龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

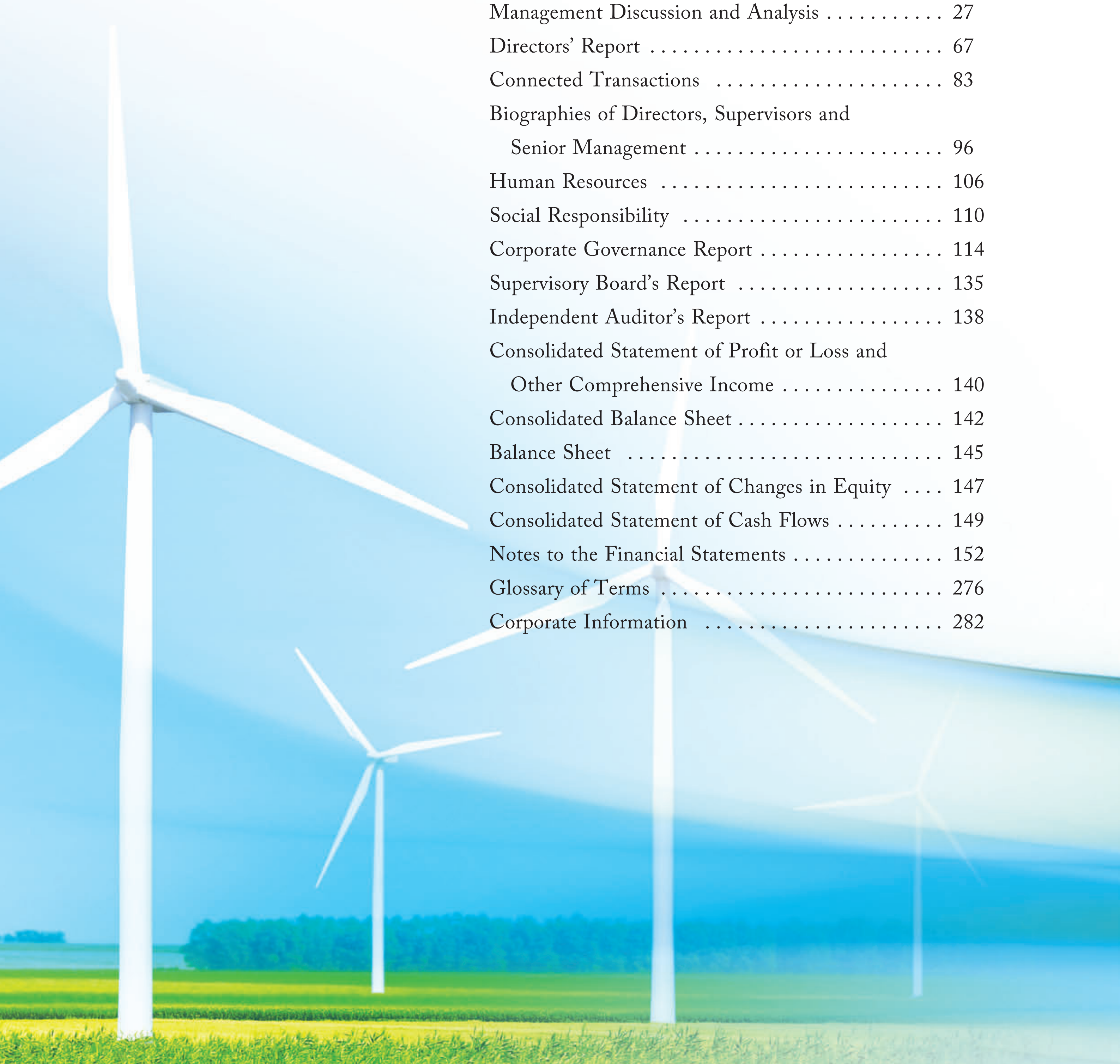
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00916

2014
ANNUAL REPORT

* For identification purpose only

CONTENTS



CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2014, the business environment was severe and complex. Under the strong leadership of the Board and under the guide of the management team, the Company, following the "One, Five and Five" (「一五五」核心戰略) core strategy of Guodian Group as its guidance, took the lead in energy conservation and emission reduction, continued to optimize power structure, strengthened the principal business of wind power and endeavoured to have a quality, efficient and sustainable development, thus accelerating the pace of establishing the world first-class new energy listed company.

As at the end of December 2014, the consolidated installed capacity of the Company reached 15,697MW, among which, the consolidated installed capacity of wind power reached 13,543MW, moving steadily towards the objective of being the world's largest wind power operator. In 2014, despite the decline in wind resources, the Company recorded a profit before taxation of RMB4,062 million. Wind power output for the year reached 23.088 billion kWh, representing an increase of 1.159 billion kWh year-on-year. The Group obtained approvals for wind power projects with installed capacity of 2,642 MW in 2014, 94% capacity of which was located in the regions not subject to grid curtailment(非限電地區), reaching the historically highest level and indicating a continuous optimization of the wind power development layout. In 2014, the share price of the Company maintained a stable performance amid the great fluctuations in the H-share prices of the new energy sector. Meanwhile, the Company won the award of "The Best Corporate Governance in Listed Companies (最佳公司治理上市公司)" under the China Securities Golden Bauhinia (中國證券金紫荊), and the award of "the Best Company in Clean and Renewable Energy Industry (環保新能源企業大獎)" granted by Asian Weekly (《亞洲週刊》).

The development of green energy is a project for environmental protection and the welfare of mankind. It is the common vision and direction of our effort input to build the ecological civilization and a beautiful China. Considering the sustainable social development as our fundamental consideration, the Company aspires to advance in the new energy development with diligence and courage. As always following the national strategic planning and keeping abreast of the direction of new energy development around the world, we will enhance our communication and cooperation with the industry sector both at home and abroad to jointly promote the healthy development of new energy industry, turn over a new leaf in the great cause of building a beautiful China and create a glorious future. We will further reinforce our investment in new energy sector to consolidate our industry leading strength, make unremitting efforts to build the world top-notch new energy listed company and contribute to the improvement of ecological environment with concrete actions.

Chairman of the Board
Qiao Baoping

PRESIDENT'S STATEMENT

Dear Shareholders,

The Chinese Government has prescribed the "green low-carbon strategy" as one of the four major strategies for energy development, and expressly stated that development of green low-carbon energy shall be a focus for energy structure adjustment, and the proportion of the renewable energy out of the total energy consumption, such as wind power, shall be increased significantly. The national "Assessment Measures for Renewable Energy Quota" (《可再生能源電力配額考核辦法》) will be promulgated soon, which is expected to ease the tension of wind power consumption. Meanwhile, the offshore wind power tariff policy as well as the 10.5 GW exploitation and construction plan for 2014 to 2016, both promulgated in 2014, expressly show the policy favoring the offshore wind power development, thereby bringing about great opportunities for the new energy development.

In 2014, under the strong leadership of the Board, the Group earnestly followed and implemented the spirits of the Working Conferences held at the beginning and middle of the year respectively and tided over all odds and forged ahead of the ever changing operation and development condition. In adherence to the "eight focuses" (「八個注重」) and in pursuit of the "four first-classes"(「四個一流」), the Group strengthened the operation and management, deepened reform and innovation, advanced each work in a steady manner, thus maintaining a healthy and sustainable development.

FAVORABLE PRODUCTION AND OPERATION RESULT

In 2014, despite the lower-than-expected wind power output due to the year of light wind, the Group achieved consolidated operating revenue for the year amounting to RMB17,980 million (less revenue from construction of service concession projects), which leveled with 2013. Net profit attributable to shareholders amounted to RMB2,558 million, representing an increase of 24.7% from 2013. The earnings per share amounted to RMB31.83 cents. The total annual assets amounted to RMB123,518 million, among which its net assets amounted to RMB40,849 million and its net gearing ratio was 62.28%.

LEADING POSITION IN WIND POWER GENERATION CAPACITY

Since 2014, despite the unfavorable factor that the power output of newly installed capacity were adversely affected by the year's light wind, the Group, through various management innovation measures such as conducting equipment optimisation, aggressively generating power during the infrastructure construction period (基建電量) and endeavoring to alleviate grid curtailment, in order to capture every single kWh of electricity. An annual cumulative wind power of 23,088 million kWh was generated, representing an increase of 1,159 million kWh year-on-year, uplifting its power generation capacity to another new level.

SUSTAINED GROWTH IN INSTALLED CAPACITY

In 2014, the newly installed wind power capacity of the Group reached 1,633 MW, successfully completing the annual targets. The 99.1 MW Dufferin wind power project in Canada was completed, representing the first overseas operating project of the Company. As at the end of 2014, the consolidated installed capacity of the Group reached 15,697 MW, of which the wind power installed capacity was 13,543 MW.

