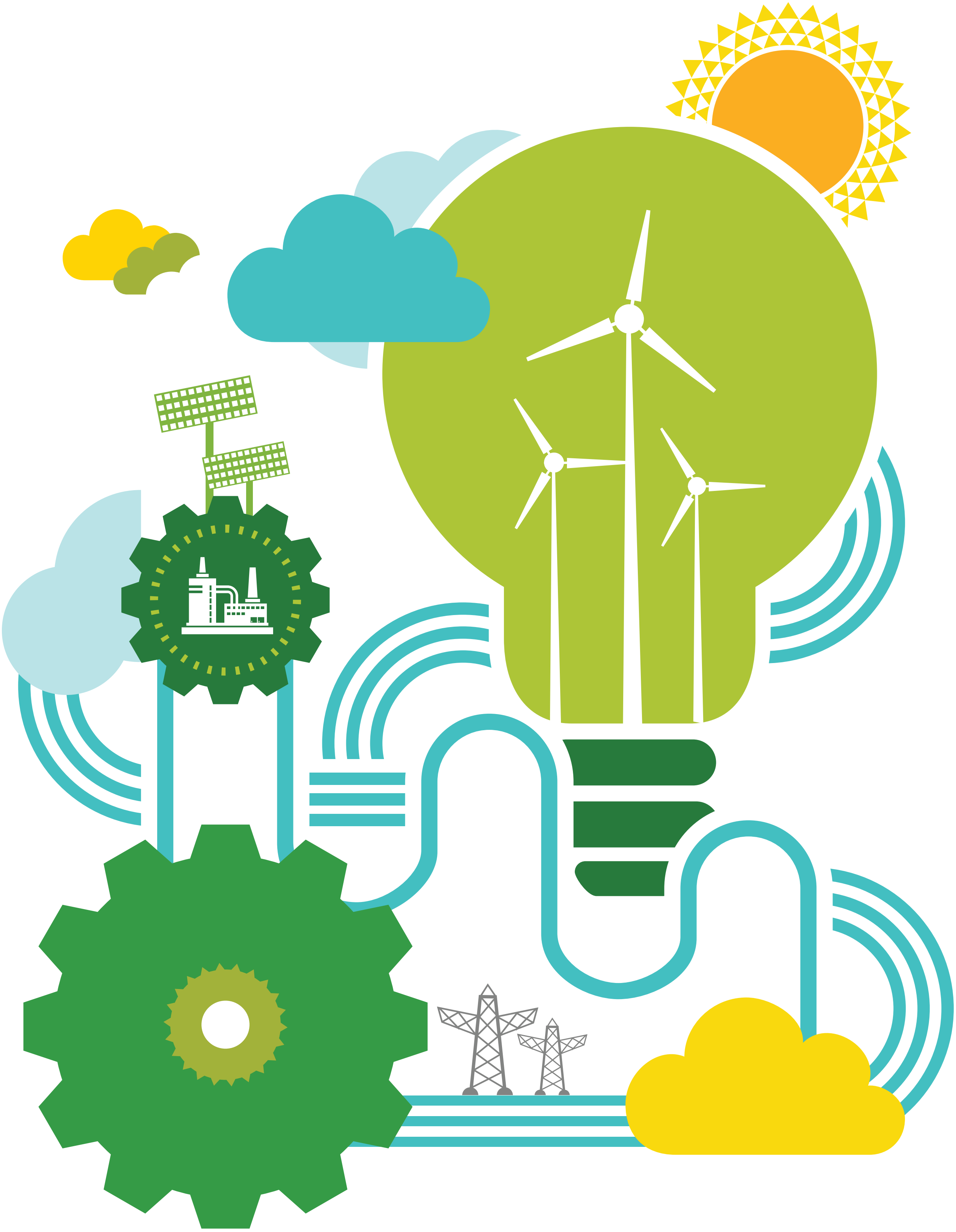
Since restructuring in 2006, the Group has mainly focused on (i) continuing to optimise industrial structure, accumulating extensive operational and management experience for each new energy segment; (ii) introducing competent shareholders including CNOOC, Three Gorges Corporation and China Energy Engineering in order to improve the shareholder structure; (iii) reinforcing the team building process with international and strategic visions and strong executive power; and (iv) strengthening the market mechanism and striving to excel internally, cultivating our own competitiveness and strategic ability. After 8 years of hard work, our Group is equipped with the core attributes in the new energy sector to become a leading enterprise in the provision of new energy. Our sharpened capabilities will drive rapid development in the coming years, and we will provide lucrative returns to all of our investors.

In 2013, the next leap-forward development of the Group has begun at the heart of solid foundation. From now on, "Innovation, enhancement, adjustment and internationalisation" will be our key focus.

I would like to thank our staff for their efforts and dedication upon which the Group's steady growth is based, and to encourage them to continue to maintain this growth in the light of future uncertainties with "confidence, change and successful execution". I also wish to take this opportunity to extend our gratitude to our shareholders, business partners and associates, bankers and auditor for their continued support and encouragement. With a passion for excellence, the Group will continue to achieve success through the unremitting efforts of all.

Li Xiaolin
Chairman of the Board

20 March 2014



Still Waters Run Deep

Responsibility, Credit, Wisdom, Value

Maximize Stakeholders' Interests

Management Discussion and Analysis

BUSINESS REVIEW

The principal activities of the Group are the development, construction, owning, operation and management of clean energy power plants in Mainland China, including but not limited to wind power generation, hydro power generation, natural gas power generation, photovoltaic power generation, waste-to-energy power generation and other power generation projects. The number of power generation plants currently owned or controlled by the Group has reached 27 which are mainly situated in Guangdong, Fujian, Gansu, Jiangsu and Chongqing, etc., and the electricity generated thereof is sold to Southern Power Grid, East China Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments.

Business Performance for the Year Ended 31 December 2013

For the year ended 31 December 2013, the Group recorded revenue and tariff adjustment of approximately RMB2,187,530,000 (2012: RMB1,818,900,000), the change of which was primarily attributed to the increase in wind segment, natural gas segment and newly-added photovoltaic segment power generation.

For the year ended 31 December 2013, the Group's fuel costs amounted to approximately RMB638,909,000 (2012: RMB486,029,000), net finance costs (mainly comprised of interest paid and payable for borrowings in respect of the new energy power projects) amounted to approximately RMB313,849,000 (2012: RMB328,414,000), and fair value gains on financial assets at fair value through profit or loss amounted to approximately RMB1,560,000 (2012: approximately RMB5,872,000). The Group's profit for the year was approximately RMB277,277,000 (2012: RMB211,777,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB257,379,000 (2012: RMB192,721,000). Basic and diluted earnings per share amounted to approximately RMB0.022 (2012: RMB0.019).

Business Environment

In 2013, the nation achieved safe and stable power generation as well as experienced a demand and supply balance in power generation. Electricity consumption of the society had a year-on-year growth rate of approximately 7.5%, representing a rise of 1.9 percentage points year-on-year. Looking ahead to 2014, the national economy will continue to grow steadily, expecting a year-on-year growth of approximately 7.5% in the gross domestic product, with the corresponding year-on-year increase of approximately 7.0% in electricity consumption of the society, while the nationwide power generations at the year-end will be around 1.34 billion kW. It is expected that the power demand and supply will generally in balance on a nationwide basis. The power generating capacity in both the Northeast and Northwest areas will have a surplus on supply capacity, while the surplus in Northeast area will be relatively stronger. We will have a relatively tight demand and supply balance of power generation in North China, whereas the power generation in East China, Central China and Southern China will be in general balance. It is expected that at the end of 2014, the nationwide capacity of power generation equipment will be approximately 1.34 billion kW. The power generation capacity will remain ranked No. 1 around the world, among which coal-fired power of 820 million kW and non-fossil energy power generation of 450 million kW represent approximately 34% of total power generation.

The "Airborne Pollution Prevention and Control Action Plan" issued by the State Council stated the target of the year 2017 airborne pollution control plan and its path of concrete implementation. Relevant government authorities and each province have undergone and will undergo research accordingly in order to establish and announce the relevant implementing rules, with main focus on Beijing-Tianjin-Hebei, Changjiang Delta and Zhujiang Delta economic areas. The industrial structure and layout within each area will be adjusted in a faster pace, while the outdated and excess capacity will be eliminated. More stringent entry conditions will be applied to the industry. These policies will enhance the power usage efficiency and effectiveness and thus cut down the intensity of power consumption. Electric energy becomes an important move on airborne pollution control. By constantly enhancing electric energy as the predominant source of terminal energy consumption, society-wide efforts on energy saving and emission reduction will be greatly improved. From an objective point of view, this will broaden the electric consumption market and thus promote the growth of power consumption.

In view of the positive outlook of the new energy sector, the Group will actively conduct pre-development work for new projects to provide a firm foundation for its sustainable development.

As at 31 December 2013, power projects in operation or in progress owned by the Group through its subsidiaries, associated companies and jointly-controlled entities were as follows:

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Operating Hours	Gross Generation (MWh)
1.	Phase I of the Gansu Wind Power Project (甘肅風力發電項目一期)	Wind power generation	100.50	100.00	100.50	462.00	1,869	187,790
2.	Phase II of the Gansu Wind Power Project (甘肅風力發電項目二期)	Wind power generation	49.50	100.00	49.50	540.00	1,639	81,150
3.	Phase III of the Gansu Wind Power Project (甘肅風力發電項目三期)	Wind power generation	201.00	100.00	201.00	520.00	1,941	390,060
4.	Phase IV of the Gansu Wind Power Project (甘肅風力發電項目四期)	Wind power generation	100.50	100.00	100.50	520.00	2,002	201,230
5.	Phase V of the Gansu Wind Power Project (甘肅風力發電項目五期)	Wind power generation	20.00	100.00	20.00	540.00	2,134	42,690
6.	Heilongjiang Hongqi Wind Power Project (黑龍江紅旗風力發電項目)	Wind power generation	49.50	100.00	49.50	620.00	2,134	105,630
7.	Heilongjiang Hailang Wind Power Project (黑龍江海浪風力發電項目)	Wind power generation	49.75	100.00	49.75	620.00	2,151	107,020
8.	China Power Dafeng Wind Power Project (中電大豐風力發電項目)	Wind power generation	200.25	100.00	200.25	488.00	1,788	358,140
9.	Inner Mongolia Chayou Zhongqi Wind Power Project (內蒙古察右中旗風電項目)	Wind power generation	49.50	100.00	49.50	510.00	258	12,780
10.	Shanghai Sea Wind Power Project (上海海風發電項目)	Wind power generation	102.00	24.00	24.48	975.00	2,440	248,965
11.	Chongming Beiyan Wind Power Project (崇明北沿風力發電項目)	Wind power generation	48.00	20.00	9.60	610.00	2,837	136,200
12.	German Bönen Wind Power Project *1 (德國Bönen風電項目)	Wind power generation	8.00	100.00	8.00	95.00^	723	5,780

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Operating Hours	Gross Generation (MWh)
13.	Fujian Shaxikou Hydro-electric Power Plant (福建沙溪口水力發電廠)	Hydro power generation	300.00	100.00	300.00	250.00	3,140	942,090
14.	Niu Tou Shan Power Stations (牛頭山發電廠)	Hydro power generation	115.00	52.00	59.80	341.75	3,045	350,140
15.	Zhangping Huakou Hydro Power Plant (漳平市華口水電廠)	Hydro power generation	36.60	100.00	36.60	354.35	3,635	133,030
16.	Chongqing Meixi Hydro Power Plant (重慶梅溪河水電廠)	Hydro power generation	129.00	100.00	129.00	384.00	1,085	139,990
17.	Yunnan Yingjiang Hongfu Industrial Hydro Power*2 (雲南盈江鴻福實業水電)	Hydro power generation	64.00	100.00	64.00	204.00	522	33,460
18.	Yunnan Yingjiang Huimin Hydro Power*3 (雲南盈江惠民水電)	Hydro power generation	6.40	100.00	6.40	204.00	1,005	6,430
19.	Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)	Waste-to-energy power generation	30.00	100.00	30.00	597.37	5,249	157,470
20.	Haikou Waste Incineration Power Plant (海口廢物焚化發電廠)	Waste-to-energy power generation	24.00	100.00	24.00	650.00	6,716	161,190
21.	Dongguan China Power New Energy Heat and Power Plant (東莞中電新能源熱電廠)	Natural gas power generation	360.00	90.10	324.36	975.00	2,366	851,890
22.	Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)	Biomass power generation	15.00	100.00	15.00	760.00	7,010	105,150
23.	Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)	Coal-fired power generation and heat supply	6.00	60.00	3.60	519.00	4,895	29,370
24.	Phase I of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目一期)	Photovoltaic power generation	20.00	100.00	20.00	810.00	1,764	35,280
25.	Phase II of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目二期)	Photovoltaic power generation	30.00	100.00	30.00	1,000.00	1,191	35,740
26.	Phase I of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目一期)	Photovoltaic power generation	20.00	100.00	20.00	826.00	1,709	34,180
27.	Phase II of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目二期)	Photovoltaic power generation	30.00	100.00	30.00	1,000.00	1,522	45,660
	Aggregate Amount in Operation		**2,164.50**		**1,955.34**			

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Operating Hours	Gross Generation (MWh)
28.	No. 2 Gansu Anbei Wind Power (甘肅安北第二風電)	Wind power generation	400.00	100.00	400.00	540.00		
29.	No. 6 Gansu Anbei Wind Power (甘肅安北第六風電)	Wind power generation	200.00	100.00	200.00	540.00		
30.	Phase II of Dongguan Expansion Project (東莞二期擴建項目)	Natural gas power generation	920.00	100.00	920.00	Undecided		
31.	Hainan Changjiang Photovoltaic Power Project (海南昌江光伏發電項目)	Photovoltaic power generation	20.00	100.00	20.00	1,000.00		
32.	Yunnan Yuanjiang Photovoltaic Power Project (雲南元江光伏發電項目)	Photovoltaic power generation	20.00	100.00	20.00	950.00		
33.	Phase II of Haikou Waste Power Project (海口垃圾二期發電項目)	Waste-to-energy power generation	24.00	100.00	24.00	650.00		
	Aggregate Amount In Progress		**1,584.00**		**1,584.00**			
	Total		**3,748.50**		**3,539.34**			

※1 The project acquisition was completed in August 2013.
※2 The project acquisition was completed in September 2013.
※3 The project acquisition was completed in October 2013.
^ Unit: EUR/MWh

The above power plants had a total installed capacity of 3,748.50MW, out of which 3,539.34MW represented the installed capacity attributable to the Group.

All of the above projects in progress are expected to commence operation at the end of 2015, whereupon the installed capacity of the Group will substantially increase.

Wind Power Generation Projects

For the year ended 31 December 2013, the Group's attributable installed capacity of wind power in operation was 862.58MW with annual power generation of 1,877,435MWh, representing a year-on-year growth of 20.1%. The current capacity in progress under this segment is 600MW, with project reserve of over 1,000MW.

Natural Gas Power Generation Projects

For the year ended 31 December 2013, the Group's attributable installed capacity of natural gas power in operation was 324.36MW with annual power generation of 851,890MWh, representing a year-on-year growth of 35.4%. This segment contributed as one of the Group's major profit sources. The current capacity in progress is 920MW, with project reserve of 2,640MW.

Hydro Power Generation Projects

For the year ended 31 December 2013, the Group's attributable installed capacity of hydro power in operation was 595.8MW with annual power generation of 1,569,239MWh, representing a year-on-year decrease of 15.86%. Despite the current operation of Chongqing Meixi Hydro Power Plant and the acquisition of Yingjiang Hydro Power, the power generation recorded a substantially decrease due to the affected precipitation in Fujian Shaxikou Hydro-electric Power Plant, and thus affected the effectiveness of hydro power segment last year. Currently the project reserve of this segment is 768MW.

Photovoltaic Power Generation Projects

For the year ended 31 December 2013, the Group's attributable installed capacity of photovoltaic power in operation was 100MW with annual power generation of 150,860MWh, which became a new profit driver of the Group. The current capacity in progress under this segment is 40MW, with project reserve of over 300MW.

Waste-to-energy Power Generation Projects

For the year ended 31 December 2013, the Group's attributable installed capacity of waste-to-energy power in operation was 54MW with annual power generation of 318,660MWh, representing a year-on-year decrease of 10.2%. The current capacity in progress under this segment is 24MW, with project reserve of 63MW.

FUTURE PLANS

As the "Twelfth Five-Year Plan" of the PRC has clearly defined the direction for the development of new energy while the PRC government has called for the building of an eco-friendly civilisation, the Group believes that there is enormous development potential for the sector of new energy. On this basis, the Group will follow the direction of establishing itself as a leading enterprise in the new energy sector, focusing on enhancing business performance and safeguarding investors' interests. Strategic development will be rolled out both in China and in the global market, to be flanked by respective business platforms in Hong Kong and in the Mainland China. In brief, our direction is well guided and our goals are clearly set out, as we drive development at home and abroad with the support of two efficient platforms.