SUSTAINED ADVANTAGES IN DEVELOPMENT

Through strengthening strategic guidance and maximizing the effort input for the preliminary works, the Group obtained approvals for wind power projects with installed capacity of 2,642 MW in 2014, 94% capacity of which were located in the regions not subject to grid curtailment(非限電地區), making a ground-breaking record and comprehensively enhancing the quality of its development. In the National Offshore Wind Power Development and Construction Plan (《全國海上風電開發建設方案》) issued by the National Energy Administration, the Company obtained nine projects with an capacity of 2,049 MW, representing 19% of total capacity and standing at the first place among the peers, which further consolidated our advantages in offshore wind power development. In addition, we signed cooperative projects involving 2,273 MW with branches or subsidiaries of Guodian Group. As a result, we continued to maintain leading advantages in development.

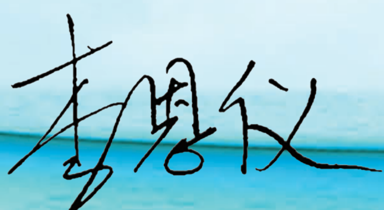
IN-DEPTH MANAGEMENT INNOVATION

The Group has an in-depth reform of its system and mechanism in an all-rounded aspect. It established the world's first-class standard management system and set up a new wind power operation and inspection mode, and fully implement the monthly performance assessment on the headquarter's and basic units' management of the Company, in order to further activate the work passion and enthusiasm. The Company's management performance won the First Prize of Enterprise Management Innovation Achievement for China Electricity Power Industry (全國電力行業管理創新一等獎).

STABLE PERFORMANCE IN CAPITAL MARKET

Starting from 2014, under the great fluctuations in the H-share prices of the new energy sector in Hong Kong, the share price of the Company maintained a stable performance. In addition, the Company won the award of "The Best Corporate Governance in Listed Companies (最佳公司治理上市公司)" under the China Securities Golden Bauhinia (中國證券金紫荊), and the award of "the Best Company in Clean and Renewable Energy Industry (環保新能源企業大獎)" granted by Asian Weekly (《亞洲週刊》).

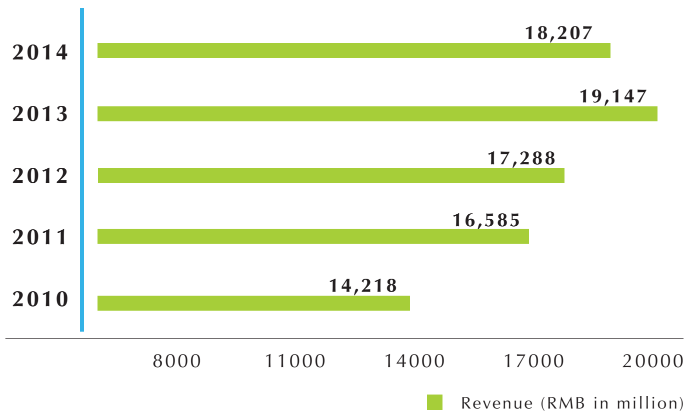
We would like to extend our sincere gratitude to each shareholder for your tremendous support. Looking forward to the next year, we will further accelerate the establishment of a first-tier international listed new energy company with the focus on the following aspects: taking wind power "double enhancement" (「雙提升」) as a hand grab, we will strengthen the operation of existing assets; make safety as our strong foundation, endeavour to enhance the power generation, strengthen operation management, reinforce finance control and continue to uplift the value creation ability of existing assets. With economic benefits as the crux, we will optimize the development of incremental assets, emphasize on strategic guidance, develop premium projects in a steady manner, implement strict control on project progress, build project with high-quality, and achieve a development with high quality, efficiency and sustainability. With the objective of being in the top-notch class, we will have an in-depth institutional mechanism reform, in order to have an all-rounded, concrete and fundamental management, to have an innovative management system and mechanism to improve the leaders' corporate management ability, to innovate mechanism for selection and allocation of personnel, and to implement the technological innovation-driven mechanism, so as to further liberate the corporate development vitality. The Group will also have the basis on unity and harmony. We will strengthen the ideological and political work to comprehensively enhance Party construction, extensively push forward the construction of "interior quality and exterior image" (「內質外形」), strive to build a happy Longyuan and thus lay a solid ideological foundation for our corporate development.



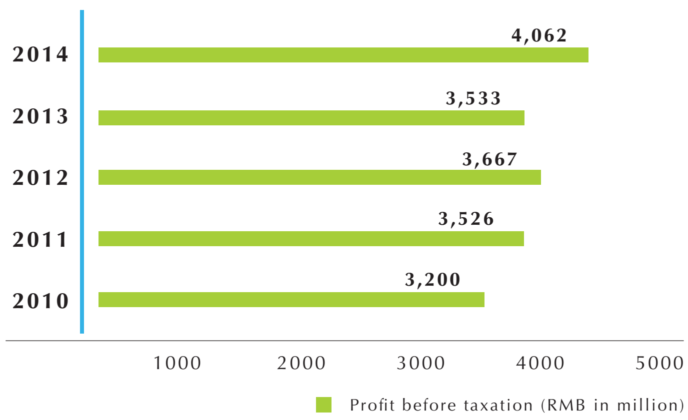
President
Li Enyi

KEY OPERATING AND FINANCIAL DATA

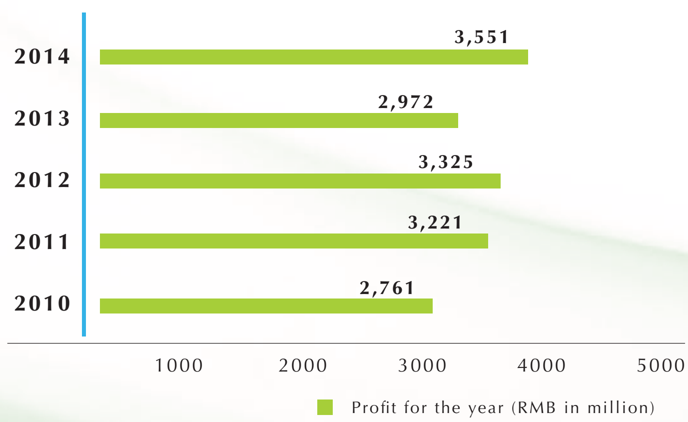
1. Revenue



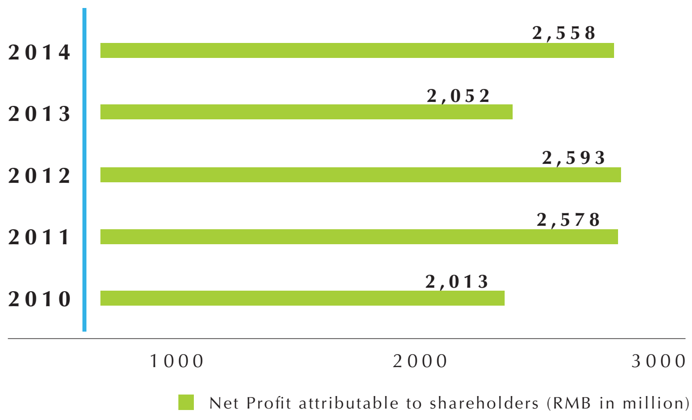
2. Profit before taxation



3. Profit for the year



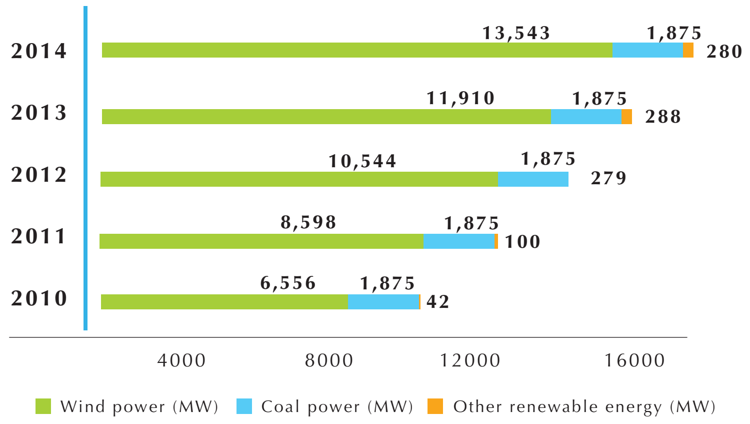
4. Net Profit attributable to shareholders



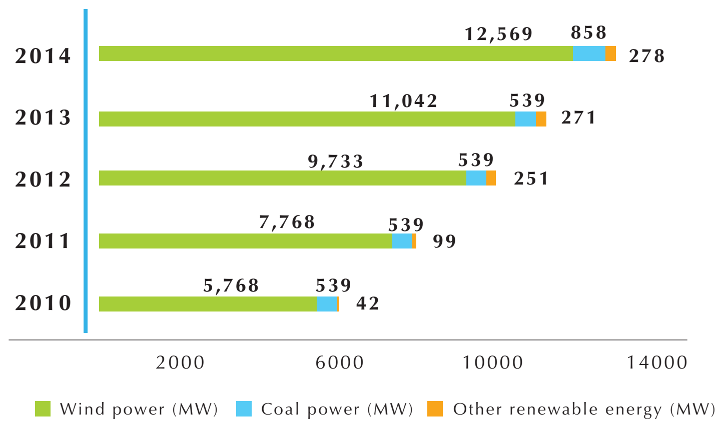
5. Earnings per share

6. Net asset per share

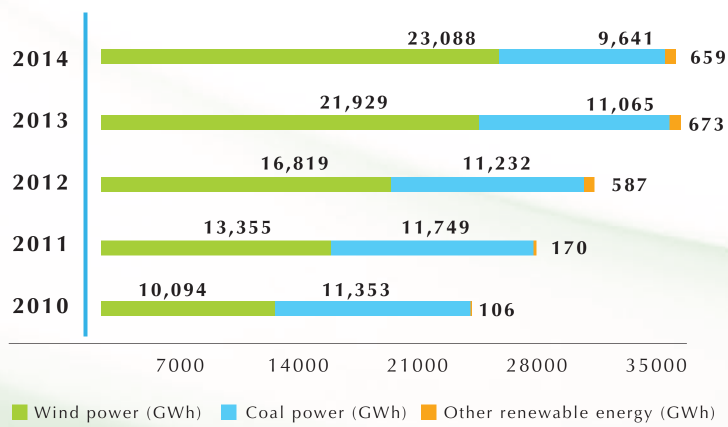
7. Consolidated installed capacity



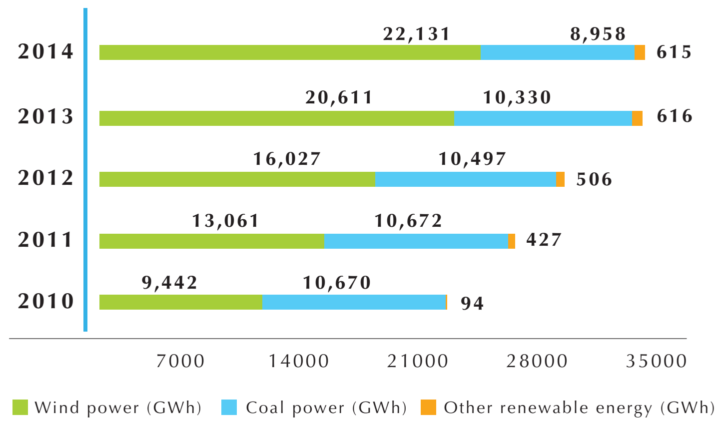
8. Attributable installed capacity



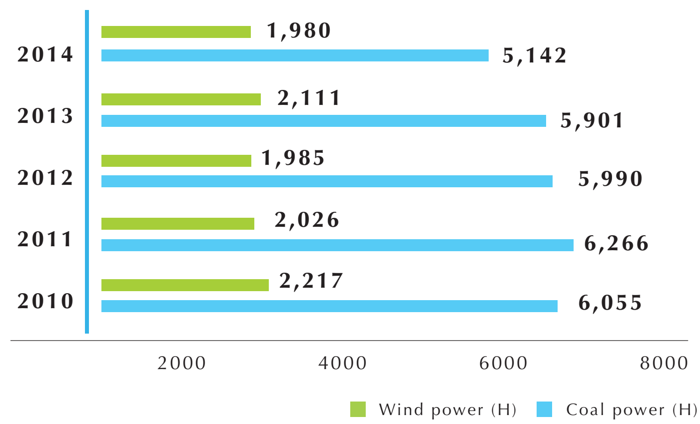
9. Electricity output



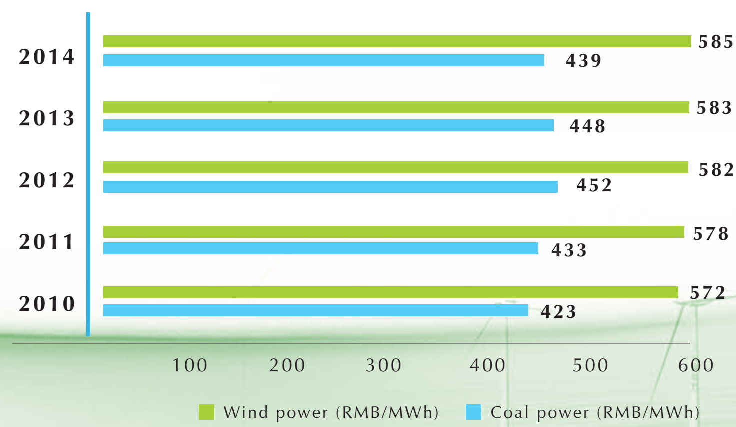
10. Electricity sales



11. Utilisation hours



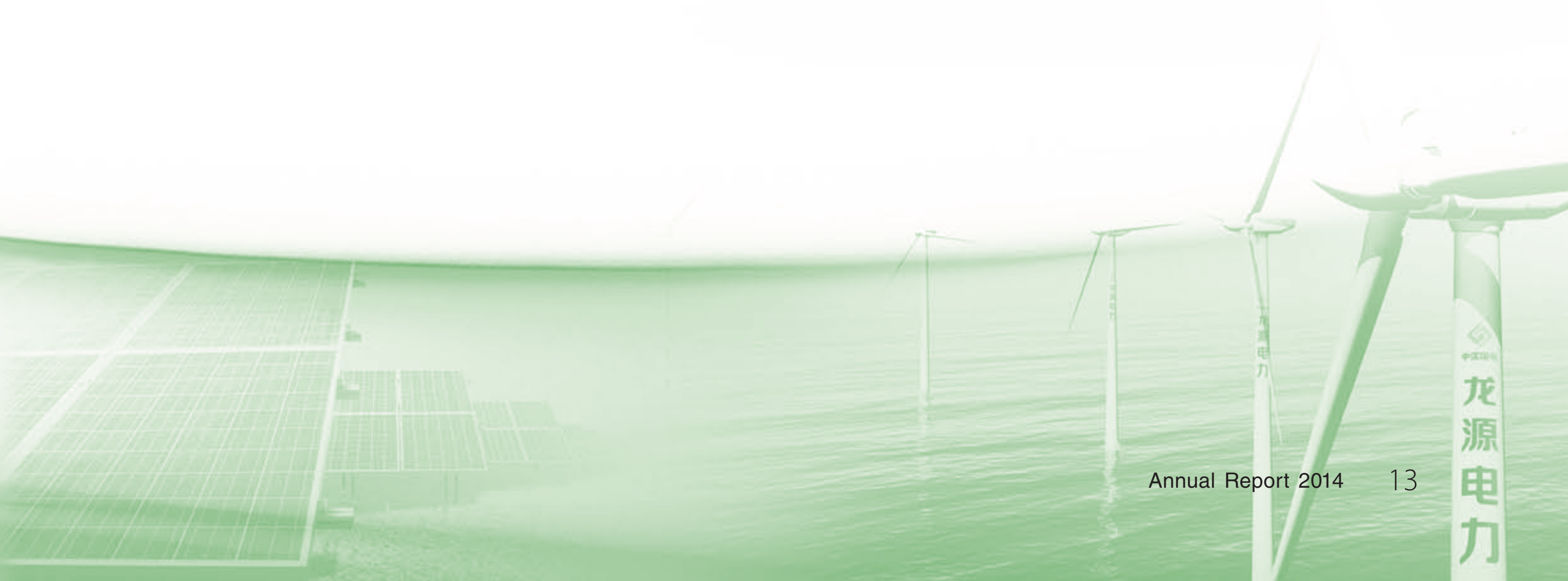
12. Tariffs



KEY OPERATING AND FINANCIAL DATA

	2010	2011	2012	2013	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	14,217,670	16,584,536	17,288,185	19,146,618	**18,207,208**
Profit before taxation	3,200,242	3,525,552	3,667,387	3,533,246	**4,061,858**
Income tax	(439,283)	(304,964)	(342,093)	(560,945)	**(510,414)**
Profit for the year	2,760,959	3,220,588	3,325,294	2,972,301	**3,551,444**
Attributable to:					
Shareholders of the Company	2,013,439	2,578,290	2,593,239	2,051,584	**2,558,010**
Non-controlling interests	747,520	642,298	732,055	920,717	**993,434**
Total comprehensive income for the year	2,749,411	3,205,855	3,320,194	2,860,690	**3,531,897**
Attributable to:					
Shareholders of the Company	2,001,891	2,563,557	2,591,101	2,014,640	**2,529,060**
Non-controlling interests	747,520	642,298	729,093	846,050	**1,002,837**
Basic and diluted earnings per share *(RMB cents)*	26.97	34.54	34.66	25.53	**31.83**

	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	**2014** ***RMB'000***
Total non-current assets	64,282,879	81,151,336	90,053,746	97,299,088	**108,764,829**
Total current assets	10,392,081	13,472,683	17,786,113	13,807,098	**14,753,026**
TOTAL ASSETS	74,674,960	94,624,019	107,839,859	111,106,186	**123,517,855**
Total current liabilities	24,945,297	29,836,314	36,074,948	36,775,184	**46,247,758**
Total non-current liabilities	22,304,423	34,462,488	35,342,985	36,201,479	**36,420,657**
TOTAL LIABILITIES	47,249,720	64,298,802	71,417,933	72,976,663	**82,668,415**
NET ASSETS	27,425,240	30,325,217	36,421,926	38,129,523	**40,849,440**
Total equity attributable to the shareholders of the Company	23,281,334	25,908,591	29,429,434	30,953,502	**33,057,238**
Non-controlling interests	4,143,906	4,416,626	6,992,492	7,176,021	**7,792,202**
TOTAL EQUITY	27,425,240	30,325,217	36,421,926	38,129,523	**40,849,440**
NET ASSETS PER SHARE (*RMB*)	3.12	3.47	3.66	3.85	**4.11**



CORPORATE PROFILE

Founded in January 1993, the predecessor of China Longyuan Power Group Corporation Limited was Longyuan Power Technology Development Co., Ltd. (龍源電力技術開發公司) which was affiliated to National Department of Energy of the PRC at the time of inception. In June 1999, Longyuan, Zhongneng and Fulin were consolidated into China Longyuan Power Group. As at the end of 2002, the corporation was affiliated to Guodian Group in China's reform of the electricity industry. In July 2009, the Company was officially restructured into China Longyuan Power Group Corporation Limited upon approval by the SASAC. On 10 December in the same year, the Company was successfully listed in Hong Kong, becoming the first state-owned new energy generation company listed overseas.