Overview of Future Project Development

Project Name	Installed Capacity (MW)	Project Progress
Wind Power		
Phase II of Jiangsu Dafeng Wind Power (江蘇大豐二期風電)	100.00	Under approval
Shandong Wendeng Wind Power (山東文登風電)	49.50	Under approval
Sheyang Sea Wind Power (射陽海上風電)	300.00	Under approval
Gansu Beida Bridge No. 5 South Wind Power (甘肅北大橋五南風電)	40.00	Under approval
Yunnan Kunming Wind Power (雲南昆明風電)	49.50	Road Slip stage
Fujian Shaowu Wind Power (福建邵武風電)	49.50	Road Slip stage
Fujian Pucheng Wind Power (福建浦城風電)	49.50	Road Slip stage
Guangdong Yangjiang Sea Wind Power (廣東陽江海上風電)	300.00	Road Slip stage
Heilongjiang Qiqihar Wind Power (黑龍江齊齊哈爾風電)	49.50	Road Slip stage
Sweden Wind Power Project (瑞典風電項目)	6.00	Acquisition project
Germany Wind Power Project (德國風電項目)	25.00	Acquisition project
	1,018.50	

Project Name	Installed Capacity (MW)	Project Progress
Natural Gas Power		
Tianjin Ninghe Natural Gas Power (天津寧河天然氣發電項目)	780.00	Under approval
Dongguan Distributed Energy Project (東莞分布式能源項目)	120.00	Road Slip stage
Hainan Distributed Energy Project (海南分布式能源項目)	180.00	Road Slip stage
Hongze Gas Turbine Power Project (洪澤燃機發電項目)	780.00	Road Slip stage
Yancheng Gas Turbine Power Project (鹽城燃機發電項目)	780.00	Road Slip stage
	2,640.00	
Hydro Power		
Laos Phou Ngoy Hydroelectricity Project (老撾坡諾水力發電項目)	728.00	Signed development agreement
Chongqing Meixi River Grade 2 and Grade 3 Power Station (重慶梅溪河二級三級電站)	40.00	Road Slip stage
	768.00	
Photovoltaic Power		
Phase III of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目三期)	50.00	Under approval
Gansu Yongdeng Photovoltaic Power Project (甘肅永登光伏發電項目)	50.00	Under approval
Xinjiang Santanghu Photovoltaic Power Project (新疆三塘湖光伏發電項目)	20.00	Under approval
Phase III of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目三期)	70.00	Road Slip stage
Inner Mongolia Zhuozi Photovoltaic Power Project (內蒙古卓資光伏發電項目)	100.00	Road Slip stage
Kunming Xishan Photovoltaic Power Project (昆明西山光伏發電項目)	20.00	Road Slip stage
	310.00	
Waste-to-energy Power		
Guizhou Renhuai Waste-to-energy Power Project (貴州仁懷垃圾發電項目)	15.00	Under approval
Guizhou Huaxi Waste-to-energy Power Project (貴州花溪垃圾發電項目)	18.00	Road Slip stage
Hebei Bazhou Waste-to-energy Power Project (河北霸州垃圾發電項目)	12.00	Road Slip stage
Hainan Danzhou Waste-to-energy Power Project (海南儋州垃圾發電項目)	18.00	Road Slip stage
	63.00	
Total	**4,799.50**	

The Group's future efforts will be focused on:

1. Developing strategies with a dynamic sounding, optimizing industrial structure and enhancing the efficiency of assets operation. Natural gas, photovoltaic and waste-to-energy power will become the focus points in the coming years in order to reduce solidification of assets and enhance profit margin of net assets.

2. Strengthening project development and enhancing development potential of the Group. We will ensure approval documents are obtained this year for various projects such as Tianjin Ninghe, Phase II of Dafeng, Guizhou Renhuai, Hebei Bazhou and Gansu Yongdeng projects, for a total generation of approximately 950MW, and possess approval conditions for Hongze Gas Turbine Power Project during the year. The project development will be emphasized on various projects such as Phase III of Wuwei, Phase III of Baiyin, Inner Mongolia Zhuozi Photovoltaic, Kunming Xishan Photovoltaic, Guizhou Huaxi, Hainan Danzhou Waste-to-energy Power, Yancheng Gas Turbine, Dongguan Distributed Energy, Hainan Distributed Energy, Sheyang Sea Wind Power, Guangdong Yangjiang Sea Wind Power, Fujian Shaowu Wind Power, Shandong Wendeng Wind Power, Qiqihar Wind Power and Chongqing Bishan Hydro Power. We shall endeavour to complete the approval process of 300MW to 400MW photovoltaic projects and lock up the development rights of 2 or 3 waste-to-energy power projects.

3. Continuing to implement our internationalisation strategy. The projects development will be focused on economically-developed regions with sounded framework or in China-friendly areas where resources are abundant to expand market share through well serving of operating projects. Avoiding various risks by performing duties properly for the pre-development work of Laos Phou Ngoy Hydroelectricity Project, which a Laos project development team will be formed in a timely manner for electricity pricing estimation and negotiation is necessary.

4. The infrastructure construction of new energy with smart grid, distributed energy as well as integrated energy systems will be launched. We will strive to duly perform the introduction and onsite operation of leading industry project.

FINANCIAL REVIEW

Revenue and Tariff Adjustment

For the year ended 31 December 2013, revenue and tariff adjustment were approximately RMB2,187,530,000 (2012: approximately RMB1,818,900,000), an increase of 20.3% over last year, which was primarily attributed to the increase in wind power, natural gas power and photovoltaic power generation.

Fuel Costs

For the year ended 31 December 2013, fuel costs of the Group were approximately RMB638,909,000 (2012: approximately RMB486,029,000), an increase of 31.5% over last year, which was mainly attributed to the increased consumption of natural gas during the year.

Depreciation and Amortisation

For the year ended 31 December 2013, depreciation and amortisation of the Group were approximately RMB484,680,000 (2012: approximately RMB402,415,000), an increase of 20.4% over last year, which was mainly attributed to depreciation incurred in connection with power generation units of new projects having commenced operation during the year.

Staff Costs

For the year ended 31 December 2013, staff costs of the Group were approximately RMB187,381,000 (2012: approximately RMB136,176,000), an increase of 37.6% over last year, which was mainly attributed to the increase in headcount and salary for new projects which commenced operation during the year.

Repairs and Maintenance

For the year ended 31 December 2013, repairs and maintenance expenses of the Group were approximately RMB59,805,000 (2012: approximately RMB48,093,000), an increase of 24.4% over last year, which was mainly attributed to the Group's business expansion and larger installed capacities.

Operating Profit

For the year ended 31 December 2013, operating profit of the Group was approximately RMB628,926,000 (2012: approximately RMB575,228,000), an increase of 9.3% over last year, which was primarily attributed to reduced profit in hydro power segment, which offset part of the increased profits from wind power and photovoltaic segments.

Finance Costs, Net

For the year ended 31 December 2013, net finance costs of the Group amounted to approximately RMB313,849,000 (2012: approximately RMB328,414,000), a decrease of 4.4% over last year, which was attributed to the adjustment of benchmark interest rate for the second-half of 2012 in the People's Bank of China.

Income Tax Expense

For the year ended 31 December 2013, income tax expense of the Group was approximately RMB57,702,000 (2012: approximately RMB63,579,000), a decrease of 9.2% over last year, which was mainly due to the substantial decrease of income tax in hydro power segment.

Profit Attributable to the Equity Holders of the Company

For the year ended 31 December 2013, profit attributable to equity holders of the Company was approximately RMB257,379,000 (2012: approximately RMB192,721,000), an increase of 33.6% over last year, which was mainly due to contributions from new energy power projects having commenced operation during the year and the improvement in wind power efficiency.

Liquidity and Financial Resources

As at 31 December 2013, the Group had cash and cash equivalents of approximately RMB1,734,808,000 (2012: approximately RMB2,692,592,000), a decrease of 35.6% over last year, which was mainly due to the increase in investment. The Group's principal sources of funds include cash inflow generated from operations, capital injection, issuance of corporate bonds, as well as the working capital and project financing of its respective subsidiaries from financial institutions such as banks.

Capital Expenditure

For the year ended 31 December 2013, capital expenditure of the Group was approximately RMB2,929,817,000 (2012: approximately RMB2,767,895,000), an increase of 5.9% over last year, which was mainly due to the commencement of operation of newly-added projects.

Borrowings

As at 31 December 2013, total borrowings and corporate bonds of the Group amounted to approximately RMB7,934,793,000 (2012: approximately RMB7,421,963,000), consisting of short-term bank and other borrowings and current portion of long-term bank and other borrowings of approximately RMB1,167,681,000, long-term bank and other borrowings of approximately RMB5,468,758,000 and corporate bonds of approximately RMB1,298,354,000.

Gearing Ratio

As at 31 December 2013, the gearing ratio of the net debt divided by total capital was 46% (2012: 40%).

Foreign Exchange and Currency Risks

Most of the Group's main business transactions and assets and liabilities are denominated in RMB and Hong Kong dollars. The Group did not use any derivatives to hedge its foreign currency exposure as it considered its foreign currency exposure to be insignificant.

Investment Risk of the Capital Market

The Group has some of its funds invested in securities. With its business focus on clean energy related businesses, the Group will reduce its securities investment business.

For the year ended 31 December 2013, the Group's fair value gains on financial assets at fair value through profit or loss amounted to approximately RMB1,560,000 (2012: approximately RMB5,872,000).

Charges on the Group's Assets

As at 31 December 2013, certain bank deposits, accounts receivable, lease prepayments, property, plant and equipment and investment properties of the Group with an aggregate amount of approximately RMB2,508,249,000 (2012: approximately RMB3,692,541,000) were pledged as securities for certain borrowings of the Group and notes payable facilities granted by a bank.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at the balance sheet date.

Subsequent Events

On 28 January 2014, the Group entered into a share transfer agreement to acquire 9.9% interest in Dongguan China Power New Energy Heat and Power Plant. Consideration payable in the amount of RMB166,000,000, represents consideration of RMB139,740,223 for the 9.9% equity interest and RMB26,259,777 for the repayment of shareholder's loan.

On 2 March 2014, the Group entered into a Share Transfer Agreement with an independent third party to dispose of the Group's entire equity interest in an associated company at a cash consideration of RMB285,000,000.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2013, the Group had approximately 1,119 employees in Hong Kong and the PRC (2012: 1,013).

Remunerations of directors and employees are determined by the Group with reference to their performance, experience and duties as well as industry and market standards.

The Group provides appropriate emoluments and benefit packages to all employees of its operating power plants or new project developments in the PRC commensurate with their respective duties and pursuant to the Labour Law of the PRC.

The Group also provides Hong Kong employees with a mandatory provident fund scheme with defined contribution as required by the laws of Hong Kong. It also provides Hong Kong employees with medical insurance.

EXECUTIVE DIRECTORS

Ms. Li Xiaolin, aged 52, joined the Group in May 2007. She is an executive director and the Chairman of the Board and of the Executive Committee and the Nomination Committee of the Company. She is also a director of certain subsidiaries of the Company. Ms. Li is a senior engineer. She graduated from Tsinghua University with a Master of Engineering degree in power systems and automation. She was also a visiting scholar at the Sloan Business School of Massachusetts Institute of Technology in the United States. She has been the chairman of the board of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Ms. Li also acts as the chairman of the board and chief executive officer of China Power International Development Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 2380); the chairman of China Power International Holding Limited (the holding company of China Power New Energy Limited); and a director of Companhia de Electricidade de Macau. She has previously served as the commissioner of the International Economic and Trade Division of the Ministry of Electric Power Industry and deputy commissioner of the International Economic and Trade Division of the Ministry of Energy.

Mr. Yin Lian, aged 60, was appointed as a non-executive director of the Company in July 2011 and re-designated as an executive director and the Vice Chairman of the Company on 21 March 2012. He is a member of the Executive Committee of the Company. He is also the general manager of China Power International New Energy Holdings Limited, an indirect wholly-owned subsidiary of the Company. Mr. Yin graduated from Tsinghua University with a bachelor of gas turbine degree. He has served as the general manager of Hainan Power Grid Company, a wholly-owned subsidiary of China Southern Power Grid Co., Ltd.

Mr. Bi Yaxiong, aged 51, joined the Group in April 2013. He is an executive director, the Vice Chairman and a member of the Executive Committee of the Company. He graduated from South China University of Technology with a Bachelor Degree in Electric System and Automation and obtained a PhD in Technology Economics and Management from Chongqing University. Mr. Bi joined China Gezhouba Power Plant (葛洲壩電廠) in August 1982 and was the head of the power plant when he left China Gezhouba Power Plant (葛洲壩電廠) in September 2002. Mr. Bi then joined China Yangtze Power Co., Ltd. as the deputy general manager from September 2002 to December 2003 and was appointed as the general manager of China Yangtze Power Co., Ltd. from April 2004 to January 2006. Mr. Bi is currently a director of China Yangtze Power Co., Ltd., a joint stock limited company whose shares are listed on the Shanghai Stock Exchange (stock code: 600900). At the same time, Mr. Bi has acted as the deputy general manager of China Three Gorges Corporation (a substantial shareholder of the Company) since December 2003.

Mr. Zhao Xinyan, aged 51, joined the Group in May 2007. He is an executive director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor's degree in materials engineering and from Guanghua School of Management, Peking University with a Master of Business Administration (MBA) degree. He has been a director of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Mr. Zhao is also the vice president of China Power International Holdings Limited (the holding company of China Power New Energy Limited) and China Power International Development Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2380). He has previously served as a manager in various departments of China Power International Development Limited.

Mr. He Hongxin, aged 43, joined the Group in April 2013. He is an executive director and a member of the Executive Committee of the Company. He graduated from Zhongnan University of Finance and Economics with a Bachelor Degree in Financial Accounting. From August 1991 to December 1997, Mr. He served in the accounting department of Maanshan Iron & Steel Company Limited. Since December 1997, Mr. He worked in the finance department of China Three Gorges Corporation (a substantial shareholder of the Company). He subsequently acted as the deputy head of the asset finance and accounting department between December 2003 and May 2008, and was then appointed as the head of asset finance, accounting and audit department between May 2008 and April 2011. Since April 2011, Mr. He has acted as the deputy manager of the capital finance department of China Three Gorges Corporation.

Mr. Wang Hao, aged 50, joined the Group in February 2002. He is an executive director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Wang is engaged as an investment consultant of several listed companies in the PRC and has extensive experience in investment management of companies in the PRC.

NON-EXECUTIVE DIRECTOR

Mr. An Luming, aged 53, joined the Group in March 2014. He is a non-executive director of the Company. Mr. An is currently the general manager of CNOOC Investment Holding Co., Ltd. He is a senior economist and graduated from the Beijing Institute of Economics with a major in political economics in 1983. Mr. An joined China National Offshore Oil Corporation in 1995, and had served as the Chief of the Corporate Management Office (企業管理處) of the Corporate Policy Research Department, the Chief of the System Reform Department of the Corporate Reform Office, the Restructure and Listing Manager of the Corporate Reform Office. He served as General Manager Assistant and Deputy General Manager of Zhonghai Trust and Investment Co., Ltd. from 2003 to 2008, and the deputy general manager of the Financial Asset Management Department of China National Offshore Oil Corporation from 2008 to 2011. From December 2011 to April 2013, Mr. An acted as the deputy general manager of the Financial Asset Department of CNOOC Investment Holding Co., Ltd., and since December 2011, Mr. An has served as the general manager of CNOOC Investment Holding Co., Ltd. Mr. An has been appointed as a shareholder-representative supervisor of China Merchants Bank Co., Ltd. (a company listed on the Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036)) since May 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing, aged 56, joined the Group in December 2002. He is an independent non-executive director, the chairman of both the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company. Mr. Chu holds a bachelor's degree in social science majoring in economics. He has extensive experience in the banking and finance sector. He is also an independent non-executive director of Emperor Capital Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 717). In 2012, Mr. Chu was appointed as the president of Canada-China Culture and Education Association.

Mr. Wong Kwok Tai, aged 75, joined the Group in September 2004. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. Currently, he is the director of W. Wong CPA Limited. He is also an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange: Poly Capital Holdings Limited (stock code: 1141), Takson Holdings Limited (stock code: 918) and China Tycoon Beverage Holdings Limited (stock code: 209).

Dr. Li Fang, aged 51, joined the Group in July 2011. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Li graduated from University of Science and Technology Beijing with a bachelor of engineering degree and received his juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Dr. Li is currently a director of Beijing Mainstreets Investment Group Corporation, a company listed on Shenzhen Stock Exchange (stock code: 000609) and an independent non-executive director of China Power International Development Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2380). Dr. Li has extensive experience in business management and corporate finance. He has served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk & Wardwell LLP in the United States.