The Group is the earliest power enterprise to engage in the new energy development in China. It is primarily engaged in the design, development, construction, management and operation of wind farms. Meanwhile, it also operates other power projects such as coal, solar, biomass, tidal and geothermal power. As at the end of 2014, the consolidated installed capacity of the Group was 15,697 MW, of which the consolidated installed capacity of our wind power business was 13,543 MW. The Group ranks the first in China and in Asia, and the second in the world, of which coal power accounted for 1,875 MW and solar power generation accounted for 160 MW, which formulated a certain development scale; while biomass generation accounted for 114 MW, tidal power generation accounted for 3.9 MW and geothermal power generation accounted for 2 MW. In recent years, along with the rapid increase in wind power installed capacity, various operational indicators of the Group have secured a leading position within the industry and the Group has seen a stable improvement in its profitability. Apart from its installed capacity and operating efficacy, the Group was also the leader in exploring multiple new development domains such as overseas markets, offshore wind power and wind power projects at areas with high altitude and low wind speed.

Through years of development, the Group has successfully established the new energy supporting system of its ten major technical services, forming its unique advantages in different areas such as preliminary wind inspection, consulting and designing, operation and supervision, examination and maintenance, technological R&D and professional training. Additionally, the Company has established the "National Wind Power Operation Technology R&D Centre" (國家能源風電運營技術研發中心) after being licensed by the National Energy Administration to lead the upgrading of industry technology. Having been approved by the Ministry of Human Resources and Social Security, the Company has established the "Guodian Longyuan National Occupational Skill Testing Authority Station for Wind Power Generation"(國電龍源風力發電國家職業技能鑒定站) to test and provide training for highly professional technicians in the industry of wind power, which secured the Company's sustainable development by providing qualified personnel.

CORPORATE STRUCTURE

Hero Asia (BVI) Limited

100%

Shareholding	Company	Capacity
100%	Longyuan (Bayannur) Wind Power Generation Co., Ltd.	246.90 MW
100%	Longyuan (Baotou) Wind Power Generation Co., Ltd.	201.00 MW
100%	Longyuan (Siziwang) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Damao Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan Inner Mongolia Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan (Wulatehou Banner) Wind Power Generation Co., Ltd.	99.00 MW
100%	Guodian Wuchuan Hongshan Wind Power Co., Ltd.	49.50 MW
100%	Longyuan (Wulatezhong Banner) Wind Power Generation Co., Ltd.	
100%	Longyuan Shangdu Wind Power Generation Co., Ltd.	48.00 MW
100%	Longyuan Xinghe Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan (Xilinhaote) Wind Power Generation Co., Ltd.	
100%	Longyuan (Zhenglanqi) New Energy Co., Ltd.	51.00 MW
34%	Chifeng Xinsheng Wind Power Generation Co., Ltd.	150.00 MW
97.01%	Chifeng Longyuan Wind Power Generation Co., Ltd.	148.00 MW
100%	Longyuan (Tongliao) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan (Naiman) Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan (Wengniute) New Energy Co., Ltd.	192.00 MW

Shareholding	Company	Capacity
100%	Longyuan (Kezuohou Banner) Wind Power Generation Co., Ltd.	148.50 MW
100%	Inner Mongolia Longyuan Mengdong Wind Power Generation Co., Ltd.	99.00 MW
100%	Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan (Xing'anmeng) Wind Power Co., Ltd.	99.00 MW
100%	Longyuan (Tuquan) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan (Keyouzhong Banner) Wind Power Generation Co., Ltd.	60.00 MW
100%	Longyuan (Keyouqian Banner) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Hulunbuir Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan (Manzhouli) Wind Power Generation Co., Ltd.	49.60 MW
100%	Longyuan Erguna Wind Power Generation Co., Ltd.	49.60 MW
55.82%	Yichun Xing'anling Wind Power Generation Co., Ltd.	112.30 MW
40%	Yichun Longyuan Wind Power Generation Co., Ltd.	49.30 MW
40%	Huanan Longyuan Wind Power Generation Co., Ltd.	139.60 MW
100%	Huanan Longyuan Hero Asia Wind Power Generation Co., Ltd.	93.00 MW
100%	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.	99.00 MW
51%	Hailin Longyuan Wind Power Generation Co., Ltd.	20.40 MW
100%	Fuyuan Longyuan Wind Power Generation Co., Ltd.	31.50 MW

Shareholding	Company	Capacity
92%	Yilan Longyuan Huineng Wind Power Generation Co., Ltd.	98.60 MW
95%	Hegang Longyuan Wind Power Generation Co., Ltd.	49.30 MW
100%	Shuangyashan Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Yichuan Longyuan Jinshan Wind Power Generation Co., Ltd.	98.60 MW
100%	Heihe Longyuan Wind Power Generation Co., Ltd.	99.00 MW
100%	Keshan Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Daqing Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Kedong Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Harbin Longyuan Wind Power Generation Co., Ltd.	
100%	Heilongjiang Longyuan Wind Power Generation Co., Ltd.	49.50 MW
70%	Hailin Chenguang Wind Power Generation Co., Ltd.	
100%	Hegang Longyuan Xianghe Wind Power Generation Co., Ltd.	
100%	Tieli Longyuan Wind Power Generation Co., Ltd.	
80%	Tonghe Longyuan Wind Power Generation Co., Ltd.	48.30 MW
66.23%	Jilin Longyuan Wind Power Generation Co., Ltd.	200.60 MW
100%	Longyuan (Tongyu) Wind Power Generation Co., Ltd.	49.30 MW
100%	Longyuan (Changling) Wind Power Generation Co., Ltd.	99.00 MW

Major Subsidiaries:

Wind Power business | Coal Power business | Other new energy business | Other enterprises

Shareholders of the Company

Guodian Northeast Electric Power Co., Ltd.	1.17%
China Guodian Corporation	57.27%
H Shareholders	41.56%

The Company: 龍源電力集團股份有限公司 China Longyuan Power Group Corporation Limited

Hero Asia Investment Limited 100%

- Longyuan Canada Renewables Ltd. 100%
- Longyuan South Africa Renewables (Pty) Ltd. 100%

Longyuan Gongzhuling Wind Power Generation Co., Ltd.		100%
Tongyu Xingfa Wind Power Generation Co., Ltd.		100%
Yanbian Longyuan Wind Power Generation Co., Ltd.		100%
Longyuan (Nong'an) Wind Power Generation Co., Ltd.	99.00 MW	100%
Longyuan Tongyu Xinglongshan Wind Power Generation Co., Ltd.		100%
Longyuan Yitong Wind Power Generation Co., Ltd.		100%
Jilin Dongfeng Longxin Power Generation Co., Ltd. (吉林東豐龍新發電有限公司)		88%
Dandong Haiyanghong Wind Power Generation Co., Ltd.	21.00 MW	100%
Shenyang Longyuan Wind Power Generation Co., Ltd.	141.30 MW	98.60%
Longyuan Shenyang Wind Power Generation Co., Ltd.	247.30 MW	100%
Tieling Longyuan Wind Power Generation Co., Ltd.	98.60 MW	100%
Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.	148.50 MW	100%
Longyuan Kangping Wind Power Generation Co., Ltd.	247.50 MW	100%
Longyuan Fuxin Wind Power Generation Co., Ltd.		100%
Liaoning Longyuan Wind Power Generation Co., Ltd.	99.00 MW	100%
Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd.	99.00 MW	50%
Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd.	49.50 MW	55%

Longyuan Hebei Jiantou (Chengde) Wind Power Generation Co., Ltd.	99.00 MW	55%
Hebei Longyuan Wind Power Generation Co., Ltd.	398.10 MW	100%
Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	325.50 MW	100%
Longyuan (Zhangbei) Wind Power Generation Co., Ltd.	99.00 MW	100%
Gansu Jieyuan Wind Power Generation Co., Ltd.	340.30 MW	77.11%
Gansu Xin'an Wind Power Generation Co., Ltd.	99.00 MW	54.54%
Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	301.50 MW	100%
Gansu Longyuan Wind Power Generation Co., Ltd.	300.00 MW	100%
Longyuan Zhangye New Energy Co., Ltd.	49.50 MW	100%
Longyuan Subei Wind Power Generation Co., Ltd.	49.50 MW	100%
Xinjiang Tianfeng Power Generation Joint Stock Company	249.30 MW	59.52%
Xinjiang Longyuan Wind Power Generation Co., Ltd.	99.00 MW	100%
Longyuan Balikun Wind Power Generation Co., Ltd.	198.00 MW	100%
Longyuan Hami New Energy Co., Ltd.	201.00 MW	100%
Longyuan Alashankou Wind Power Generation Co., Ltd.	148.50 MW	100%
Bu'erjin Tianrun Wind Power Generation Co., Ltd.	49.50 MW	60%
Guodian Xinjiang Alashankou Wind Power Development Co., Ltd.	99.00 MW	70%

Longyuan Habahe Wind Power Generation Co., Ltd.	99.00 MW	100%
Longyuan Tuoli Wind Power Generation Co., Ltd.	49.50 MW	100%
Longyuan Urumchi Wind Power Generation Co., Ltd.	49.50 MW	100%
Longyuan Turpan New Energy Co., Ltd.		90%
Longyuan Burqin Wind Power Generation Co., Ltd.	49.50 MW	100%
Longyuan Jeminay Wind Power Generation Co,. Ltd.		100%
Fujian Wind Power Co., Ltd.		90%
Longyuan Hero Asi (Fuqing) Wind Power Generation Co,. Ltd.	56.00 MW	97.50%
Longyuan Pingtan Wind Power Generation Co., Ltd.	100.00 MW	89.50%
Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd.	6.00 MW	60%
Fujian Putian Nanri Wind Power Generation Co., Ltd.	16.15 MW	41.56%
Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.	85.50 MW	91.15%
Longyuan (Putian) Wind Power Generation Co., Ltd.	96.45 MW	100%
Fujiang Longyuan Zhongmen Wind Power Generation Co., Ltd.	48.00 MW	100%
Fujian Longyuan Wind Power Generation Co., Ltd.	98.00 MW	100%
Fujian Longyuan Offshore Wind Power Generation Co., Ltd.		78.10%
Zhejiang Longyuan Wind Power Generation Co., Ltd.	9.50 MW	100%

CORPORATE STRUCTURE

Hero Asia (BVI) Limited

100%

Shareholding	Company	Capacity
76.29%	Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.	40.00 MW
89.69%	Zhejiang Zhoushan Cengang Wind Power Generation Co., Ltd.	45.00 MW
100%	Longyuan Zhoushan Wind Power Generation Co., Ltd.	25.50 MW
100%	Longyuan Pan'an Wind Power Generation Co., Ltd.	
100%	Longyuan Xianju Wind Power Generation Co., Ltd.	
90%	Zhejiang Cangnan Wind Power Generation Co., Ltd.	21.80 MW
90%	Zhejiang Linhai Wind Power Generation Co., Ltd.	21.30 MW
57.985%	Jiangsu Longyuan Wind Power Generation Co., Ltd.	150.00 MW
69.373%	Longyuan Qidong Wind Power Generation Co., Ltd.	100.50 MW
82.985%	Longyuan (Rudong) Wind Power Generation Co., Ltd.	250.50 MW
100%	Longyuan Dafeng Wind Power Generation Co., Ltd.	150.50 MW
100%	Longyuan Xuyi Wind Power Generation Co., Ltd.	199.40 MW
100%	Longyuan East Sea Wind Power Generation Co., Ltd. (龍源東海風力發電有限公司)	48.30 MW
78.10%	Jiangsu Off-shore Longyuan Wind Power Generation Co., Ltd.	280.30 MW
100%	Longyuan Dafeng Off-shore Longyuan Wind Power Generation Co., Ltd.	
100%	Longyuan (Rudong) New Energy Technology Development Co., Ltd.	

Shareholding	Company	Capacity
70%	Longyuan Yellow Sea Rudong Off-shore Wind Power Generation Co., Ltd. (龍源黃海如東海上風力發電有限公司)	64.00 MW
100%	Hainan Longyuan Wind Power Generation Co., Ltd.	99.00 MW
100%	Yunnan Longyuan Wind Power Generation Co., Ltd.	240.00 MW
80%	Longyuan Dali Wind Power Generation Co., Ltd.	181.50 MW
100%	Longyuan Shilin Wind Power Generation Co., Ltd.	148.50 MW
100%	Longyuan Yongping Wind Power Generation Co., Ltd.	
100%	Longyuan Nanjian Wind Power Generation Co., Ltd.	
100%	Longyuan Weishan Wind Power Generation Co., Ltd.	
100%	Longyuan Lijiang New Energy Co., Ltd. (龍源麗江新能源有限公司)	
100%	Anhui Longyuan Wind Power Generation Co., Ltd.	198.00 MW
100%	Longyuan Mingguang Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan Fengyang Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Dingyuan Wind Power Generation Co., Ltd.	97.80 MW
100%	Longyuan Quanjiao Wind Power Generation Co., Ltd.	46.00 MW
100%	Longyuan Xuancheng Wind Power Generation Co., Ltd.	48.30 MW
100%	Longyuan Hanshan Wind Power Generation Co., Ltd. (龍源含山風力發電有限公司)	

Shareholding	Company	Capacity
70%	Longyuan Suzhou Wind Power Generation Co., Ltd. (龍源宿州風力發電有限公司)	
70%	Hanshan Longyuan Meishan Wind Power Generation Co., Ltd. (含山龍源梅山風力發電有限公司)	
100%	Shandong Longyuan Wind Power Generation Co., Ltd.	99.00 MW
70%	Shangdong Longyuan Hengxin Wind Power Generation Co., Ltd.	
51%	Longyuan Huitai (Binzhou) Wind Power Generaion Co., Ltd. (龍源匯泰（濱州）風力發電有限公司)	
100%	Longyuan Linyi Wind Power Generation Co., Ltd. (龍源臨沂風力發電有限公司)	48.30 MW
100%	Hero Asia (Changdao) Wind Power Generation Co., Ltd. (雄亞（長島）風力發電有限公司)	
50%	Guodian Shandong Jinan Longyuan Wind Power Generation Co., Ltd. (國電山東濟南龍源風力發電有限公司)	49.50 MW
50%	Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd. (國電山東龍源臨朐風力發電有限公司)	48.00 MW
100%	Tianjin Longyuan Wind Power Generation Co., Ltd.	132.00 MW
100%	Longyuan (Tianjin Binhai New Area) Wind Power Generation Co., Ltd.	
100%	Longyuan Guizhou Wind Power Generation Co., Ltd.	343.00 MW
100%	Shanxi Longyuan Wind Power Generation Co., Ltd.	249.00 MW
100%	Guodian Shanxi Jieneng Youyu Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan Ningwu Wind Power Generation Co., Ltd.	
100%	Longyuan Pianguan Wind Power Generation Co., Ltd.	

Major Subsidiaries:

Wind Power business

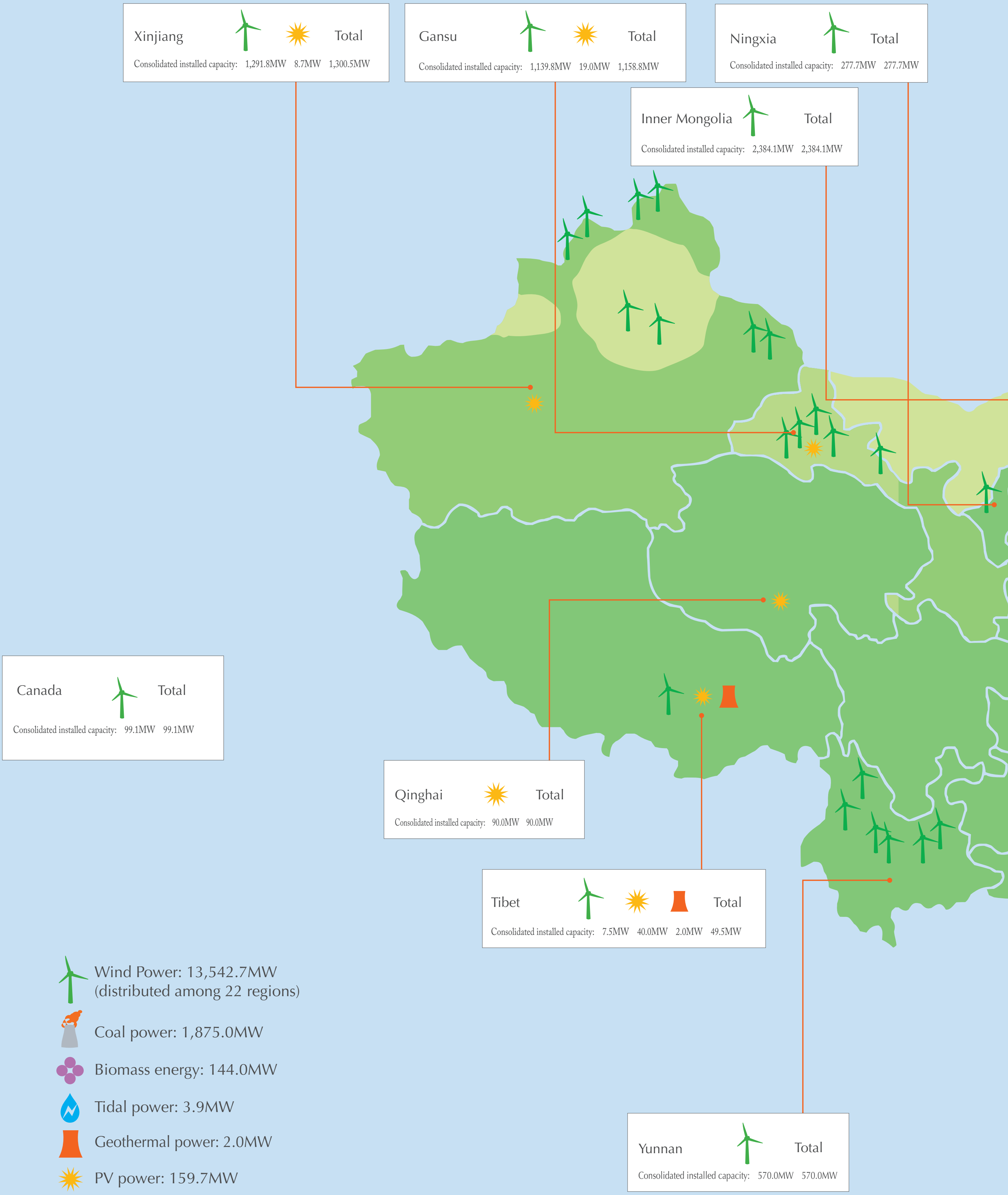
Coal Power business

Other new energy business

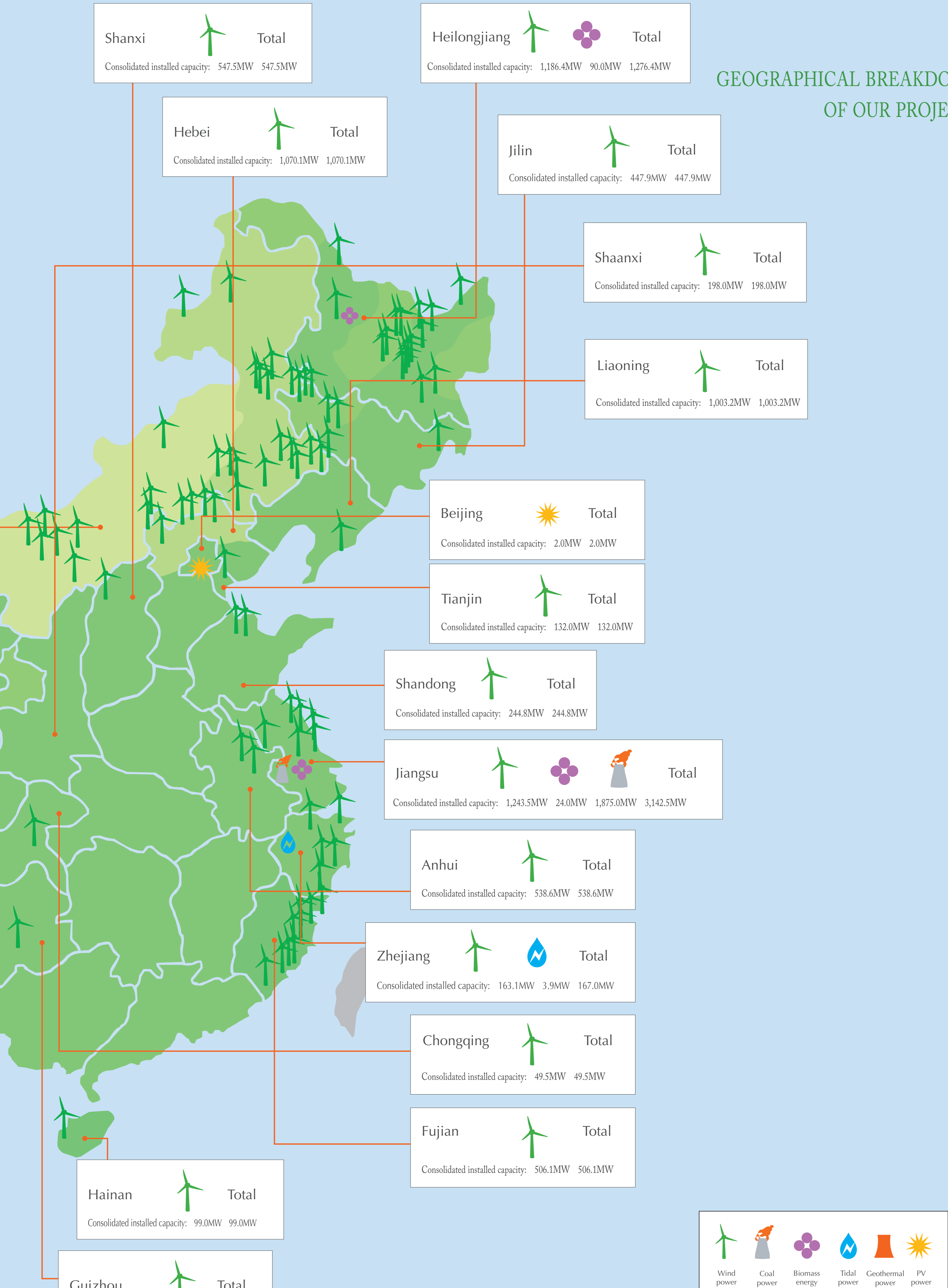
Other enterprises

Shareholders of the Company
Guodian Northeast Electric Power Co., Ltd.
China Guodian Corporation
H Shareholders
1.17%
57.27%
41.56%
龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited
The Company
Hero Asia Investment Limited
100%
100% Longyuan Canada Renewables Ltd.
100% Longyuan South Africa Renewables (Pty) Ltd.
Longyuan Kelan Wind Power Generation Co., Ltd. 49.50 MW 100%
Longyuan Jingle Wind Power Generation Co., Ltd. 150.00 MW 100%
Guodian Longyuan Shenchi Wind Power Generation Co., Ltd. (國電龍源神池風力發電有限公司) 51%
Longyuan Ningxia Wind Power Generation Co., Ltd. 100%
Longyuan Lingwu Wind Power Generation Co., Ltd. 99.50 MW 100%
Ningxia Tianjing Wind Power Generation Co., Ltd. 79.50 MW 100%
Longyuan Litong Wind Power Generation Co., Ltd. 98.70 MW 100%
Longyuan Wuzhong Wind Power Generation Co., Ltd. (龍源吳忠風力發電有限公司) 100%
Longyuan Shaanxi Wind Power Generation Co., Ltd. 99.00 MW 100%
Longyuan Jingbian Wind Power Generation Co., Ltd. 99.00 MW 100%
Longyuan Dingbian Wind Power Generation Co., Ltd. 100%
Longyuan Hengshan New Energy Co., Ltd. (龍源橫山新能源有限公司) 100%
Guodian Longyuan Wuqi New Energy Co., Ltd. (國電龍源吳起新能源有限公司) 51%
Longyuan Yichun Wind Power Generation Co., Ltd. (龍源宜春風力發電有限公司) 100%
Longyuan Tibet Naqu New Energy Co., Ltd. 7.50 MW 100%
Guangxi Longyuan Wind Power Generation Co., Ltd. (廣西龍源風力發電有限公司) 100%
Longyuan Yulin Wind Power Generation Co., Ltd. (龍源玉林風力發電有限公司) 100%
Longyuan Power Group (Shanghai) Wind Power Co., Ltd. 100%
Longyuan Baokang Wind Power Generation Co., Ltd. (龍源保康風力發電有限公司) 100%
Guodian Longyuan Jiangyong Wind Power Generation Co., Ltd. (國電龍源江永風力發電有限公司) 50%
Guodian Longyuan Chongqing Wind Power DevelopmentCo., Ltd. (國電龍源重慶風電開發有限公司) 49.50 MW 51%
Nantong Tianshenggang Power Generating Co., Ltd. 660.00 MW 31.94%
Jiangyin Sulong Heat and Power Generating Co., Ltd. 1,215.00 MW 27%
Longyuan Tibet New Energy Co., Ltd. 42.00 MW 100%
Longyuan Ge'ermu New Energy Development Co., Ltd. 90.00 MW 100%
Longyuan Zhangye New Energy Co., Ltd. 19.00 MW 100%
Zhejiang Wenling Jiangxia Pilot Tidal Power Station 3.90 MW 100%
Longyuan Turpan New Energy Co., Ltd. 8.72 MW 90%
Longyuan (Beijing) New Energy Co., Ltd. 2.00 MW 100%
Longyuan Huizhou New Energy Co., Ltd. 100%
Longyuan Donghai Biomass Power Plant 24.00 MW 95%
Guodian Youyi Biomass Power Co., Ltd. 30.00 MW 100%
Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. 30.00 MW 100%
Guodian Tangyuan Biomass Power Co., Ltd. 30.00 MW 100%
Zhongneng Power-Tech Development Co., Ltd. 100%
China Fulin Wind Power Engineering Co., Ltd. 100%
Longyuan Beijing Wind Power Projects Design & Consultation Co., Ltd. 100%
Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. 100%
Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. 100%
Longyuan (Beijing) Solar Energy Technology Co., Ltd. 100%
Xinjiang Wind Power Engineering Consultant Co., Ltd. 100%
Suzhou Longyuan Bailu Wind Power Technique Vocational Training Centre Co., Ltd. 60%
Longyuan (Yichun) Wind Power Engineering Services Co., Ltd. 100%

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS



GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS



As at 31 December 2014

HONOURS AND AWARDS

In January, the technology developed by Longyuan Power named "Key Techniques of New Single-Pole Foundation Design and Construction for Intertidal Wind Power and Its Equipment Development and Engineering Application"(潮間帶風電新型單樁基礎設計與施工關鍵技術、裝備研製和工程應用) was granted the First Prize in the 2013 China Power Science and Technology Progress Award (中國電力科學技術一等獎). Such award is the highest honour that Longyuan Power has achieved in technology sector so far.