Ms. Ng Yi Kum, aged 56, joined the Group in June 2013. She is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an Associate of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Secretaries and Administrators and a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, as well as a member of the American Institute of Certified Public Accountants. Currently, she is the chief financial officer of Country Garden Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2007). She is also an independent non-executive director of Tianjin Development Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 882), Hong Kong Resources Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2882), and China Mobile Games and Entertainment Group Limited (a company listed on the NASDAQ in the United States, stock symbol: CMGE). She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority until November 2013.

SENIOR MANAGEMENT

Mr. Chen Xuezhi, aged 45, joined the Group in 2009. He is the Chief Financial Officer of the Company. Mr. Chen is a senior accountant and graduated in Fuzhou University with a major in Accountancy. He also received a master's degree in business administration from Capital University of Economics and Business. He is the financial controller of China Power International New Energy Holding Limited. He was the deputy general manager of the department of finance and ownership of China Power International Holding Limited (the holding company of China Power New Energy Limited, a substantial shareholder of the Company) and China Power International Development Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2380).

Mr. Fung Chun Nam, aged 38, joined the Group in 2009. He is the Company Secretary of the Company. Mr. Fung has extensive experience in company secretarial, accounting and audit areas in various industries. He is a Fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung is also a charterholder of Chartered Financial Analyst.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as contained in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Board considers that during the year ended 31 December 2013, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1, A.4.2 and E.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

Leadership, control and management of the Company are vested in the Board. The Board oversees the Group's business, strategic decision and performances to further the healthy growth and effective functioning of the Company with a view to enhancing value to investors. All the directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and its shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior staff, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Executive Committee and the senior staff are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the senior staff to discharge its responsibilities.

A2. Board Composition

The composition of the Board as at 31 December 2013 is as follows:

Executive directors:

Ms. Li Xiaolin	*(Chairman of the Board and of the Executive Committee and the Nomination Committee)*
Mr. Yin Lian	*(Vice Chairman of the Board and member of the Executive Committee)*
Mr. Bi Yaxiong	*(Vice Chairman of the Board and member of the Executive Committee)*
Mr. Zhao Xinyan	*(Member of the Executive Committee)*
Mr. He Hongxin	*(Member of the Executive Committee)*
Mr. Wang Hao	*(Member of the Executive Committee)*

Non-executive director:

Mr. Cheng Chi *(Note)*

Independent non-executive directors:

Mr. Chu Kar Wing	*(Chairman of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)*
Mr. Wong Kwok Tai	*(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Dr. Li Fang	*(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*
Ms. Ng Yi Kum	*(Member of the Audit Committee, the Remuneration Committee and the Nomination Committee)*

Note: Mr. Cheng Chi resigned and Mr. An Luming has been appointed as a non-executive director of the Company with effect from 20 March 2014.

On 1 April 2013, Mr. Bi Yaxiong was appointed as an executive director and the Vice Chairman of the Board, and Mr. He Hongxin was appointed as an executive director of the Company. Pursuant to Listing Rule 3.10A, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Following the said appointment of executive directors, the Board comprised 10 members, including 6 executive directors, 1 non-executive director and 3 independent non-executive directors, leading to the number of independent non-executive directors falling below one-third of the Board. The Company had subsequently fully complied with the aforesaid Listing Rule upon its appointment of Ms. Ng Yi Kum as an independent non-executive director on 28 June 2013. Details of the above-mentioned changes are set out in the Company's announcements dated 28 March 2013 and 28 June 2013 respectively.

Other than the aforesaid, throughout the year ended 31 December 2013, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate accounting and related financial management expertise.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognized and embraced the benefits of having a diverse Board to the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company and the relationship between Board members, if any, are set out under "Directors and Senior Management Profiles" in this annual report.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive

The Company supports the division of responsibility between the Chairman of the Board and the Chief Executive in order to ensure a balance of power and authority and preserve a balanced judgement of views. Currently, Ms. Li Xiaolin takes up the role of Chairman of the Board and is responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner whereas Mr. Yin Lian and Mr. Bi Yaxiong are the Vice Chairmen of the Board, who take care of the day-to-day management of the Group's business and implementing the Group's strategic plans and business goals.

A4. Appointment and Re-election of Directors

The procedures and process of appointment and removal of directors are laid down in the Company's bye-laws (the "Bye-laws"). In accordance with the Bye-laws: (i) one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director (excluding the Chairman of the Board) shall be subject to retirement at an annual general meeting at least once every three years; and (ii) any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting of the Company held after his/her appointment.

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company, except Dr. Li Fang and Ms. Ng Yi Kum, are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

The code provision A.4.2 of the CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is vital for stability and growth of the Group.

At the forthcoming annual general meeting of the Company (the "2014 AGM"), Mr. Yin Lian, Mr. Zhao Xinyan and Mr. Chu Kar Wing shall retire by rotation. In addition, Ms. Ng Yi Kum and Mr. An Luming, who have been appointed as directors of the Company with effect from 28 June 2013 and 20 March 2014 respectively, will hold office until the 2014 AGM according to the Bye-laws provisions stated in the foregoing paragraph. All of the above five retiring directors, being eligible, will offer themselves for re-election at the 2014 AGM. The Board recommended the re-appointment of these retiring directors standing for re-election at the 2014 AGM. The Company's circular, sent together with this annual report, contains detailed information of these retiring directors pursuant to the requirements of the Listing Rules.

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 December 2013, the directors have participated training as follows:

— The Company organised a training session conducted by a professional firm on Corporate Governance and Internal Controls. Ms. Li Xiaolin, Mr. Yin Lian, Mr. Zhao Xinyan, Mr. Wang Hao, Mr. Cheng Chi, Mr. Chu Kar Wing, Mr. Wong Kwok Tai and Dr. Li Fang have attended such training session.

— All directors (being Ms. Li Xiaolin, Mr. Yin Lian, Mr. Bi Yaxiong, Mr. Zhao Xinyan, Mr. He Hongxin, Mr. Wang Hao, Mr. Cheng Chi, Mr. Chu Kar Wing, Mr. Wong Kwok Tai, Dr. Li Fang and Ms. Ng Yi Kum) received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance matters.

— Mr. Wong Kwok Tai attended seminars, which are relevant to his duties and responsibilities, organised by professional firms/institutions.

— Mr. Bi Yaxiong, Mr. He Hongxin, Mr. Wong Kwok Tai and Ms. Ng Yi Kum read technical bulletins, periodicals and other publications on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2013 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive directors:					
Ms. Li Xiaolin	6/6	N/A	N/A	2/2	0/1
Mr. Yin Lian	6/6	N/A	N/A	N/A	0/1
Mr. Bi Yaxiong *(Note 1)*	1/2	N/A	N/A	N/A	0/1
Mr. Zhao Xinyan	6/6	N/A	N/A	N/A	1/1
Mr. He Hongxin *(Note 1)*	2/2	N/A	N/A	N/A	0/1
Mr. Wang Hao	6/6	N/A	N/A	N/A	0/1
Non-executive director:					
Mr. Cheng Chi *(Note 2)*	6/6	N/A	N/A	N/A	0/1
Independent non-executive directors:					
Mr. Chu Kar Wing	6/6	2/2	2/2	2/2	1/1
Mr. Wong Kwok Tai	6/6	2/2	2/2	2/2	1/1
Dr. Li Fang	6/6	2/2	2/2	2/2	1/1
Ms. Ng Yi Kum *(Note 3)*	1/1	1/1	1/1	N/A	–

Notes:

1. Mr. Bi Yaxiong and Mr. He Hongxin were appointed as executive directors of the Company on 1 April 2013. Subsequent to their appointment, there were a total of 2 Board meetings held during the year ended 31 December 2013.

2. Mr. Cheng Chi resigned and Mr. An Luming has been appointed as a non-executive director of the Company with effect from 20 March 2014.

3. Ms. Ng Yi Kum was appointed as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 28 June 2013. Subsequent to her appointment, there were a total of 1 Board meeting, 1 Audit Committee meeting, 1 Remuneration Committee meeting and no Nomination Committee meeting held during the year ended 31 December 2013.

In addition, the Chairman of the Board held a meeting with the non-executive director and the independent non-executive directors of the Company without the presence of executive directors during the year under review.

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the Model Code throughout the year ended 31 December 2013.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website www.cpne.com.hk and on the Stock Exchange's website www.hkexnews.hk (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

B1. Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Li Xiaolin, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee comprises the four independent non-executive directors of the Company and the chairman of the Committee is Mr. Chu Kar Wing.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 December 2013, the Remuneration Committee has performed the following major works:

— General review and discussion of the remuneration packages and benefits policy of the directors and the senior staff of the Group; and

— Consideration of the Company's grant of share option in January 2013.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year under review are set out in section A6 above.

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

Remuneration band (RMB)	Number of individuals
1,000,001–2,000,000	1
2,000,001–3,000,000	1

Details of the remuneration of each director of the Company for the year ended 31 December 2013 are set out in note 15 to the consolidated financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee comprises the four independent non-executive directors of the Company with Mr. Wong Kwok Tai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. The chairman of the Committee is Mr. Chu Kar Wing. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 December 2013, the Audit Committee has performed the following major works:

— Review and discussion of the annual financial statements, results announcement and annual report for the year ended 31 December 2012, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor; and

— Review and discussion of the interim financial statements, results announcement and interim report for the six months ended 30 June 2013, and the related accounting principles and practices adopted by the Group.

The attendance records of each Committee member at the Audit Committee meetings held during the year under review are set out in section A6 above.

The external auditor attended the above meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B4. Nomination Committee

The Nomination Committee comprises a total of five members, being the Chairman of the Board and the four independent non-executive directors. Accordingly, a majority of the members are independent non-executive directors. The chairman of the Nomination Committee is Ms. Li Xiaolin.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year ended 31 December 2013, the Nomination Committee has performed the following major works:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 22 May 2013 (the "2013 AGM");

— Assessment of the independence of all the Company's independent non-executive directors;

— Consideration and recommendation to the Board on the appointment of Mr. Bi Yaxiong and Mr. He Hongxin as executive directors of the Company; and

— Consideration and recommendation to the Board on the appointment of Ms. Ng Yi Kum as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 28 June 2013.

The attendance records of each Committee member at the Nomination Committee meeting held during the year under review are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2013.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of the Company's shareholders and the Group's assets.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2013. The senior personnel reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. COMPANY SECRETARY

The Company Secretary of the Company is Mr. Fung Chun Nam, who fulfill the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Fung are set out in the section headed "Directors and Senior Management Profiles" of this annual report. During the year ended 31 December 2013, Mr. Fung has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2013 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to PricewaterhouseCoopers, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2013 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable *HK$'000*
Audit services	
— audit fee for the year ended 31 December 2013	3,150
Non-audit services	
— interim review on financial results for six months ended 30 June 2013	620
— tax advisory fees	30
TOTAL:	3,800

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision. The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.cpne.com.hk as a communication platform with shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company, for the attention of Investor Relationship Manager, as follows:

Address: Rooms 3801–05, 38/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Tel: (852) 3607 8888
Fax: (852) 3607 8899
Email: ir@cpne.com.hk

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

Code provision E.1.2 of the CG Code stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Li Xiaolin, the Chairman of the Company, was unable to attend the 2013 AGM due to her another business engagement. In view of her absence, Ms. Li had arranged for Mr. Zhao Xinyan, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. All the then independent non-executive directors, being chairman/member of the Audit Committee, the Remuneration Committee and the Nomination Committee, also attended the 2013 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

H. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company at the date of deposit of the requisition may request the Board to convene a special general meeting pursuant to clause 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights of the Company at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting).

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of the rights of shareholders.

All resolutions put forward at shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cpne.com.hk) after each shareholders' meeting.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation — wind power generation, hydro power generation, waste-to-energy power generation, natural gas power generation and photovoltaic power generation. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments. The principal activities of the Company's subsidiaries are set out in note 20 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal activities and geographical area of operations for the year ended 31 December 2013 is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2013 is set out in the consolidated income statement on page 47.

The directors do not recommend the payment of any dividend for the year ended 31 December 2013.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 126 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and of the Group during the year ended 31 December 2013 are set out in note 16 to the consolidated financial statements.

CAPITAL STRUCTURE

Details of the movements in the Company's share capital and options during the year ended 31 December 2013, together with the reasons thereof, and details of the share option scheme of the Company are set out in note 29 to the consolidated financial statements. Further details are also disclosed under the heading "Share Option Scheme" below.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company had no reserves available for distribution.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, sales to the Group's five largest customers accounted for approximately 63% of the total sales and sales to the largest customer included therein amounted to approximately 27% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year ended 31 December 2013 and purchases from the largest supplier included therein amounted to approximately 77% of the total purchases.

As far as the directors are aware, none of the directors of the Company or their associates (as defined in the Listing Rules), nor any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The directors of the Company during the year ended 31 December 2013 and up to the date of this report are:

Executive Directors:

Ms. Li Xiaolin (Chairman)
Mr. Yin Lian (Vice Chairman)
Mr. Bi Yaxiong (Vice Chairman) (appointed on 1 April 2013)
Mr. Zhao Xinyan
Mr. He Hongxin (appointed on 1 April 2013)
Mr. Wang Hao

Non-executive Director:

Mr. An Luming (appointed on 20 March 2014)
Mr. Cheng Chi (resigned on 20 March 2014)

Independent Non-executive Directors:

Mr. Chu Kar Wing
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum (appointed on 28 June 2013)

Pursuant to clause 87 of the Bye-laws, Mr. Yin Lian, Mr. Zhao Xinyan and Mr. Chu Kar Wing shall retire by rotation at the 2014 AGM whereas pursuant to clause 86(2)(b) of the Bye-laws, Ms. Ng Yi Kum and Mr. An Luming shall hold office until the 2014 AGM. All the above retiring directors, being eligible, will offer themselves for re-election at the said general meeting.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined by the Board in accordance with their duties and responsibilities within the Company and the Group's performance, and based on the recommendation of the Company's Remuneration Committee.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 31 December 2013.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein.

Long position in underlying shares of the Company — physically settled unlisted equity derivatives

Pursuant to the Company's share option schemes, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 31 December 2013 were as follows:

Name of director	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage+ of underlying shares over the Company's issued share capital
Ms. Li Xiaolin	Beneficial owner	73,000,000	0.64%
Mr. Yin Lian	Beneficial owner	18,000,000	0.16%
Mr. Zhao Xinyan	Beneficial owner	38,000,000	0.33%
Mr. Wang Hao	Beneficial owner	48,000,000	0.42%

\+ *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2013.*

Save as disclosed above, as at 31 December 2013, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 29(c) to the consolidated financial statements and save as disclosed in the section headed "Share Option Scheme" below, at no time during the year ended 31 December 2013 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Company. Further details of the Company's share option scheme are disclosed in note 29(c) to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 December 2013:

Name or category of participant	Number of share options: Outstanding as at 1 January 2013	Granted during the year[1]	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2013	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$ per share
Directors									
Ms. Li Xiaolin	23,000,000	–	–	–	–	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	–	–	–	–	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	–	30,000,000	–	–	–	30,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	43,000,000	30,000,000	–	–	–	73,000,000			
Mr. Yin Lian	–	18,000,000	–	–	–	18,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Zhao Xinyan	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	–	12,000,000	–	–	–	12,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	26,000,000	12,000,000	–	–	–	38,000,000			
Mr. Wang Hao	30,000,000	–	–	–	–	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	–	10,000,000	–	–	–	10,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	38,000,000	10,000,000	–	–	–	48,000,000			
Mr. Liu Genyu[2]	18,000,000	–	–	(18,000,000)	–	–	8 June 2007	15 June 2007 to 7 June 2017	0.836
	15,000,000	–	–	(15,000,000)	–	–	1 November 2010	1 November 2010 to 31 October 2020	0.78
Subtotal:	33,000,000	–	–	(33,000,000)	–	–			
	140,000,000	70,000,000	–	(33,000,000)	–	177,000,000			
Other employees working under continuous employment contracts									
In aggregate	20,000,000	–	–	–	–	20,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	–	–	–	–	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	33,500,000	–	–	–	–	33,500,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	–	66,500,000	–	–	–	66,500,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
	58,500,000	66,500,000	–	–	–	125,000,000			
Total:	198,500,000	136,500,000	–	(33,000,000)	–	302,000,000			

Notes to the table of movements in the Company's share options during the year:

1. *The closing price of the Company's shares immediately before the date of grant on 16 January 2013 is HK$0.52.*

2. *Mr. Liu Genyu has resigned as an executive director of the Company with effect from 21 December 2012. Pursuant to the share option scheme, his share options lapsed within a period of three months following the date of resignation.*

* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*

** *The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.*

A total of 302,000,000 shares (representing approximately 2.63% of the existing issued share capital of the Company as at the date of this annual report) may be issued by the Company if all the outstanding options as set out in the above table are exercised. At the Company's annual general meeting held on 21 May 2012, the Board was authorized to grant options to subscribe for up to 788,903,910 shares of the Company, being approximately 6.87% of the issued share capital of the Company as at the date of this annual report. On 16 January 2013, options to subscribe for a total of 136,500,000 shares of the Company were granted (out of which a total of 7,000,000 options were lapsed up to the date of this report). Accordingly, the Board may further grant options to subscribe for up to 659,403,910 shares, representing approximately 5.74% of the issued share capital of the Company as at the date of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2013, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest	Notes	Number of shares interested or deemed to be interested	Percentage holding†
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1, 2, 3, 4 & 5	7,800,918,572	67.93%
China Power Investment Corporation	Corporate interests	1 & 2	3,330,749,231	29.01%
China Power International Holding Limited	Corporate interests	1	3,135,029,231	27.30%
	Beneficial owner	2	195,720,000	1.71%
			3,330,749,231	29.01%
Tianying Holding Limited	Corporate interests	1	3,135,029,231	27.30%
China Power New Energy Limited	Beneficial owner	1	3,135,029,231	27.30%
China Three Gorges Corporation (中國長江三峽集團公司)	Beneficial owner	3	3,230,769,231	28.14%
China National Offshore Oil Corporation	Corporate interests	4	900,000,000	7.84%
Overseas Oil & Gas Corporation, Ltd.	Corporate interests	4	900,000,000	7.84%
Shining East Investments Limited	Beneficial owner	4	900,000,000	7.84%

Notes:

1. These 3,135,029,231 shares were held by China Power New Energy Limited, a wholly-owned subsidiary of Tianying Holding Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Corporation which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

2. These 195,720,000 shares were held by China Power International Holding Limited. Based on the relations set out in note 1 above, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

3. These 3,230,769,231 shares were held by China Three Gorges Corporation, a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

4. These 900,000,000 shares were held by Shining East Investments Limited, a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd., which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. China National Offshore Oil Corporation was a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Overseas Oil & Gas Corporation, Ltd., China National Offshore Oil Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

5. On 8 November 2013, the Company entered into a new share agreement with China Energy Engineering Group Guangdong Electric Power Design Institute (中國能源建設集團廣東省電力設計研究院), as the subscriber, pursuant to which the Company has conditionally agreed to allot and issue 339,400,110 new shares to the said subscriber. China Energy Engineering Group Guangdong Electric Power Design Institute (中國能源建設集團廣東省電力設計研究院) is a wholly-owned subsidiary of China Energy Engineering Group Co. Ltd (中國能源建設集團有限公司) (an ultra-large energy construction group directly managed by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares to be issued pursuant to Part XV of the SFO.

† *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2013.*

Save as disclosed above, as at 31 December 2013, no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 26 to 36 in this annual report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 December 2013.

AUDITOR

PricewaterhouseCoopers will retire at the forthcoming annual general meeting of the Company and a resolution will be proposed at the meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

ANNUAL REPORT

This Annual Report is printed in English and Chinese languages and is available on the Stock Exchange's website at http://www.hkexnews.hk under "Listed Company Information" and our Company's website at http://www.cpne.com.hk.
Printed copies in both languages are posted to shareholders.

On behalf of the Board

Li Xiaolin
Chairman

Hong Kong
20 March 2014

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Power New Energy Development Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 125, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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
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pwc 羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED (CONTINUED)

(incorporated in Bermuda 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 disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2014

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Revenue	5	**1,968,580**	1,569,693
Tariff adjustment	5	**218,950**	249,207
		2,187,530	1,818,900
Other income	6	**37,194**	37,310
Other gains, net	7	**409**	4,797
Fuel costs		**(638,909)**	(486,029)
Staff costs	11	**(187,381)**	(136,176)
Depreciation and amortisation		**(484,680)**	(402,415)
Repairs and maintenance		**(59,805)**	(48,093)
Fair value gains on financial assets at fair value through profit or loss		**1,560**	5,872
Impairment losses		**–**	(17,312)
Other operating expenses		**(226,992)**	(201,626)
Operating profit	8	**628,926**	575,228
Finance income	9	**48,966**	36,461
Finance costs	9	**(362,815)**	(364,875)
Finance costs, net	9	**(313,849)**	(328,414)
Share of (loss)/profit of an associated company		**(464)**	9,441
Share of profits of jointly controlled entities		**20,366**	19,101
Profit before tax		**334,979**	275,356
Income tax expense	10	**(57,702)**	(63,579)
Profit for the year		**277,277**	211,777
Attributable to:			
Equity holders of the Company	12	**257,379**	192,721
Non-controlling interests		**19,898**	19,056
		277,277	211,777
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
— basic	13	**0.022**	0.019
— diluted	13	**0.022**	0.019

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *RMB'000*	2012 *RMB'000*
Profit for the year	**277,277**	211,777
Other comprehensive losses that may be reclassified to profit or loss:		
Currency translation differences	–	(2,738)
Release of exchange reserve upon disposal of a subsidiary	–	(4,996)
	–	(7,734)
Total comprehensive income for the year	**277,277**	204,043
Attributable to:		
Equity holders of the Company	**257,379**	184,987
Non-controlling interests	**19,898**	19,056
	277,277	204,043

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

	Note	2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	11,619,407	9,870,591
Lease prepayments	17	123,236	106,077
Investment properties	18	302,496	303,326
Intangible assets	19	1,052,332	1,051,328
Interest in an associated company	21	113,794	126,258
Interests in jointly controlled entities	22	232,123	221,988
Other long-term deposits and prepayments	23	805,933	487,956
Deferred income tax assets	33	27,483	27,794
		14,276,804	12,195,318
Current assets			
Inventories	24	101,778	94,128
Accounts receivable	25	652,282	651,037
Prepayments, deposits and other receivables	26	501,239	422,149
Financial assets at fair value through profit or loss	27	7,331	12,603
Pledged deposits	28	24,979	14,535
Cash and cash equivalents	28	1,734,808	2,692,592
		3,022,417	3,887,044
Non-current assets classified as held for sale	23	255,000	–
		3,277,417	3,887,044
Total assets		17,554,221	16,082,362
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	1,046,966	1,046,966
Share premium	29	5,555,503	5,555,503
Reserves	30	713,061	441,276
		7,315,530	7,043,745
Non-controlling interests		196,055	176,157
Total equity		7,511,585	7,219,902

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

AS AT 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	31	**5,468,758**	4,975,658
Corporate bonds	32	**798,773**	1,291,466
Construction costs payable	35	**478,684**	237,965
Consideration payable for acquisition of subsidiaries	35	**163,246**	–
Deferred income tax liabilities	33	**68,840**	36,034
		6,978,301	6,541,123
Current liabilities			
Accounts payable	34	**32,621**	16,253
Construction costs payable	35	**1,191,114**	948,230
Other payables and accrued charges	35	**159,086**	163,756
Short-term bank and other borrowings	31	**559,000**	510,610
Current portion of long-term bank and other borrowings	31	**608,681**	644,229
Current portion of corporate bonds	32	**499,581**	–
Income tax payable		**14,252**	38,259
		3,064,335	2,321,337
Total liabilities		**10,042,636**	8,862,460
Total equity and liabilities		**17,554,221**	16,082,362
Net current assets		**213,082**	1,565,707
Total assets less current liabilities		**14,489,886**	13,761,025

Li Xiaolin
Director

Zhao Xinyan
Director

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

Balance Sheet

AS AT 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	20	6,090,434	5,319,726
Current assets			
Prepayments, deposits and other receivables	26	1,437	1,455
Financial assets at fair value through profit or loss	27	7,126	12,404
Cash and cash equivalents	28	1,200,253	1,953,773
		1,208,816	1,967,632
Total assets		7,299,250	7,287,358
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	1,046,966	1,046,966
Share premium	29	5,555,503	5,555,503
Reserves	30	(644,248)	(659,693)
Total equity		5,958,221	5,942,776
LIABILITIES			
Non-current liability			
Corporate bonds	32	798,773	1,291,466
Current liabilities			
Other payables and accrued charges	35	42,675	53,116
Current portion of corporate bonds	32	499,581	–
		542,256	53,116
Total liabilities		1,341,029	1,344,582
Total equity and liabilities		7,299,250	7,287,358
Net current assets		666,560	1,914,516
Total assets less current liabilities		6,756,994	7,234,242

Li Xiaolin	**Zhao Xinyan**
Director	*Director*

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to equity holders 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)* *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2013	**1,046,966**	**5,555,503**	**(268,518)**	**709,794**	**176,157**	**7,219,902**
Profit for the year	–	–	–	257,379	19,898	277,277
Total comprehensive income for the year	–	–	–	257,379	19,898	277,277
Employee share option benefits	–	–	14,406	–	–	14,406
Balance at 31 December 2013	**1,046,966**	**5,555,503**	**(254,112)**	**967,173**	**196,055**	**7,511,585**
Balance at 1 January 2012	**754,065**	**3,944,546**	**(260,784)**	**517,073**	**157,101**	**5,112,001**
Profit for the year	–	–	–	192,721	19,056	211,777
Disposal of a subsidiary	–	–	(4,996)	–	–	(4,996)
Currency translation differences	–	–	(2,738)	–	–	(2,738)
Total comprehensive income for the year	–	–	(7,734)	192,721	19,056	204,043
Issue of ordinary shares	263,371	1,448,540	–	–	–	1,711,911
Issue of ordinary shares upon conversion of convertible bonds	29,530	162,417	–	–	–	191,947
	292,901	1,610,957	–	–	–	1,903,858
Balance at 31 December 2012	1,046,966	5,555,503	(268,518)	709,794	176,157	7,219,902

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Cash generated from operations	36	**1,050,037**	737,901
PRC income tax paid		**(78,841)**	(41,695)
Net cash generated from operating activities		**971,196**	696,206
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,732,214)**	(1,488,070)
Payments for lease prepayments		**(19,588)**	(7,521)
Payments for intangible assets		**(1,398)**	(435)
Proceeds received from disposal of property, plant and equipment		**16,630**	54
Acquisition of a subsidiary, net of cash acquired	37	**(101,552)**	(145,320)
Proceeds from disposal of financial assets at fair value through profit or loss		**6,832**	–
Prepayment for acquisition of a subsidiary		**–**	(90,000)
Prepayment for investment in an associated company		**–**	(255,000)
Dividend received from an associated company		**12,000**	7,200
Dividends received from jointly controlled entities		**10,231**	6,469
Disposal of subsidiaries, net of cash disposed		**–**	36,503
Interest received		**48,966**	36,461
(Increase)/decrease in pledged deposits		**(17,899)**	40,352
Net cash used in investing activities		**(1,777,992)**	(1,859,307)
Cash flows from financing activities			
Issue of ordinary shares	29	**–**	1,711,911
Issue of convertible bonds	29(a)(ii)	**–**	191,947
New bank and other borrowings	31	**1,816,610**	1,842,795
Issue of corporate bond	32	**–**	794,531
Repayment of bank and other borrowings	31	**(1,538,674)**	(946,573)
Interest paid		**(428,924)**	(373,174)
Net cash (used in)/generated from financing activities		**(150,988)**	3,221,437
Net (decrease)/increase in cash and cash equivalents		**(957,784)**	2,058,336
Exchange difference on cash and cash equivalents		**–**	(10,894)
Cash and cash equivalents at 1 January		**2,692,592**	645,150
Cash and cash equivalents at 31 December	28	**1,734,808**	2,692,592

The notes on pages 54 to 125 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Power New Energy Development Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together, the "Group") are principally engaged in the development, construction, owning, operation and management of clean energy power plants in the People's Republic of China (the "PRC"), including but not limited to the following types of energy generation — natural gas power generation, wind power generation, hydro power generation, waste-to-energy power generation, photovoltaic power generation and other power generation. The Group is also engaged in investment holding in the clean energy power industry and property investments and securities investments.

These consolidated financial statements are presented in Renminbi ("RMB"), and have been approved for issue by the Board of Directors on 20 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements 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, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

The Group has several capital and other commitments that will fall due within the next twelve months. Based on the Group's history of obtaining finance, its relationships with its bankers, banking facilities available and net operating cash inflow, the Directors consider that the Group will be able to obtain adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next twelve months from the balance sheet date. Accordingly, the Directors have prepared these consolidated 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 and revised standards, amendments and interpretation to standards

The following new and revised standards amendments and interpretation to standards are mandatory for the financial year beginning 1 January 2013, but do not have significant impact to the Group:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Investment in associates and joint ventures
HKFRS 1 (Amendment)	First time adoption — Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements, disclosures of interest in other entities: Transitional guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements Project	Annual improvements 2009–2011 cycle

(b) New and revised standards, amendments and interpretation to standards relevant to the Group that have been issued but are not effective

The following new and revised standards, amendments and interpretation to standards have been issued but are not effective and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 10, 12 and HKAS 27 (Amendments)	Consolidation for investment entities	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
Annual Improvements Project	Annual improvements 2010–2012 cycle and 2011–2013 cycle	1 January 2014
HKAS 19 (Amendments)	Defined benefit plans: Employee contributions	1 July 2014
HKFRS 7 and 9 (Amendments)	Disclosures: Mandatory effective date of HKFRS 9 and transitional disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 14	Regulatory deferral accounts	1 January 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and revised standards, amendments and interpretation to standards relevant to the Group that have been issued but are not effective (Continued)

The Group will apply the above new and revised standards, amendments and interpretation to standards from 1 January 2014 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements will be resulted.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(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 and unrealised gains 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.

The Group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of subsidiaries is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. 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 interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The 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 consolidated income statement (Note 2.8(a)).

On the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

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

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

(c) Disposal of subsidiaries

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

(d) Associated company

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

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

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of investments accounted for using equity method" in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(d) Associated company (Continued)

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

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

(e) Jointly controlled entities

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the ventures have their respective interests and establish a contractual arrangement among them to define joint control over the economic activity of the entity. The Group accounted for it jointly controlled entities using the equity method of accounting (Note 2.2(d)) in the consolidated financial statements.

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 consolidated financial statements are presented in RMB, which is the Company's functional and the Group's 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 the items are remeasured. 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 consolidated income statement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation (Continued)

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

(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 dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognised in the consolidated income statement as part of the gain or loss on disposal.

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.

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress (see Note 2.5 below) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, costs transferred from construction in progress and any directly attributable costs of bringing the assets to the condition for their 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

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

Buildings	14–50 years
Dam	50 years
Power generators and equipment	5–25 years
Others	3–17 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). Such impairment losses are recognised in profit or loss.

The gain or loss on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 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 and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. 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.

2.6 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Lease prepayments

Lease prepayments included land use rights, coast use rights and other lease prepayments. They 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 or coast on which various plants and buildings are situated and up-front prepayment made for operating leases. Amortisation of lease prepayments is calculated on a straight-line basis over the period of the leases.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associated companies 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.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Patents, franchise and others

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of investments in subsidiaries, associated company, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are at least tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 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 (except for certain assets as explained below), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Financial assets

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

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

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

2.11 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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables mainly comprise deposits with banks and accounts and other receivables with fixed or determinable payments included in the consolidated balance sheet.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of accounts and other receivables is described in Note 2.13.

2.12 Inventories

Inventories comprise coal, consumable supplies and spare parts held for consumption and usage.

Coal, consumable supplies and spare parts held for consumption and usage 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. Cost is determined using the 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.

2.13 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 any provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within other operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to other gains in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Cash and cash equivalents

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

2.15 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including accounts payable) 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, net of tax, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated 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 balance sheet date.

2.17 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Company and its subsidiaries, associated company and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax (Continued)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated company and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes 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.

2.18 Employee benefits

(a) Pension obligations

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 (with effect from 1 June 2013, the maximum mandatory MPF contribution has been adjusted from $1,000 to $1,250 a month) . 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.

For employees in the PRC, 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)

2.18 Employee benefits (Continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives service from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining employees of the entity over a specific time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

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

2.19 Provisions

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

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

Provisions are measured at the present value of the expenditure 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2.22 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 of the Group that makes strategic decisions.

2.23 Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognised less, where appropriate, cumulative amortisation recognised in the consolidated income statement over the period of the relevant liabilities and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.24 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of 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.

(a) Sales of electricity and revenue from heat supply by thermal power plants are recognised when electricity and heat capacity are generated and transmitted.

(b) Tariff adjustment represents subsidy received and receivable from the local government authorities in respect of the Group's power generation business. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue and income recognition (Continued)

(c) Rubbish handling income and repairs and maintenance management fee income are recognised when services are rendered.

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

(e) Sales of quota in related to Voluntary Emission Reductions ("VER") are recognised when it is considered that the receipt of the relevant income is reasonably assured.

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

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

2.25 Government grants

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

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

2.26 Contingences

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements, when an inflow of economic benefits is probable. When the inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the 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, cash flow and fair value 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 of Directors. The Group does not use derivative financial instruments for speculative purposes.

(a) Foreign exchange risk

The Group mainly operates in the PRC with transactions mainly settled in RMB, Hong Kong dollar ("HK$") or EURO. 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.