On 30 April, Longyuan Power proudly received the "National Labour Day Award (全國五一勞動獎狀) ". Such award is the highest honour awarded by All-China Federation of Trade Unions (中華全國總工會) to enterprises and public institutions, in order to recognise the significant and advanced contributions in terms of economy, politics, culture, society, ecological civilization and the Communist Party of China.

On 28 August, Longyuan Power was awarded the "Best Company in Clean and Renewable Energy Industry (環保新能源企業大獎)" at the Asian Weekly, Mainland Enterprise Listed in HK Ranking Award Ceremony 2013-2014 (《亞洲週刊》2013-2014年度中國大陸企業香港股市排行榜頒獎典禮) in Hong Kong.

On 16 October, the result of "2014 Global Top 500 New Energy Companies (2014年全球新能源企業500強)" was disclosed. Longyuan Power was again in the list, ranking first among the Chinese New Energy Developers, and was granted the "Outstanding Contribution Award (卓越貢獻獎)".

On 18 November, two of the Company's projects, namely the 150MW Longyuan Rudong Intertidal Wind Power Demonstration Project (龍源如東150MW潮間帶風電示範工程) and the 49.5MW project of Matang Wind Farm in Luliang County, Yunnan (雲南陸良縣馬塘49.5MW風電場工程) were awarded the National Premium Quality Construction"(國家優質工程獎).

On 20 November, the Classic Cases of National Power Enterprise Management Innovation Achievements in Recent Five Years (《全國電力行業企業管理創新成果五年經典案例》reviewed by China Electricity Council (中國電力企業聯合會), was announced. The Performance Management Promoting Implementation of International First Class Strategies in New Energy Enterprises(《推動新能源企業國際一流戰略實施的績效管理》) applied by Longyuan Power, received the First Prize of National Power Enterprise Management Innovation Achievements (全國電力行業企業管理創新成果一等獎), and was selected in the Classic Cases of National Power Enterprise Modern Management Innovation in Recent Five Years (《全國電力行業企業現代化管理創新五年經典案例集》), officially compiled and published by China Power Enterprise Management magazine (《中國電力企業管理》雜誌社).

On 4 December, the 2014 "Golden Bauhinia Awards" of China Securities (中國證券「金紫荊」獎) were announced in Hong Kong, where Longyuan Power was awarded "The Best Corporate Governance: Listed Companies" (最佳公司治理上市公司)".

On 17 December, Longyuan Power was rated as "AAA Credit Enterprise in the Power Industry(電力行業AAA級信用企業)" by China Electricity Council (中國電力企業聯合會) in the Assessment of Credit Enterprise in the Power Industry 2014 (2014年電力行業信用企業複評工作).

CORPORATE MILESTONES IN 2014

From 11 to 17 January, at the invitation of the government of Ontario, Canada, the delegation of journalists from 11 renowned media in China including Xinhua News Agency and China Business News visited Canada. During the visit, the media representatives visited the Dufferin Wind Farm of the Company in Canada (加拿大公司德芙琳風電場) and made unanimous compliment to the project.

On May 15, the 17th China Chongqing International Investment and Global Sourcing Fair (渝洽會) was opened grandly in Chongqing International Exhibition Center. During the Fair, Sun Zhengcai, the member of the Political Bureau of the Central Committee of CPC and Secretary of Chongqing Municipal Party Committee, and Huang Qifan, the Deputy Secretary of Chongqing Municipal Party Committee and Mayor of Chongqing visited the scaled model of "China Longyuan Power Nationwide Wind Power Layout" in the exhibition area of Guodian Group. The scaled model mainly shows the wind power projects distribution across China, reflecting the leading advantages of the Company in new energy industry. This attracted a lot of audience and became one highlight of the Fair.

On 13 June, the delivery ceremony for the "Longyuan Zhenhua No.2" 800-tonne jack-up offshore wind farm construction platform (龍源振華2號800噸自升式海上風電施工平臺) was held in Nantong city, which signifies the official delivery of the Longyuan Zhenhua No. 2 to be in use. As the first rack-and-pinion offshore wind farm construction vessel, Longyuan Zhenhua No. 2 is equipped with piling and hoisting functions, which made it the most comprehensive professional offshore wind farm construction platform with the best hoisting capacity, widest applicability and most advanced lifting system in China.

On 18 June, during the visit of Premier Li Keqiang to the UK, the third Sino-British energy dialogue conference was held in London. Li Enyi, the president of the Company, was invited to attend the meeting as the representative of Chinese new energy enterprises. At the sub-forum for new energy of the meeting, Mr. Li introduced the development of wind power of the Company and future prospect for the development of Chinese wind power. During the meeting, Mr. Li, accompanying with Wu Xinxiong, the director of the National Energy Administration and other leaders, visited London Matrix, the largest offshore wind power plant in the world, and visited relevant authorities of new energies in UK to learned about the current development, policies environment, as well as the investment and financing conditions of offshore wind power of the UK, thus expanding the view on the acceleration of the offshore wind power development.

From 6 to 8 August, the Company successfully held the 2014 Wind Power Operation Inspection Skill Competition in Yichun, Heilongjiang Province. The competition is a concrete practice to implement the “Five Articles”(五篇文章), create “Five Guodians” (五個國電) and promote the strategy of strengthening the enterprise with talents, which provided a platform for cultivating and selecting front-line employees and fully improved the levels of professional theories and practical operation skills for operation and maintenance of wind power units.

On 24 September, the seminar of “Advancing development of wind power, building green China” was held in Beijing, which was sponsored by Ziguangge (《紫光閣》) periodical office, an official publication of the state, and Guodian Group, and undertook by the Company. Li Enyi, the president assistant of Guodian Group and the president of the Company, delivered a featured speech on behalf of the industry peers. The seminar aims to invite the policy-makers, representatives of energy enterprises, experts and scholars to make practical discussions in respect of accelerating the sustainable development of wind power, strengthen the policy support of the state to wind power industry, enhance the understanding of various circles about the wind power industry and advance the healthy and sustainable development of wind power industry.

On 10 October, the Company held the 2014 offshore wind power reverse roadshow in Rudong County, Jiangsu Province, to give a systematic introduction to the development status and future plan of offshore wind power. Nearly 30 analysts, investors and bank representatives from China Life, JP Morgan, Bank of Paris and other investment banks, financial institutions, were invited to attend the activity.

On 16 October, the public service advertisement produced by the Company was successfully aired on CCTV1 before News 30’ to actively and massively deliver the core development philosophy of the Company. The advertisement has been warmly responsed and generally recognized by the TV audience as Beijing was being attacked by heavy haze at that time.

On 18 October, the “2014 Sina Finance Energy Forum” was held in Beijing. Li Enyi, president assistant of Guodian Group and the president of the Company, attended the forum, and also delivered keynote speech on “Promoting Wind Power Development and Building a Beautiful China”, to actively call for the increase of policy support to the industry from the State, so as to facilitate the healthy and sustainable development of the wind power industry. This stuck a strong responsive chord among the peers and further increased the understanding of all circles about wind power industry.

CORPORATE MILESTONES IN 2014

On 3 November, as approved by Guodian Group, the China Guodian Wind Power Technology Center ("Technology Center") was officially established. The Technology Center is affiliated to the Company and is chaired by Li Enyi, the president assistant of Guodian Group and the president of the Company. The establishment of the Technology Center expands the service scope of the Company within the members of Guodian Group, provides high-level technological support for wind power development of Guodian Group and uplifts the overall level for wind power development.

On 17 November, the Company held a press conference in Ontario, Canada to announce that the Canada Dufferin wind power project, the first overseas wind power project invested by Chinese power generation enterprise, was completed and put into operation. With an installed capacity of 99.1MW, this project is the largest wind power project invested by China in Ontario.