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group has not used any forward foreign exchange contracts or currency borrowings to hedge its exposure as at 31 December 2013.

As at 31 December 2013, if HK$ had weakened/strengthened by 5% against RMB, with all other available held constant, post-tax profit for the year would have been RMB1,280,000 (2012: RMB48,038,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK$-denominated cash and cash equivalents and long-term bank and other borrowings.

As at 31 December 2013, if EURO had weakened/strengthened by 5% against RMB, with all other available held constant, post-tax profit for the year would have been RMB2,484,000 (2012: nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EURO-denominated cash and cash equivalents and long-term bank and other borrowings.

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for certain interest-bearing receivables, pledged deposits and bank balances, details of which have been disclosed in Notes 26 and 28 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 and 32. 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. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

At 31 December 2013, if the interest rates had been 50 basis points higher/lower than the prevailing rate announced by the People's Bank of China, with all other variables held constant, post-tax profit for the year would have been approximately RMB24,240,000 (2012: RMB15,528,000) lower/higher, mainly as a net result of higher/lower interest expense on floating rate bank and other borrowings and higher/lower interest income on bank deposits.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as financial assets at fair value through profit or loss. The Group's financial assets at fair value through profit or loss represent equity securities listed in Hong Kong and the volatility of stock market is generally significant recently. At 31 December 2013, if the quoted market price of the equity investments held by the Group had increased/decreased by 10% to 30%, with all other variables held constant, the post-tax profit for the year would have been approximately RMB733,000 to RMB2,199,000 (2012: approximately RMB1,260,000 to RMB3,781,000) higher/lower, mainly as a result of the changes in fair value of financial assets at fair value through profit or loss.

The Group also exposes to commodity price risk mainly in relation to the natural gas and coal price for its generation of electricity. The Group has not used any forward contracts to hedge its exposure.

(d) Credit risk

The carrying amounts of cash at bank and pledged deposits, financial assets at fair value through profit or loss and receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

Most of the Group's cash at bank and term deposits are held in major financial institutions, which management believes are of high credit quality. The Group's financial assets at fair value through profit or loss are also listed on a recognised stock exchange. 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 majority of the Group's sales of electricity were made to provincial power grid companies. The Group normally grants credit terms ranging from 30 to 60 days to these power grid companies. For other debtors, the Group normally exercises a tighter credit control by shortening credit period to 30 days. The Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's accounts receivable is disclosed in Note 25. Management makes periodic collective assessment as well as individual assessment on the recoverability of accounts and other 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 accounts and other 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 committed 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, short-term and long-term bank borrowings and corporate bonds.

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 balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the balance sheet date).

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Group				
At 31 December 2013				
Bank and other borrowings	1,550,598	1,257,441	2,553,632	4,758,650
Corporate bonds	570,750	52,000	878,000	–
Accounts payable	32,621	–	–	–
Construction costs payable	1,191,114	478,684	–	–
Other payables and accrued charges	159,086	163,246	–	–
At 31 December 2012				
Bank and other borrowings	1,533,428	994,314	2,904,572	4,231,249
Corporate bonds	70,750	570,750	852,000	–
Accounts payable	16,253	–	–	–
Construction costs payable	948,230	237,965	–	–
Other payables and accrued charges	163,756	–	–	–
Company				
At 31 December 2013				
Corporate bonds	570,750	52,000	878,000	–
Other payables and accrued charges	42,675	–	–	–
At 31 December 2012				
Corporate bonds	70,750	570,750	852,000	–
Other payables and accrued charges	53,116	–	–	–

3 FINANCIAL RISK MANAGEMENT (Continued)

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, obtain bank borrowings or issue corporate bonds.

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 bank and other borrowings (including short-term and long-term borrowings and corporate bonds as shown in the consolidated balance sheet) less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During the year, the Group's strategy, which was unchanged from last year, was to maintain gearing ratio at a stable level. The table below analyses the Group's capital structure as at 31 December 2013 and 2012.

	2013 *RMB'000*	2012 *RMB'000*
Total bank and other borrowings *(Notes 31 and 32)*	7,934,793	7,421,963
Less: Cash and cash equivalents and pledged deposits *(Note 28)*	(1,759,787)	(2,707,127)
Net debt	6,175,006	4,714,836
Total equity	7,511,585	7,219,902
Total capital	13,686,591	11,934,738
Gearing ratio	46%	40%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

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

- 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).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013 and 2012. See Note 18 for disclosures of the investment properties 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				
Financial assets at fair value through profit or loss	**7,331**	**–**	**–**	**7,331**
At 31 December 2012				
Assets				
Financial assets at fair value through profit or loss	12,603	–	–	12,603

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. 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 primarily equity investments classified as financial assets at fair value through profit or loss.

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 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.

(a) Useful lives and residual values 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.

(b) Impairment of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. 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 to sell. These calculations require the use of judgements and estimates.

Management's 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 to sell 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. Specific assumptions and estimates involved in the cash flow projections are set out in Note 19.

(c) Tariff adjustment

Tariff adjustment represents additional tariff subsidised by the relevant local government authorities which is variable from time to time and a fixed amount may not be available at a financial reporting date. Management periodically evaluates the estimate for additional tariff based on historical tariff adjustments that were made available to the Group, taking into account the latest industry practice and market and economic conditions, and records any adjustments in the period when such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred income tax

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.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 18.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION

(a) Revenue and tariff adjustment

Revenue and tariff adjustment recognised during the year are as follows:

	2013 ***RMB'000***	2012 *RMB'000*
Sales of electricity to provincial power grid companies *(note (i))*	**1,767,377**	1,396,552
Heat supply by thermal power plants to other companies	**127,190**	95,951
Rubbish handling income	**64,127**	67,448
Rental income from investment properties	**9,886**	9,742
Total revenue	**1,968,580**	1,569,693
Tariff adjustment *(note (ii))*	**218,950**	249,207
	2,187,530	1,818,900

Notes:

(i) Pursuant to the power purchase agreements entered into between the Group and the respective 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 provincial power grid companies as approved by the relevant government authorities.

(ii) The amount represents tariff received and receivable from the relevant local government authorities.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information

The chief operating decision-maker has been identified as the executive directors and certain senior management of the Group (together, the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on each segment's profit/(loss) before tax and share of (losses)/profits of an associated company and jointly controlled entities ("segment results").

The Group has the following major segments: power generation, property investments and securities investments.

The Group is principally engaged in the development, construction, owning and management of clean energy power plants in the People's Republic of China (the "PRC"). The power generation business is further evaluated based on the types of energy generation (natural gas power generation business, wind power generation business, hydro power generation business, waste-to-energy power generation business, photovoltaic power generation business and other power generation business).

The property investments segment is engaged in the leasing of properties to generate rental income.

The securities investments segment is engaged in securities trading.

No sales between operating segments are undertaken.

Unallocated income mainly refers to interest income earned from cash and cash equivalents held at corporate level. Unallocated expenses mainly refer to general and administrative expenses incurred at corporate level.

Segment assets exclude interest in an associated company, interests in jointly controlled entities, deferred income tax assets and corporate assets, all of which are managed on a central basis.

Other unallocated assets mainly comprise property, plant and equipment, prepayment, deposits and other receivables, and cash and cash equivalents held at corporate level.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2013 and 2012 is as follows:

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2013										
Segment revenue	546,802	638,050	284,302	195,741	115,177	178,622	9,886	-	-	1,968,580
Tariff adjustment	218,950	-	-	-	-	-	-	-	-	218,950
	765,752	638,050	284,302	195,741	115,177	178,622	9,886	-	-	2,187,530
Results of reportable segments	148,588	183,551	26,591	28,488	56,926	24,782	(23,529)	1,560	-	446,957
A reconciliation of results of reportable segments to profit for the year is as follows:										
Results of reportable segments										446,957
Unallocated income										45,424
Unallocated expenses										(177,304)
Share of loss of an associated company										(464)
Share of profits of jointly controlled entities										20,366
Profit before tax										334,979
Income tax expense										(57,702)
Profit for the year										277,277
Segment results included:										
Depreciation and amortisation	(33,658)	(267,409)	(89,874)	(34,229)	(35,335)	(12,292)	(9,571)	-	(2,312)	(484,680)
Impairment losses	–	-	-	-	-	-	-	-	-	-
Finance income	1,819	977	197	270	215	53	11	-	45,424	48,966
Finance costs	(11,592)	(198,334)	(66,069)	(27,962)	-	(8,082)	(3,936)	-	(46,840)	(362,815)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2012										
Segment revenue	345,229	538,061	318,057	228,738	–	129,866	9,742	–	–	1,569,693
Tariff adjustment	249,207	–	–	–	–	–	–	–	–	249,207
	594,436	538,061	318,057	228,738	–	129,866	9,742	–	–	1,818,900
Results of reportable segments	141,045	52,695	137,487	53,666	–	(1,205)	(12,192)	5,872	–	377,368
A reconciliation of results of reportable segments to profit for the year is as follows:										
Results of reportable segments										377,368
Unallocated income										31,282
Unallocated expenses										(161,836)
Share of profit of an associated company										9,441
Share of profits of jointly controlled entities										19,101
Profit before tax										275,356
Income tax expense										(63,579)
Profit for the year										211,777
Segment results included:										
Depreciation and amortisation	(34,753)	(251,949)	(53,526)	(39,805)	–	(13,227)	(5,489)	–	(3,666)	(402,415)
Impairment losses	–	–	–	–	–	(17,312)	–	–	–	(17,312)
Finance income	949	3,552	569	83	–	21	5	–	31,282	36,461
Finance costs	(16,336)	(207,100)	(22,009)	(22,435)	–	(7,940)	(8,911)	–	(80,144)	(364,875)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
As at 31 December 2013										
Segment assets	2,047,882	6,991,239	3,808,617	873,730	868,033	219,459	401,406	9,415	–	15,219,781
Interest in an associated company									113,794	113,794
Interests in jointly controlled entities									232,123	232,123
Deferred income tax assets									27,483	27,483
Non-current assets classified as held for sale									255,000	255,000
Other unallocated assets									1,706,040	1,706,040
Total assets per consolidated balance sheet										17,554,221
Additions to non-current assets	261,602	1,274,631	1,026,748	21,286	318,662	5,905	6,062	–	14,921	2,929,817

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
As at 31 December 2012										
Segment assets	1,674,980	6,721,130	3,073,235	844,919	419,063	226,974	413,108	14,724	–	13,388,133
Interest in an associated company									126,258	126,258
Interests in jointly controlled entities									221,988	221,988
Deferred income tax assets									27,794	27,794
Other unallocated assets									2,318,189	2,318,189
Total assets per consolidated balance sheet										16,082,362
Additions to non-current assets	13,030	535,421	1,527,876	19,422	407,663	5,071	1,057	–	258,355	2,767,895

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level in the amount of RMB1,262,787,000 (2012: RMB1,959,756,000) were deposited in Hong Kong, investment properties of RMB26,496,000 (2012: RMB27,326,000) are situated in Hong Kong and certain other financial assets in the amount of RMB7,331,000 (2012: RMB12,603,000) are relating to equity securities listed in Hong Kong.

For the year ended 31 December 2013, external revenue of approximately RMB1,234,133,000 (2012: RMB927,784,000) is generated from 3 (2012: 3) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the power generation segment.

6 OTHER INCOME

	2013 ***RMB'000***	2012 *RMB'000*
Government grants *(note (i))*	**19,961**	20,011
Repairs and maintenance management fee income	**5,517**	7,525
Income from Voluntary Emission Reductions ("VER") projects *(note (ii))*	**3,173**	1,572
Others	**8,543**	8,202
	37,194	37,310

Notes:

(i) During the year, government grants were received from the relevant government authorities for encouraging the Group to operate environmentally-friendly power plants.

(ii) Income from VER projects refers to the sale of quota in relation to VER which are generated from wind farms and other renewable energy facilities. It is recognised when it is considered that the receipt of the relevant income is reasonably assured.

7 OTHER GAINS, NET

	2013 *RMB'000*	2012 *RMB'000*
Fair value gains on investment properties *(Note 18)*	–	3,460
Losses on disposals of subsidiaries	–	(5,096)
Gain on sale of power generation quota	14,639	23,100
Exchange losses	(15,564)	(15,676)
Others	1,334	(991)
	409	4,797

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	2013 *RMB'000*	2012 *RMB'000*
Amortisation of lease prepayments	2,659	2,592
Amortisation of intangible assets	394	374
Auditor's remuneration	3,139	2,797
Depreciation of property, plant and equipment	481,627	399,449
Impairment loss of intangible assets	–	10,132
Impairment loss of property, plant and equipment	–	7,180
Losses on disposals of property, plant and equipment	18,259	757
Operating lease rental in respect of leasehold land and buildings	16,128	10,619
Staff costs including directors' emoluments *(Note 11)*	187,381	136,176

9 FINANCE COSTS, NET

	2013 *RMB'000*	2012 *RMB'000*
Interest income from bank deposits	**48,966**	36,461
Interest expense on		
— bank borrowings wholly repayable within five years	**(52,318)**	(56,300)
— bank borrowings not wholly repayable within five years	**(290,117)**	(257,331)
— other borrowings wholly repayable within five years	**(9,685)**	(13,488)
— corporate bonds wholly repayable within five years	**(73,201)**	(72,092)
	(425,321)	(399,211)
Less: Amounts capitalised in property, plant and equipment	**62,506**	34,336
	(362,815)	(364,875)
Finance costs, net	**(313,849)**	(328,414)

The weighted average interest rate on capitalised borrowing costs is approximately 5.85% (2012: 5.74%) per annum.

10 INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any 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.

Certain subsidiaries of the Group are entitled to a three-year exemption from income tax when their power generation started, followed by a 50% reduction in income tax rate at 12.5% for another three years, and then taxed at 25% thereafter.

There is no tax impact relating to components of other comprehensive income for the year ended 31 December 2013 (2012: Nil).

10 INCOME TAX EXPENSE (Continued)

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

	2013 RMB'000	2012 RMB'000
PRC current income tax	54,834	51,563
Deferred income tax *(note 33)*	2,868	12,016
	57,702	63,579

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2013 RMB'000	2012 RMB'000
Profit before tax	334,979	275,356
Add: Share of loss/(profit) of an associated company	464	(9,441)
Less: Share of profits of jointly controlled entities	(20,366)	(19,101)
	315,077	246,814
Tax calculated at domestic tax rates applicable to profits in respective jurisdictions	80,024	61,903
Effect of lower tax rate for companies under tax holiday	(47,140)	(37,525)
Income not subject to taxation	(2,446)	(2,585)
Expenses not deductible for taxation purposes	2,294	5,241
Tax losses not recognised	24,970	36,545
Income tax expense	57,702	63,579

The weighted average applicable tax rate for the year ended 31 December 2013 is 25.4% (2012: 25.1%).

Share of taxation attributable to an associated company and jointly controlled entities for the year ended 31 December 2013 of RMB3,372,000 (2012: RMB4,186,000) are included in the Group's share of (losses)/profits of an associated company and jointly controlled entities for the year.

11 STAFF COSTS

	2013 RMB'000	2012 RMB'000
Wages, salaries and bonuses	120,858	99,087
Pension costs — defined contribution plans	2,811	12,333
Staff welfare	49,306	24,756
Share-based compensation expenses	14,406	–
	187,381	136,176

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB1,039,000 (2012: loss of RMB56,337,000) (Note 30).

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2013	2012
Profit attributable to equity holders of the Company *(RMB'000)*	257,379	192,721
Weighted average number of shares in issue *(shares in thousands)*	11,482,934	9,907,325
Basic earnings per share *(RMB)*	0.022	0.019

As there were no dilutive potential ordinary shares outstanding during the year (2012: Nil), the diluted earnings per share for the year is equal to basic earnings per share.

14 DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the directors of the Company 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 expenses RMB'000	Discretionary bonuses RMB'000	Employer's contributions to pension scheme RMB'000	Total RMB'000
Chairman						
Ms. Li Xiaolin	–	–	3,120	–	–	3,120
Executive directors						
Mr. Yin Lian *(notes (i) and (v))*	–	1,702	1,872	–	–	3,574
Mr. Wang Hao	–	819	1,040	–	12	1,871
Mr. Zhao Xinyan	–	–	1,248	–	–	1,248
Non-executive director						
Mr. Cheng Chi	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chu Kar Wing	96	–	–	–	–	96
Mr. Li Fang	96	–	–	–	–	96
Mr. Wong Kwok Tai	96	–	–	–	–	96
Ms. Ng Yi Kum *(note (iii))*	48	–	–	–	–	48
Total	336	2,521	7,280	–	12	10,149

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each of the directors of the Company 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 expenses *RMB'000*	Discretionary bonuses *RMB'000*	Employer's contribution to pension scheme *RMB'000*	Total *RMB'000*
Chairman						
Ms. Li Xiaolin	–	–	–	–	–	–
Executive directors						
Mr. Yin Lian *(notes (i) and (v))*	–	870	–	–	–	870
Mr. Liu Genyu *(notes (ii) and (v))*	–	809	–	–	11	820
Mr. Wang Hao	–	831	–	–	12	843
Mr. Zhao Xinyan	–	–	–	–	–	–
Non-executive director						
Mr. Cheng Chi	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chu Kar Wing	97	–	–	–	–	97
Mr. Li Fang	97	–	–	–	–	97
Mr. Wong Kwok Tai	97	–	–	–	–	97
Total	291	2,510	–	–	23	2,824

Notes:

(i) Mr. Yin Lian was re-designated as an executive director of the Company with effective from 21 March 2012.

(ii) Mr. Liu Genyu has resigned as an executive director and the chief executive officer of the Company with effect from 21 December 2012.

(iii) Ms. Ng Yi Kum was appointed as an independent non-executive director with effect from 28 June 2013.

(iv) None of the directors of the Company waived any emoluments during the year ended 31 December 2013 and 2012.

(v) Mr. Yin Lian (2012: Mr. Liu Genyu and Mr. Yin Lian), who is also the chief executive of the Company, is responsible under the immediate authority of the Board of Directors for the conduct of the business of the Group.

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

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

	2013 RMB'000	2012 RMB'000
Basic salary, housing allowance, other allowances and benefits in kind	2,350	1,691
Employer's contributions to pension scheme	12	12
Share based compensation expenses	1,456	–
	3,818	1,703

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
Below RMB1,000,001	–	1
RMB1,000,001 to RMB2,000,000	1	1
RMB2,000,001 to RMB3,000,000	1	–

(c) 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).

16 PROPERTY, PLANT AND EQUIPMENT

	Group						Company
	Buildings	Dam	Power generators and equipment	Others	Construction in progress	Total	Others
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2013	1,034,552	723,075	7,221,045	177,873	1,860,970	11,017,515	739
Exchange differences	–	–	–	(437)	–	(437)	(22)
Additions	134,248	–	50,769	37,514	1,261,025	1,483,556	–
Disposals	(21,451)	–	(53,738)	(9,138)	–	(84,327)	–
Acquisitions of subsidiaries *(note 37(a))*	108,536	198,897	542,022	2,613	–	852,068	–
Transfer	1,972	1,499,496	709,718	58,773	(2,269,959)	–	–
At 31 December 2013	1,257,857	2,421,468	8,469,816	267,198	852,036	13,268,375	717
Accumulated depreciation and impairment losses							
At 1 January 2013	146,488	65,219	902,903	32,314	–	1,146,924	739
Exchange differences	–	–	–	(407)	–	(407)	(22)
Depreciation charge for the year	47,205	33,777	379,838	20,807	–	481,627	–
Written back on disposals	(8,213)	–	(27,811)	(1,387)	–	(37,411)	–
Acquisitions of subsidiaries *(note 37(a))*	7,519	9,810	40,572	334	–	58,235	–
At 31 December 2013	192,999	108,806	1,295,502	51,661	–	1,648,968	717
Net book value							
At 1 January 2013	888,064	657,856	6,318,142	145,559	1,860,970	9,870,591	–
At 31 December 2013	1,064,858	2,312,662	7,174,314	215,537	852,036	11,619,407	–

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group						Company
	Buildings	Dam	Power generators and equipment	Others	Construction in progress	Total	Others
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2012	1,053,460	723,075	6,397,521	162,497	369,001	8,705,554	756
Exchange differences	–	–	–	(345)	–	(345)	(17)
Additions	823	–	17,174	16,315	1,350,140	1,384,452	–
Disposals	–	–	(8,925)	(5,228)	–	(14,153)	–
Acquisition of a subsidiary *(note 37(b))*	–	–	–	–	1,046,107	1,046,107	–
Disposal of a subsidiary	(38,184)	–	(64,234)	(1,327)	(355)	(104,100)	–
Transfer	18,453	–	879,509	5,961	(903,923)	–	–
At 31 December 2012	1,034,552	723,075	7,221,045	177,873	1,860,970	11,017,515	739
Accumulated depreciation							
and impairment losses	98,813	48,994	579,765	31,386	–	758,958	756
At 1 January 2012							
Exchange differences	–	–	–	(270)	–	(270)	(17)
Depreciation charge							
for the year	50,158	16,225	322,940	10,126	–	399,449	–
Impairment loss *(Note 7)*	–	–	7,180	–	–	7,180	–
Written back on disposals	–	–	(2,206)	(1,206)	–	(3,412)	–
Disposal of a subsidiary	(2,483)	–	(4,776)	(7,722)	–	(14,981)	–
At 31 December 2012	146,488	65,219	902,903	32,314	–	1,146,924	739
Net book value							
At 1 January 2012	954,647	674,081	5,817,756	131,111	369,001	7,946,596	–
At 31 December 2012	888,064	657,856	6,318,142	145,559	1,860,970	9,870,591	–

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) As at 31 December 2013, certain of the Group's property, plant and equipment with carrying values of RMB906,660,000 (2012: RMB928,247,000) were situated on leasehold land in the PRC leased from China Power Investment Corporation (中國電力投資集團公司) ("CPI Group") which held the rights on the leasehold land under long-term leases. The remaining period of the Group's rights on the leasehold land as at 31 December 2013 was 42 years (2012: 43 years).

(ii) As at 31 December 2013, certain of the Group's property, plant and equipment with RMB1,374,315,000 (2012: RMB1,197,374,000) were situated on the lands for which the legal titles 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.

(iii) As at 31 December 2013, property, plant and equipment amounting to RMB2,009,927,000 (2012: RMB3,195,503,000) were pledged as securities for certain bank and other borrowings of the Group (Notes 31(a) and (e)).

(iv) During 2013, the Group entered into two (2012: one) sale and leaseback arrangements with two banks which the Group sold its property, plant and equipment amounting to RMB330,001,000 (2012: RMB187,901,000) to the bank and immediately leased these assets back. Management regards this arrangement as a finance lease (Note 31(d)).

17 LEASE PREPAYMENTS

	Group	
	2013	2012
	RMB'000	*RMB'000*
Cost		
At 1 January	**115,022**	116,477
Acquisition of a subsidiary *(note 37(a))*	**230**	–
Additions	**19,588**	7,521
Disposals of subsidiaries	**–**	(8,976)
At 31 December	**134,840**	115,022
Accumulated amortisation and impairment losses		
At 1 January	**8,945**	7,667
Amortisation for the year	**2,659**	2,592
Disposals of subsidiaries	**–**	(1,314)
At 31 December	**11,604**	8,945
Net book value		
At 31 December	**123,236**	106,077

Notes:

(i) Lease prepayments represent costs of the land use rights, coast use rights and other lease prepayments in respect of land and coast located in the PRC where certain of the Group's property, plant and equipment are built on. As at 31 December 2013, the remaining period of the land use rights and coast use right ranged between 18 to 47 years (2012: 19 to 48 years).

(ii) As at 31 December 2013, RMB2,036,000 (2012: RMB2,326,000) lease prepayments were pledged as security for certain bank borrowings of the Group (Note 31(e)).

18 INVESTMENT PROPERTIES

	Group 2013 RMB'000	Group 2012 RMB'000
At 1 January	**303,326**	300,477
Fair value gains on investment properties *(Note 7)*	**–**	3,460
Exchange differences	**(830)**	(611)
At 31 December	**302,496**	303,326

The revaluation gains or losses are included in "Other gains — net" in the consolidated income statement (Note 7). The following table analyses the investment properties carried at fair value by valuation method.

	Fair value measurement as at 31 December 2013 using		
	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
The Group			
Recurring fair value measurement			
Investment properties			
— Mainland China	–	–	276,000
— Hong Kong	–	–	26,496
	–	–	302,496

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

The Group's investment properties were valued at 31 December 2013 by an independent professionally qualified valuer who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

18 INVESTMENT PROPERTIES (Continued)

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2013 and 2012, the fair values of the properties have been determined by Roma Appraisals Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO, and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Fair value measurements using significant observable inputs

Fair values of properties held and occupied by the Group in Hong Kong are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair values of properties held by the Group for investment purpose in the Mainland China are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

18 INVESTMENT PROPERTIES (Continued)

Information about level 3 fair value measurements

Investment properties	Valuation technique	Unobservable inputs	Rate	Relationship of unobservable inputs to fair value
Properties held in — Hong Kong	Direct comparison approach	Unit rate	RMB19,000/ sq.ft	The higher the unit rate, the higher the fair value
Properties held in — Mainland China	Income capitalisation approach	Market yield	4.25%–5%	The higher the yield, the lower the fair value
		Monthly gross market rent	RMB22,990 to RMB36,318	The higher the rental value, the higher the fair value

The Group's interests in investment properties at their carrying values are analysed as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
In Hong Kong, held on leases of over 50 years	**26,496**	27,326
In the PRC, held on leases of over 50 years	**276,000**	276,000
	302,496	303,326

As at 31 December 2013, the investment properties amounting to RMB302,496,000 (2012: RMB303,326,000) were pledged as security for certain bank borrowings of the Group (Note 31(a)).

19 INTANGIBLE ASSETS

Group	Goodwill *RMB'000*	Patents, franchise and others *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2013	**1,052,346**	**54,522**	**1,106,868**
Additions	**–**	**1,398**	**1,398**
At 31 December 2013	**1,052,346**	**55,920**	**1,108,266**
Accumulated amortisation and impairment losses			
At 1 January 2013	**28,654**	**26,886**	**55,540**
Amortisation charge for the year	**–**	**394**	**394**
At 31 December 2013	**28,654**	**27,280**	**55,934**
Net book value			
At 31 December 2013	**1,023,692**	**28,640**	**1,052,332**
Cost			
At 1 January 2012	1,052,346	54,087	1,106,433
Additions	–	435	435
At 31 December 2012	1,052,346	54,522	1,106,868
Accumulated amortisation and impairment losses			
At 1 January 2012	18,522	26,512	45,034
Amortisation charge for the year	–	374	374
Impairment loss *(note)*	10,132	–	10,132
At 31 December 2012	28,654	26,886	55,540
Net book value			
At 31 December 2012	1,023,692	27,636	1,051,328

19 INTANGIBLE ASSETS (Continued)

Note:

A segment-level summary of goodwill allocation at cost less impairment is presented below:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Natural gas power generation	**521,398**	521,398
Wind power generation	**502,294**	502,294
	1,023,692	1,023,692

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.

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 revenue growth rate in electricity output and pre-tax discount rate used for value-in-use calculations for goodwill is of 3% (2012: 3%) and 8% (2012: 9%) respectively.

Management estimates the growth rate in electricity output by reference to the expected demand for electricity in the region where the power plants are located. 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 unit. Other key assumptions applied in the impairment tests include the expected rates on tariff, heat supplies, tariff adjustments and fuel costs.

At 31 December 2013, if the budgeted growth rate in electricity output applied to the discounted cash flows had been 2% lower, with all other variables held constant, goodwill will be impaired by approximately RMB20,055,000 (2012: RMB40,819,000) or otherwise no additional impairment charge will be required.

At 31 December 2013, if the pre-tax discount rate applied to the discounted cash flows had been 1% higher, with all other variables held constant, goodwill will be impaired by approximately RMB5,905,000 (2012: RMB48,079,000) or otherwise no additional impairment charge will be required.

20 INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	RMB'000	*RMB'000*
Unlisted investments, at cost	**137**	137
Less: Impairment losses *(note (i))*	**(137)**	(137)
	–	–
Amounts due from subsidiaries *(note (ii))*	**6,182,288**	5,399,970
Less: Impairment losses *(note (i))*	**(91,854)**	(80,244)
	6,090,434	5,319,726
	6,090,434	5,319,726

Notes:

(i) Movements in the impairment losses:

	Company	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**80,381**	68,410
Provision for impairment during the year	**11,610**	11,971
At 31 December	**91,991**	80,381

(ii) The amounts due from subsidiaries are unsecured, interest-free and capital in nature.

20 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iv) The following is a list of principal subsidiaries as at 31 December 2013:

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held directly:					
Lucky Talent Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Securities trading
Start Bright International Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Investment holdings
Interests held indirectly:					
Delux Vantage Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Property holdings
上海龍圖實業發展有限公司	PRC	RMB60,000,000	100%	Wholly-owned foreign enterprise	Property holdings
China Power (New Energy) Holdings Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
Green Health Development Company Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
中電國際新能源控股有限公司	PRC	US$56,250,000	100%	Wholly-owned foreign enterprise	Investment holdings
中電(洪澤)熱電有限公司	PRC	RMB30,000,000	60%	Sino-foreign equity joint venture	Generation and sales of electricity
中電(洪澤)生物質熱電有限公司	PRC	RMB26,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電(福建)電力開發有限公司	PRC	RMB632,750,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉風力發電有限公司	PRC	RMB154,450,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第二風力發電有限公司	PRC	RMB147,160,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第三風力發電有限公司	PRC	RMB244,475,369	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第四風力發電有限公司	PRC	RMB139,764,464	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第五風力發電有限公司	PRC	RMB23,482,115	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電武威光伏發電有限公司	PRC	RMB44,264,853	100%	Wholly-owned foreign enterprise	Development of power plant
甘肅中電白银光伏發電有限公司	PRC	RMB44,343,557	100%	Wholly-owned foreign enterprise	Development of power plant
東莞中電新能源熱電有限公司	PRC	US$43,435,965	90.1%	Foreign enterprise	Generation and sales of electricity

20 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iv) The following is a list of principal subsidiaries as at 31 December 2013: *(Continued)*

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly: (Continued)					
China Power Dafeng Wind Power Company Limited	PRC	RMB361,618,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
昆明中電環保電力有限公司	PRC	RMB116,800,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
漳平市華口水電有限公司	PRC	RMB80,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電內蒙古風力發電有限公司	PRC	RMB121,604,910	100%	Wholly-owned foreign enterprise	Development of power plant
重慶梅溪河流域水電開發有限公司	PRC	RMB35,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
海林中電海浪風力發電有限公司	PRC	US$12,612,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海林中電紅旗風力發電有限公司	PRC	US$14,254,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海口中電新能源環保電力有限公司	PRC	RMB120,001,456	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
盈江鴻福實業有限公司	PRC	RMB133,690,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
盈江縣惠民水電開發有限公司	PRC	RMB23,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
Zehnte Windpark Support GmbH & Co. KG	Germany	EURO3,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海南綠健生態城市發展有限公司	PRC	RMB25,000,000	100%	Wholly-owned foreign enterprise	Energy-related project management

21 INTEREST IN AN ASSOCIATED COMPANY

	Group	
	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**113,794**	126,258

21 INTEREST IN AN ASSOCIATED COMPANY (Continued)

Notes:

(i) The following are the details of the associated company as at 31 December 2013:

Name of company	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly:					
上海東海風力發電有限公司	PRC	RMB473,000,000	24%	Sino-foreign equity joint venture	Generation and sales of electricity

(ii) The following is an extract of the aggregate operating results and financial position of the associated company, based on the unaudited management accounts of the associated company for the year prepared in accordance with those relevant accounting policies as set out in Note 2.

	2013 RMB'000	2012 RMB'000
Operating results		
Revenue	222,075	216,111
Profit before tax	2,615	43,706
(Loss)/profit for the year	(6,303)	43,706
Financial position		
Non-current assets	2,272,153	1,892,198
Current assets	200,996	364,733
Non-current liabilities	(1,420,099)	(1,587,625)
Current liabilities	(569,289)	(127,447)
Net assets	483,761	541,859

(iii) Dividend income of RMB12,000,000 was received from the associated company for the year (2012: RMB7,200,000).

22 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	2013 RMB'000	2012 RMB'000
Share of net assets	231,645	221,510
Goodwill	478	478
	232,123	221,988

22 INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Notes:

(i) The following are the details of the jointly controlled entities as at 31 December 2013:

Name of companies	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
福建壽寧牛頭山水電有限公司	PRC	RMB130,000,000	52%	Sino-foreign equity joint venture	Generation and sales of electricity
上海崇明北沿風力發電有限公司	PRC	RMB186,074,000	20%	Sino-foreign equity joint venture	Generation and sales of electricity
北京龍源冷卻技術有限公司	PRC	RMB50,000,000	15%	Sino-foreign equity joint venture	Manufacturing of equipment

In accordance with the relevant terms as stipulated in the shareholders' agreements, the Group has attained a joint control over on the financial and operating policies of the above companies. Consequently, these companies are accounted for as jointly controlled entities of the Group.

(ii) The following is an extract of the aggregate operating results and financial position of the jointly controlled entities, based on the unaudited management accounts of the jointly controlled entities for the year prepared in accordance with those relevant accounting policies as set out in Note 2.

	2013 *RMB'000*	2012 *RMB'000*
Operating results		
Revenue	799,690	830,745
Profit before tax	89,747	102,267
Profit for the year	76,236	85,561
Financial position		
Non-current assets	1,115,725	1,174,369
Current assets	944,723	985,037
Non-current liabilities	(604,684)	(688,548)
Current liabilities	(891,384)	(946,570)
Net assets	564,380	524,288

(iii) Dividend income of RMB10,231,000 was received from the jointly controlled entities for the year (2012: RMB6,469,000).

23 OTHER LONG-TERM DEPOSITS AND PREPAYMENTS AND ASSETS HELD FOR SALE

	Group	
	2013	2012
	RMB'000	*RMB'000*
Other long-term deposits		
Prepayments for construction of power plants	**788,226**	132,744
Non-current pledged deposits *(Note 31(d))*	**15,498**	8,043
Rental deposits	**2,209**	2,169
Prepayment for investment in an associated company	**–**	255,000
Prepayment for acquisition of a subsidiary *(note (i))*	**–**	90,000
	805,933	487,956
Assets held for sale *(note (ii))*	**255,000**	–

Notes:

(i) On 16 September 2012, the Group signed a letter of intent with a third party to acquire 100% equity interests in Yingjiang Huimin Hydropower Company Limited. Pursuant to the letter, the Group prepaid an amount of RMB90,000,000 during the year ended 31 December 2012. The acquisition was completed and details of which is disclosed in Note 37.

(ii) On 5 December 2013, a subsidiary of the Group held a board meeting and approved to dispose of its entire equity interest in an associated company within the next 12 months from the balance sheet date. Subsequently, the Group entered into a Share Transfer Agreement with an independently third party on 2 March 2014. Details of which is disclosed in Note 40.

24 INVENTORIES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Raw materials	**18,971**	15,872
Spare parts and consumables	**82,807**	78,256
	101,778	94,128

25 ACCOUNTS RECEIVABLE

	Group	
	2013	2012
	RMB'000	*RMB'000*
Accounts receivable from provincial power grid companies	**515,175**	478,606
Accounts receivable from other companies	**18,707**	17,099
	533,882	495,705
Tariff adjustment receivable from the relevant government authorities	**100,320**	121,440
Notes receivable *(note (i))*	**18,080**	33,892
	652,282	651,037

The carrying values of accounts receivable approximate their fair values due to their short maturities. All the above receivables are denominated in RMB.

Tariff adjustment receivable is unsecured and interest-free.

As at 31 December 2013, accounts receivable amounting to RMB193,790,000 (2012: RMB191,386,000) are pledged as security for certain bank borrowings of the Group (Note 31(a)).

The Group normally grants 30 to 60 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of accounts receivable is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Less than 3 months	**230,644**	192,482
4 to 6 months	**79,920**	73,647
7 to 12 months	**136,546**	123,204
Over 1 year	**86,772**	106,372
	533,882	495,705

The credit quality of accounts receivable that are neither past due nor impaired is assessed by reference to the historical information about counterparty default rates. The existing counterparties do not have significant default in the past.

25 ACCOUNTS RECEIVABLE (Continued)

As of 31 December 2013, receivables of RMB388,064,000 (2012: RMB322,560,000) were past due but not considered to be impaired because the relevant debtors have no recent history of default. The ageing analysis of these receivables is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Over due		
Less than 3 months	**106,078**	74,277
4 to 6 months	**61,755**	66,444
7 to 12 months	**133,420**	75,467
Over 1 year	**86,811**	106,372
	388,064	322,560

Notes:

(i) As at 31 December 2013 and 2012, notes receivable represent commercial acceptance notes and are with maturity period of 180 to 360 days.

(ii) During the year, no provision for impairment of accounts receivable was made by the Group (2012: Nil) and there was no write-off of accounts receivable during the year (2012: Nil).

26 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments and deposits	**23,419**	27,426	**–**	–
Value added tax receivable	**422,611**	351,365	**–**	–
Amount due from a shareholder *(note (i))*	**7,297**	7,349	**–**	–
Amount due from a non-controlling interest *(note (ii))*	**20,000**	20,000	**–**	–
Dividend receivable from a joint controlled entity	**3,699**	–	**–**	–
Amount due from CPI Finance Company ("CPIF") *(note (iii))*	**91**	50	**1,297**	–
Proceed receivable on disposal of property, plant and equipment	**12,027**	–	**–**	–
Other receivables	**12,095**	15,959	**140**	1,455
	501,239	422,149	**1,437**	1,455
Denominated in:				
RMB	**499,802**	420,165	**–**	–
HK$	**1,437**	1,984	**1,437**	1,455
	501,239	422,149	**1,437**	1,455

Notes:

(i) The amount due from a shareholder is unsecured, interest-free and repayable on demand.

(ii) The amount due from a non-controlling interest is secured by the shares of this non-controlling interest in one of the Group's subsidiary, interest bearing at prevailing market rate and repayable within one year. The amount was subsequently fully settled on 7 March 2014.

(iii) The amount due from CPIF, a subsidiary of a shareholder, is unsecured, carries interest at 0.36% per annum (2012: 0.36% per annum) and is repayable on demand.

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Equity securities listed in Hong Kong	**7,331**	12,603	**7,126**	12,404

28 PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand	**830,129**	1,057,321	**271,594**	305,664
Time deposits with initial terms of less than three months	**929,658**	1,649,806	**928,659**	1,648,109
	1,759,787	2,707,127	**1,200,253**	1,953,773
Less: Pledged deposits *(note (iii))*	**(24,979)**	(14,535)	**–**	–
Cash and cash equivalents	**1,734,808**	2,692,592	**1,200,253**	1,953,773
Denominated in:				
RMB	**1,721,489**	1,768,487	**1,180,181**	1,021,116
HK$	**18,793**	931,640	**14,481**	926,719
Others	**19,505**	7,000	**5,591**	5,938
	1,759,787	2,707,127	**1,200,253**	1,953,773

Notes:

(i) The weighted average effective interest rate on time deposits, with maturity ranging from 1 to 3 months, was 3.80% per annum (2012: 2.20% per annum). Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) The Group's cash and cash equivalents denominated in RMB to the extent of RMB541,308,000 (2012: RMB747,371,000) are mainly deposited with banks in the PRC by subsidiaries. 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.

(iii) As at 31 December 2013, the pledged deposits of the Group with carrying amounts of approximately RMB24,979,000 (2012: RMB14,535,000) were pledged as security for certain notes payable facilities granted by a bank to the Group.

29 SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised and issued capital

	Company	
	Number of shares (of HK$0.10 each)	Nominal amount
		RMB'000
Authorised:		
At 1 January 2012, 31 December 2012 and 2013	20,000,000,000	1,759,154
Issued and fully paid:		
At 1 January 2012	7,889,039,108	754,065
Issue of ordinary shares *(note (i))*	3,230,769,231	263,371
Issue of ordinary shares upon conversion of convertible bonds *(note (ii))*	363,125,723	29,530
At 31 December 2012 and 2013	11,482,934,062	1,046,966

Notes:

(i) On 30 May 2012, the Company issued 3,230,769,231 new shares of HK$0.10 each (the "New Shares") to China Three Gorges Corporation. These New Shares rank pari passu in all respects with the existing shares. The proceeds from the issuance of the New Shares amounted to HK$2,100,000,000 resulting in a share premium of approximately RMB1,448,540,000 (Note 29(b)).

(ii) On 22 October 2012, the Company issued approximately HK$236,032,000 zero coupon bonds at par to China Power New Energy Limited, the immediate holding company ("CPNEL"). The bonds mature five years from the issue date and can be converted into the ordinary shares of the Company at HK$0.65 per ordinary share. On 25 October 2012, the Company received a conversion notice from CPNEL in respect of the exercise in full of the conversion right attached to the bonds. Accordingly, 363,125,723 ordinary shares of HK$0.10 each were allotted and issued to CPNEL on 30 October 2012, resulting in a share premium of approximately RMB162,417,000 (Note 29(b)). These shares rank pari passu in all respects with the existing shares.

29 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(b) Share premium

	Company	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**5,555,503**	3,944,546
Issue of ordinary shares *(Note 29(a)(i))*	**–**	1,448,540
Issue of ordinary shares upon conversion of convertible bonds *(Note 29(a)(ii))*	**–**	162,417
At 31 December	**5,555,503**	5,555,503

(c) Share option scheme

The Company operates a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Company to grant options to eligible participants, thereby as an incentive or rewards for their contribution to the Group. Eligible participants of the Scheme include the directors, employees, suppliers, customers and shareholders of the Group. In accordance with the resolution passed in the annual general meeting held on 21 May 2012, the share option scheme adopted on 31 October 2002 was terminated while a new share option scheme was adopted. Unless otherwise terminated or amended, the Scheme will remain in force for ten years from date of adoption to 21 May 2022.

Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting of the Company. In addition, any grant of share options to a substantial shareholder or an independent non-executive directors of the Company, or to any of their associates, resulting in the shares issued and to be issued upon exercise of all options already granted and to be granted including options exercised, cancelled and outstanding, to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, is subjected to shareholders' approval in advance in a general meeting. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but in any case must be not lower than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

All of the options were vested to the option holders on the date of acceptance of the offer.

29 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(c) Share option scheme (Continued)

Options were granted under the Scheme during the year. Details of the options granted and outstanding as at 31 December 2013 and 2012 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at 31 December 2013	Number of shares subject to the options at 31 December 2012
Directors				
9 March 2007	8 March 2017	0.630	**30,000,000**	30,000,000
8 June 2007	7 June 2017	0.836	**41,000,000**	59,000,000
1 November 2010	31 October 2020	0.780	**36,000,000**	51,000,000
16 January 2013	15 January 2023	0.514	**70,000,000**	–
			177,000,000	140,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	**20,000,000**	20,000,000
8 June 2007	7 June 2017	0.836	**5,000,000**	5,000,000
1 November 2010	31 October 2020	0.780	**33,500,000**	33,500,000
16 January 2013	15 January 2023	0.514	**66,500,000**	–
			125,000,000	58,500,000
			302,000,000	198,500,000

There was no exercise or forfeited of share options during the year. Weighted average exercise price of the above share options is HK$0.643 (2012: HK$0.760) per share.

Consideration in connection with all options granted was received. Save as mentioned above, no other share options granted under the Scheme were cancelled or exercised during the year. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The weighted average fair value of options granted during the year determined using the Binominal Option Pricing model was HK$0.13 per option. The significant inputs into the model were stock price HK$0.51, exercise price HK$0.514, risk free rate 0.791%, contractual life 10 years, expected volatility 67.57%, early exercise multiple 1.364 and exit rate 7.01%.

30 RESERVES

Group

	Capital redemption reserve RMB'000	Statutory reserves *(note (i))* RMB'000	Contributed surplus RMB'000	Other reserve *(note (ii))* RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2013	3,121	446	7,155	(181,202)	30,616	(128,654)	709,794	441,276
Valuation of share option	–	–	–	–	14,406	–	–	14,406
Profit for the year	–	–	–	–	–	–	257,379	257,379
At 31 December 2013	3,121	466	7,155	(181,202)	45,022	(128,654)	967,173	713,061
At 1 January 2012	3,121	446	7,155	(181,202)	30,616	(120,920)	517,073	256,289
Currency translation differences	–	–	–	–	–	(2,738)	–	(2,738)
Disposal of a subsidiary	–	–	–	–	–	(4,996)	–	(4,996)
Profit for the year	–	–	–	–	–	–	192,721	192,721
At 31 December 2012	3,121	446	7,155	(181,202)	30,616	(128,654)	709,794	441,276

Company

	Capital redemption reserve RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2013	3,121	30,616	(286,051)	(407,379)	(659,693)
Valuation of share option	–	14,406	–	–	14,406
Profit for the year	–	–	–	1,039	1,039
At 31 December 2013	3,121	45,022	(286,051)	(406,340)	(644,248)
At 1 January 2012	3,121	30,616	(286,051)	(351,042)	(603,356)
Loss for the year	–	–	–	(56,337)	(56,337)
At 31 December 2012	3,121	30,616	(286,051)	(407,379)	(659,693)

Notes:

(i) Statutory reserves are non-distributable and the transfers to these funds are determined by the board of directors of the relevant PRC subsidiaries, associated company and jointly controlled entities in accordance with the relevant laws and regulations in the PRC.

(ii) Other reserve represents the difference between the fair value of consideration paid and payable and the carrying amount of net assets attributable to the additional interest in the subsidiary being acquired from a non-controlling interest.

31 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Non-current borrowings		
Long-term bank borrowings, secured *(note (a))*	**2,119,929**	2,551,573
Long-term bank borrowings, unsecured *(note (b))*	**3,484,165**	2,903,129
Long-term other borrowings, unsecured *(note (c))*	**165,610**	–
Obligation under finance lease *(note (d))*	**307,735**	165,185
	6,077,439	5,619,887
Less: Current portion of long-term borrowings		
— secured bank borrowings	**(250,008)**	(298,209)
— unsecured bank borrowings	**(300,790)**	(308,570)
— obligation under finance lease	**(57,883)**	(37,450)
	(608,681)	(644,229)
Non-current portion	**5,468,758**	4,975,658
Current		
Short-term bank borrowings, unsecured	**444,000**	310,000
Short-term other borrowing, secured *(note (e))*	**15,000**	15,000
Short-term other borrowings, unsecured *(note (c))*	**–**	185,610
Obligation under finance lease	**100,000**	–
	559,000	510,610
Current portion of long-term borrowings	**608,681**	644,229
Current portion	**1,167,681**	1,154,839
Total borrowings	**6,636,439**	6,130,497

31 BANK AND OTHER BORROWINGS (Continued)

Movements in bank and other borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**6,130,497**	4,691,430
Acquisition of subsidiaries *(Note 37)*	**228,006**	581,600
Disposal of a subsidiary	**–**	(38,755)
Additions	**1,816,610**	1,842,795
Repayments	**(1,538,674)**	(946,573)
At 31 December	**6,636,439**	6,130,497

The repayment terms of the non-current borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Wholly repayable within five years	**939,278**	987,414
Not wholly repayable within five years	**5,138,161**	4,632,473
	6,077,439	5,619,887

The Group's non-current borrowings were repayable as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within one year	**608,681**	644,229
In the second year	**899,270**	636,687
In the third to fifth year	**1,754,977**	1,977,032
After the fifth year	**2,814,511**	2,361,939
	6,077,439	5,619,887

Except for the long-term bank borrowings of RMB6,739,000 (2012: RMB7,302,000) and RMB40,445,000 (2012: nil) which are denominated in HK$ and EURO respectively, all borrowings are denominated in RMB.

31 BANK AND OTHER BORROWINGS (Continued)

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.888% (2012: 6.312%) and are within level 2 of the fair value hierarchy.

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rates of the Group's HK$-denominated and EURO-denominated long-term bank borrowings are 0.71% per annum (2012: 0.78% per annum) and 4.84% per annum (2012: nil) respectively. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	2013	2012
Long-term bank borrowings	6.05%	6.37%
Long-term other borrowings	6.00%	–
Short-term bank borrowings	5.67%	5.93%
Short-term other borrowings	9.00%	6.18%
Obligation under finance lease	6.08%	6.40%

Notes:

(a) Secured long-term bank borrowings are secured by:

- all investment properties of the Group with carrying amounts of RMB302,496,000 (2012: RMB303,326,000);
- certain property, plant and equipment of the Group with carrying amounts of RMB2,007,496,000 (2012: RMB3,115,603,000);
- accounts receivable with carrying amounts of RMB193,790,000 (2012: RMB191,386,000);
- personal guarantee given by a former director of the Company; and
- corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH").

(b) Unsecured long-term bank borrowings amounting to RMB1,193,330,000 (2012: RMB1,317,465,000) are guaranteed by CPIH.

(c) As at 31 December 2012, included in the balance was a loan borrowed from a jointly controlled entity amounted to RMB20,000,000. The balance was unsecured, carries interest at 5.60% per annum and repayable within one year. During the year ended 31 December 2013, the balance was settled in full.

As at 31 December 2013 and 2012, included in the balance was a entrusted loan amounted to RMB165,610,000 from a company of CPI Group. The loan was renewed during the year and was repayable within one year.

31 BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(d) As at 31 December 2013, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to RMB626,250,000 (2012: RMB282,622,000) and RMB181,124,000 (2012: RMB94,721,000) respectively (Note 16(iv)). The obligation under finance lease is secured by a long-term deposits with carrying amount of RMB15,498,000 (2012: RMB8,043,000) (Note 23) and to the extent of RMB100,000,000 (2012: Nil) (Note 39(ii)) is obtained from a fellow subsidiary.

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group. At 31 December 2013, the Group's obligation under finance lease is repayable as follows:

	2013 RMB'000	2012 RMB'000
Gross finance lease liabilities — minimum lease payments		
Not later than one year	178,306	47,637
Later than one year and no later than five years	196,952	142,910
Later than five years	104,127	–
	479,385	190,547
Future finance charges on finance leases	(71,650)	(25,362)
Present value of finance lease liabilities	407,735	165,185
The present value of finance lease liabilities is as follows:		
Not later than one year	157,883	37,450
Later than one year and no later than five years	173,845	127,735
Later than five years	76,007	–
	407,735	165,185

(e) As at 31 December 2013, short-term other borrowings to the extent of RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB2,036,000 (2012: RMB2,326,000) and property, plant and equipment of the Group with a carrying amount of RMB2,431,000 (2012: RMB79,900,000).

32 CORPORATE BONDS

	Group and Company	
	2013 RMB'000	2012 RMB'000
RMB denominated corporate bonds — unsecured	1,298,354	1,291,466
Less: Current portion	(499,581)	–
Non-current portion	798,773	1,291,466

32 CORPORATE BONDS (Continued)

On 22 April 2011, the Company issued RMB500,000,000 corporate bond, due in April 2014. The bond is unsecured and carries an effective interest rate of 4.06% per annum, with the interest being payable semi-annually.

On 9 January 2012, the Company issued RMB800,000,000 corporate bond, due in April 2017. The bond is unsecured and carries an effective interest rate of 6.78% per annum, with the interest being payable semi-annually.

As at 31 December 2013, the fair value of the corporate bonds amounted to approximately RMB1,323,746,000 (2012: RMB1,321,520,000). The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 5.8% (2012: 5.8%) and are within level 2 of the fair value hierarchy.

33 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 balance sheet date.

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 tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Deferred income tax assets	**27,483**	27,794
Deferred income tax liabilities	**(68,840)**	(36,034)
Net deferred income tax liabilities	**(41,357)**	(8,240)

The net movement on the net deferred income tax (liabilities)/assets is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**(8,240)**	3,776
Acquisitions of subsidiaries	**(30,249)**	–
Charged to the consolidated income statement *(Note 10)*	**(2,868)**	(12,016)
At 31 December	**(41,357)**	(8,240)

33 DEFERRED INCOME TAX (Continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Group			
	Depreciation allowances RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	**18,825**	**7,135**	**1,834**	**27,794**
Charged to the consolidated income statement	**(149)**	**(114)**	**(48)**	**(311)**
At 31 December 2013	**18,676**	**7,021**	**1,786**	**27,483**
At 1 January 2012	19,009	9,463	2,254	30,726
Charged to the consolidated income statement	(184)	(2,328)	(420)	(2,932)
At 31 December 2012	18,825	7,135	1,834	27,794

Deferred tax liabilities:

	Group			
	Depreciation allowances RMB'000	Fair value gains RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	**(14,647)**	**(12,203)**	**(9,184)**	**(36,034)**
Acquisition of subsidiaries	**–**	**(30,249)**	**–**	**(30,249)**
Charged to the consolidated income statement	**–**	**(1,040)**	**(1,517)**	**(2,557)**
At 31 December 2013	**(14,647)**	**(43,492)**	**(10,701)**	**(68,840)**
At 1 January 2012	(14,647)	(11,703)	(600)	(26,950)
Charged to the consolidated income statement	–	(500)	(8,584)	(9,084)
At 31 December 2012	(14,647)	(12,203)	(9,184)	(36,034)

33 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2013, the Group had unrecognised tax losses of RMB129,545,000 (2012: RMB110,667,000) for Hong Kong profits tax purposes with no expiry date and unrecognised tax losses of RMB137,654,000 (2012: RMB154,971,000) for the PRC corporate income tax that will expire within five years.

Deferred income tax liabilities to the extent of RMB117,763,000 (2012: RMB95,277,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries because the directors consider that 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. Unremitted earnings totalled RMB1,254,674,000 (2012: RMB1,045,523,000) as at 31 December 2013.

34 ACCOUNTS PAYABLE

The carrying amounts of accounts payable approximate their fair values due to their short maturities. All these payables are denominated in RMB.

The normal credit period for accounts payable generally ranges from 60 to 180 days. Ageing analysis of accounts payable is as follow:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Current to 3 months	**31,910**	12,106
4 to 6 months	**226**	4,147
7 to 12 months	**84**	–
Over 1 year	**401**	–
	32,621	16,253

35 CONSTRUCTION COSTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Construction costs payable	**1,669,798**	1,186,195	**–**	–
Salaries and staff welfare payable	**4,056**	8,988	**–**	–
Value added tax payable	**405**	406	**–**	–
Repairs and maintenance expenses payable	**2,972**	17,265	**–**	–
Considerations payable for acquisitions of subsidiaries	**220,761**	57,721	**–**	–
Other payables and accrued operating expenses	**40,408**	25,157	**6,472**	12,135
Interest payable	**36,622**	40,225	**25,613**	30,056
Amounts due to a shareholder and its subsidiaries *(note (i))*	**16,565**	13,451	**–**	–
Amounts due to subsidiaries *(note (i))*	**–**	–	**10,590**	10,925
Amounts due to non-controlling interests *(note (i))*	**543**	543	**–**	–
	1,992,130	1,349,951	**42,675**	53,116
Less: non-current portions				
Construction costs payable *(note (ii))*	**(478,684)**	(237,965)	**–**	–
Consideration payable for acquisition of subsidiaries *(Note 37 (a))*	**(163,246)**	–	**–**	–
Current portions	**1,350,200**	1,111,986	**42,675**	53,116
Denominated in:				
RMB	**1,960,045**	1,307,760	**–**	–
HK$	**32,085**	42,191	**42,675**	53,116
	1,992,130	1,349,951	**42,675**	53,116

Notes:

(i) These balances are unsecured, interest-free and repayable on demand.

(ii) Non-current portions of construction cost payable will not be payable within one year from the balance sheet date in accordance with the terms of the construction agreements.

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before tax to cash generated from operations

	2013 RMB'000	2012 RMB'000
Profit before tax	334,979	275,356
Adjustments for:		
Finance costs, net	313,849	328,414
Depreciation and amortisation	484,680	402,415
Fair value gains on investment properties	–	(3,460)
Losses on disposals of subsidiaries	–	5,096
Losses on disposals of property, plant and equipment	18,259	757
Impairment losses	–	17,312
Share of loss/(profit) of an associated company	464	(9,441)
Share of profits of jointly controlled entities	(20,366)	(19,101)
Share based payment	14,406	–
Fair value gain on financial assets at fair value through profit or loss	(1,560)	(5,872)
Operating profit before working capital changes	1,144,711	991,476
Increase in inventories	(7,650)	(7,639)
Increase in accounts receivable	(558)	(293,588)
(Increase)/decrease in prepayments, deposits and other receivables	(37,182)	204,939
(Decrease)/increase in accounts payable	(11,047)	8,050
Decrease in other payables and accrued charges	(38,237)	(165,337)
Cash generated from operations	1,050,037	737,901

37 ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions in 2013

The Group acquired 100% equity interest in HongFu Industrial Company and HuiMin Hydropower Company operating hydropower plants in Yunnan, with a total consideration of RMB304,240,000 and RMB22,420,000 effective from 30 September 2013 and 30 October 2013 respectively.

The following table summarises the assets acquired and liabilities assumed at the respective acquisition dates.

	RMB'000
Cash consideration for acquisition of HongFu Industrial Company	304,240
Recognised amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	682,840
Other long-term deposits and prepayments	1,280
Prepayments, deposits and other receivables	24,840
Cash and cash equivalents	300
Accounts payable	(26,980)
Construction costs payable, other payables and accrued charges	(182,943)
Deferred tax liabilities	(26,907)
Long-term bank borrowings	(168,190)
Total identifiable net assets	304,240

	RMB'000
Cash consideration for acquisition of HuiMin Hydropower Company	22,420
Recognised amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	38,480
Lease prepayments	230
Prepayments, deposits and other receivables	4,282
Cash and cash equivalents	10
Accounts payable	(410)
Deferred tax liabilities	(3,342)
Long-term bank borrowings	(16,830)
Total identifiable net assets	22,420

On 30 August 2013, the Group also acquired 100% equity interest in Zehnte Windpark Support GmbH & Co. KG which is incorporated in Germany operating wind farm with consideration of RMB39.6 million (EURO4.7 million).

37 ACQUISITIONS OF SUBSIDIARIES (Continued)

(a) Acquisitions in 2013 (Continued)

The following table summarises the assets acquired and liabilities assumed at the acquisition respective dates.

	RMB'000
Cash consideration for acquisition of Zehnte Windpark Support GmbH & Co. KG	39,569
Recognised amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	72,513
Accounts receivable	687
Prepayments, deposits and other receivables	799
Cash and cash equivalents	11,121
Accounts payable	(25)
Construction costs payable, other payables and accrued charges	(2,540)
Long-term bank borrowings	(42,986)
Total identifiable net assets	39,569

The following table summarises the assets acquired and liabilities assumed for all subsidiaries at the respective acquisition dates.

	RMB'000
Cash consideration for acquisition	366,229
Recognised amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(Note 16)*	793,833
Accounts receivable	687
Lease prepayments *(Note 17)*	230
Prepayments, deposits and other receivables	29,921
Other long-term deposits and prepayments	1,280
Cash and cash equivalents	11,431
Accounts payable	(27,415)
Construction costs payable, other payables and accrued charges	(185,483)
Deferred tax liabilities *(Note 33)*	(30,249)
Long-term bank borrowings *(Note 31)*	(228,006)
Total identifiable net assets	366,229
Cash consideration	366,229
Less: Prepayment for acquisition in prior year	(90,000)
Balance payment included in consideration payable for acquisition of subsidiaries *(Note 35)*	(163,246)
Cash and cash equivalents acquired	(11,431)
Cash outflow on acquisitions	101,552

37 ACQUISITIONS OF SUBSIDIARIES (Continued)

(b) Acquisitions in 2012

Effective from 31 March 2012, the Group acquired 100% equity interest in Meixi Hydropower for a consideration of RMB348,000,000. Management regards such transaction as acquisition of asset instead of business combination, resulting in no goodwill or discount on acquisition being recognised during the year.

The following table summarises the assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration for acquisition	348,000
Recognised amount of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(Note 16)*	1,046,107
Prepayments, deposits and other receivables	103,494
Cash and cash equivalents	31,986
Construction, costs payable, other payables and accrued charges	(67,805)
Long-term bank borrowings *(Note 31)*	(581,600)
Other long-term payables	(184,182)
Total identifiable net assets	348,000
Cash consideration	348,000
Less: Prepayment for acquisition in prior year	(130,000)
Balance payment included in consideration payable for acquisitions of subsidiaries	(48,000)
Cash and cash equivalents acquired	(31,986)
Net cash outflow on acquisition of Meixi Hydropower	138,014
Settlement of consideration relating to acquisitions in prior year	7,306
Cash outflow on acquisitions	145,320

38 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Contracted but not provided for in respect of				
— property, plant and equipment	736,713	565,631	–	–
— investment in an associated company	–	200,000	–	–
	736,713	765,631	–	–

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Land and buildings				
Not later than one year	7,972	9,882	–	–
Later than one year and not later than five years	3,726	10,754	–	–
	11,698	20,636	–	–

The Group's operating leases are for terms of 1 to 5 years (2012: 1 to 6 years).

(c) Future operating lease agreements

Future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Land and buildings				
Not later than one year	9,269	9,555	–	–
Later than one year and not later than five years	18,674	19,040	–	–
Later than five years	54	233	–	–
	27,997	28,828	–	–

The Group's operating leases are for terms of 1 to 9 years (2012: 1 to 9 years).

39 RELATED PARTY TRANSACTIONS

As at 31 December 2013, CPI Group and China Three Gorges Corporation held 29.01% (2012: 29.01%) and 28.14% (2012: 28.14%) equity interests in the Company respectively. The remaining shares are widely held. Majority of the directors of the Company were appointed by CPI Group. Accordingly, the directors are of the opinion that CPI Group is able to exercise control over the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is a state-owned enterprise. In accordance with the revised HKAS 24, "Related Party Disclosures", government-related enterprises, other than entities under the Group, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Company and its subsidiaries ("other government-related enterprises").

The majority of the business activities of the Group are conducted with other government-related enterprises. For the purpose of the related party balances and transactions disclosure, the Group has established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are government-related enterprises. However, many government-related enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that all material related party balances and transactions have been adequately disclosed.

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 consolidated financial statements. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(i) Transactions with related parties

(a) Income

	Note	**2013** ***RMB'000***	2012 *RMB'000*
Service income from a jointly controlled entity	(I)	**2,418**	3,827

Note:

(I) The Group has entered into the provision of repair and maintenance service to a jointly controlled entity, the terms of which were mutually agreed between the parties.

39 RELATED PARTY TRANSACTIONS (Continued)

(i) Transactions with related parties (Continued)

(b) Expenses

	Note	2013 RMB'000	2012 RMB'000
Repair and maintenance and power generation expenses to subsidiaries of a shareholder	(I)	**42,558**	24,380
Interest expenses to a subsidiary of a shareholder	(II)	**10,019**	10,899

Notes:

(I) The Group has entered into agreements for the provision of repair and maintenance and power generation services from subsidiaries of a shareholder, the terms of which were mutually agreed between the parties.

(II) The Group has entered into an entrusted loan agreement with a subsidiary of CPI Group (Note 31(c)), the terms of which were mutually agreed between the parties.

(ii) Period-end balances with related parties

	Note	2013 RMB'000	2012 RMB'000
Included in:			
Other receivables			
Amount due from a shareholder	(I)	**7,297**	7,349
Amount due from a non-controlling interest	(I)	**20,000**	20,000
Dividend receivable from a jointly controlled entity	(I)	**3,699**	–
Amount due from CPIF	(I)	**91**	50
Other payables			
Amounts due to a shareholder and certain of its subsidiaries	(II)	**16,565**	13,451
Amounts due to non-controlling interests	(II)	**543**	543
Bank and other borrowings			
Loan from a jointly controlled entity	(III)	**–**	20,000
Loan from a subsidiary of a shareholder	(III)	**165,610**	165,610
Obligation under finance lease from a fellow subsidiary	31(d)	**100,000**	–

39 RELATED PARTY TRANSACTIONS (Continued)

(ii) Period-end balances with related parties (Continued)

Notes:

(I) Details of terms of the balances are set out in Note 26.

(II) The balances with these related parties are unsecured, interest-free and repayable on demand.

(III) Details of terms of the balances are set out in Notes 31(c).

Transactions with government-related enterprises

For the years ended 31 December 2013 and 2012, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 5 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

For the years ended 31 December 2013 and 2012, other collectively-significant transactions with government-related enterprises also included a large portion of fuel purchases, property, plant and equipment construction and related labour employed.

(iii) Key management compensation

	2013 RMB'000	2012 RMB'000
Basic salary, housing allowance, other allowances and benefits in kind	5,206	4,481
Employer's contributions to pension scheme	24	35
Share-based payment	14,406	–
	19,636	4,516

40 SUBSEQUENT EVENTS

On 28 January 2014, the Group entered into a purchase and sale agreement with the non-controlling interest of Dongguan China Power New Energy Heat and Power Plant to acquire 9.9% interest in Dongguan China Power New Energy Heat and Power Plant. Consideration payable in the amount of RMB166,000,000 represents consideration of RMB139,740,223 for 9.9% interest and RMB26,259,777 for the repayment of shareholder's loan.

On 2 March 2014, the Group entered into a Share Transfer Agreement with an independent third party to dispose of the Group's entire equity interest in an associated company at a cash consideration of RMB285,000,000.

41 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 20 March 2014.

Financial Summary

RESULTS

	Year ended 31 December 2013 RMB'000	Year ended 31 December 2012 RMB'000	Year ended 31 December 2011 RMB'000	Year ended 31 December 2010 RMB'000	Year ended 31 December 2009 RMB'000
Revenue and tariff adjustment	**2,187,530**	1,818,900	1,861,272	1,591,426	1,389,669
Operating profit	**628,926**	575,228	432,306	380,917	290,100
Profit before tax	**334,979**	275,356	227,003	345,747	211,022
Income tax expense	**(57,702)**	(63,579)	(30,454)	(64,752)	(20,229)
Profit for the year	**277,277**	211,777	196,549	280,995	190,793
Attributable to:					
Equity holders of the Company	**257,379**	192,721	180,526	234,224	134,297
Non-controlling interests	**19,898**	19,056	16,023	46,771	56,496
Earnings per share for profit attributable to equity holders of the Company (RMB)	**0.022**	0.019	0.023	0.032	0.019

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000	As at 31 December 2011 RMB'000	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000
Non-current assets	**14,276,804**	12,195,318	9,939,957	9,623,285	5,794,778
Current assets	**3,277,417**	3,887,044	1,684,790	1,486,785	1,194,706
Total assets	**17,554,221**	16,082,362	11,624,747	11,110,070	6,989,484
Current liabilities	**(3,064,335)**	(2,321,337)	(1,540,824)	(1,399,551)	(1,021,909)
Non-current liabilities	**(6,978,301)**	(6,541,123)	(4,971,922)	(4,470,845)	(1,517,165)
Net assets	**7,511,585**	7,219,902	5,112,001	5,239,674	4,450,410
Non-controlling interests	**196,055**	176,157	157,101	267,384	301,982