From 16 to 27 December, the staff of CCTV Force of Labor Program visited Longyuan Tibet Company for interview and shooting for places such as Geothermal Power Station, Phase I and II Photovoltaic Power Stations of Longyuan Tibet Company and families out of power connection, with a total run of over 1,600 kilometers. They witnessed the huge changes in the lives of the farmers and herdsmen benefiting from the new energy development by the Company, and deeply touched by the comrade Zhang Xi and his team for their pioneering, hard-working and dedicated spirit over a long period in Tibet.

On 18 December, the Company and the Xicheng District Procuratorate held the signing ceremony in Beijing for "Procuratorate-Enterprise Co-construction" (檢企共建). The signing of the "Procuratorate-Enterprise Co-construction" agreement will enable cooperation between the procuratorate and the enterprise to create clean and law-abiding atmosphere for the enterprise and provide integrity guarantee for the healthy development of the enterprise.

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with International Financial Reporting Standards unless otherwise specified)

I. INDUSTRY REVIEW

Operational environment

In 2014, the domestic economy as a whole generally maintained steady, but facing relatively great downward pressure. Under the backdrop of the "three period superposition" (「三期疊加」), economic development entered into a new normality, with economic growth from rapid growth to mid-high speed growth, economic structure was continuously optimizing and upgrading and the driving forces shifting from factors-driven and investment-driven to innovation-driven. Along with the new economy normality and the energy revolution, the power industry of China had several trend features. First, power demand changed to a low-medium speed growth. With the slowdown of economic growth in China and the decline of industrial growth speed, there was a notable fall in the growth of electricity consumption which was only 3.8% in 2014, representing a decrease of 3.8 percentage points as compared to that in 2013. Second, the green low-carbon development has become the major growth mode. The investment in clean renewable energy increases year-on-year. By 2020, the non-fossil energy will account for about 15% of the consumption of primary energy, indicating great development potential and the energy investment is entering into the era of "green investment". Third, cross-region, large scale and long distance power transmission has become an important way for power resources allocation. Due to the inverse distribution of China's energy resources, there must be a change of the traditional local equilibrium mode. The cross-regional resources optimization configuration can only be achieved through the "West-to-east power transmission" and "North-to-south power transmission". Fourth, the increasingly stringent environmental protection standard has become a "hard constraints" on energy development. As China is facing more pressure in environmental protection, the pollutants emission limits have reached the world's most stringent standards, it will result in a significant increase in the environmental costs of energy generation enterprises.

According to the "Annual Statistics of China Power Industry 2014" (《2014年電力工業運行簡況》) issued by the China Electricity Council, the power consumption across the country was 5,523.3 billion kWh in 2014, representing an increase of 3.8% year-on-year, 3.8 percentage points lower than that of last year. The total electrical output reached 5,545.9 billion kWh, representing an increase of 3.6% year-on-year and a decrease of 4.1 percentage points than that of last year. As at the end of 2014, the power generation installed capacity across the country reached 1,360,188 MW, representing an increase of 8.7% as compared to last year. In 2014, grid-connected wind power generation reached 156.3 billion kWh, representing a increase of 0.2 percentage points in terms of the percentage in national power generation as compared to last year. The average utilisation hours reached 1,905 hours, representing a decrease of 120 hours over last year. The installed capacity of wind power as at the end of 2014 reached 95,812 MW, and the newly installed capacity of wind power in 2014 reached 20,724 MW.

Policy factor

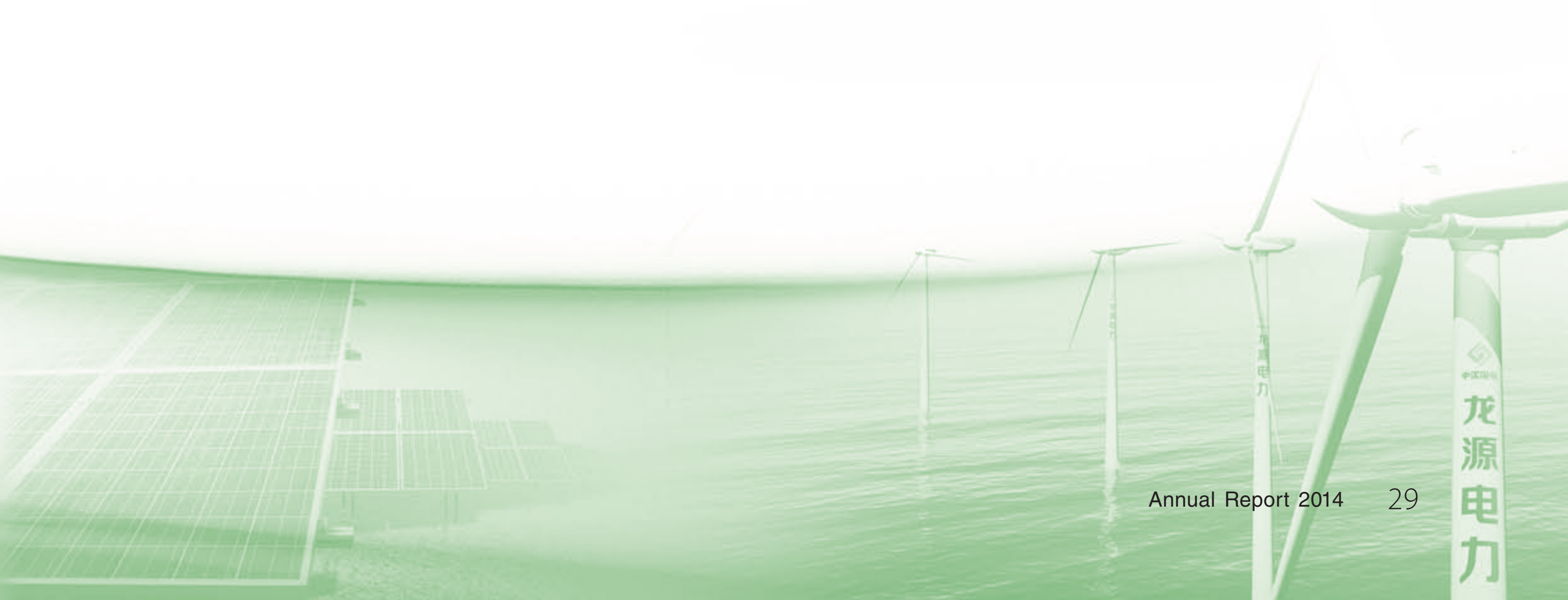
With regard to industrial policies, the national new energy policy has entered into a stage of adjustment. The general office of the State Council published the Energy Development Strategy Action Plan (2014 — 2020) (《能源發展戰略行動計劃(2014 — 2020)》), which prescribed the "green low-carbon strategy" as one of the four major strategies for energy development, and expressly stated that the optimization of the energy structure should be the focus, the clean low-carbon energy should be the adjustment of energy structure, and the proportion of the renewable energy (such as wind power) out of the total energy consumption, shall be increased significantly.

In April 2014, the National Energy Administration issued the Notice of the National Energy Administration Regarding Making Sufficient Efforts in Wind Power Grid Connection and Consumption in 2014 (《國家能源局關於做好2014年風電並網消納工作的通知》), which put forth six requirements of the grid connection and consumption of wind power in 2014, showing full recognition to the importance of wind power absorption, the endeavor to guarantee the wind power consumptions in key regions, the strengthening of the construction of supporting transmission-out channels at wind power bases, the active encouragement of the diverse exploitation and construction of scattered wind power resources, the optimization of the management of wind power grid connection and dispatch, and the provision of good service in wind power grid connection.

In May 2014, the NDRC, the National Energy Administration and the Ministry of Environmental Protection jointly issued the Work Plan on Strengthening Air Pollution Control in the Energy Industry (《能源行業加強大氣污染防治工作方案》), pursuant to which, the development of clean energy and the energy transformation structure are regarded as important safeguards for improving air quality. According to this Work Plan, the target for the wind power installed capacity is set at 150 GW by 2017.

In June 2014, the NDRC issued the Notice of the National Development and Reform Commission on Offshore Wind Power Price Policy (《海上風電上網電價政策的通知》), pursuant to which, for offshore wind power projects not subject to a biding process, the on-grid tariff (tax inclusive) for intertidal wind power projects that would be in operation before 2017 is fixed at RMB0.75/kWh; while for offshore wind power project is fixed at RMB0.85/kWh. For offshore wind power projects that would be in operation in and after 2017, the on-grid tariff policy shall be studied and determined depending on the then technological advancement and the changes in project construction costs, as well as the bidding for concession projects.

In December 2014, the NDRC issued the Notice on Making Appropriate Adjustment to Onshore Wind Power Benchmark On-grid Tariff (《關於適當調整陸上風電標杆上網電價的通知》), pursuant to which, for onshore wind power projects which are approved after 1 January 2015 or which are approved prior to 1 January 2015 but put into operation after 1 January 2016, the tariff shall be lowered by RMB2 cents/kWh in respect of the categories I, II and III of resource region, except that the tariff in the category IV of resource region shall however remain the same. The price cut range is lower than the expectation.



II. BUSINESS REVIEW

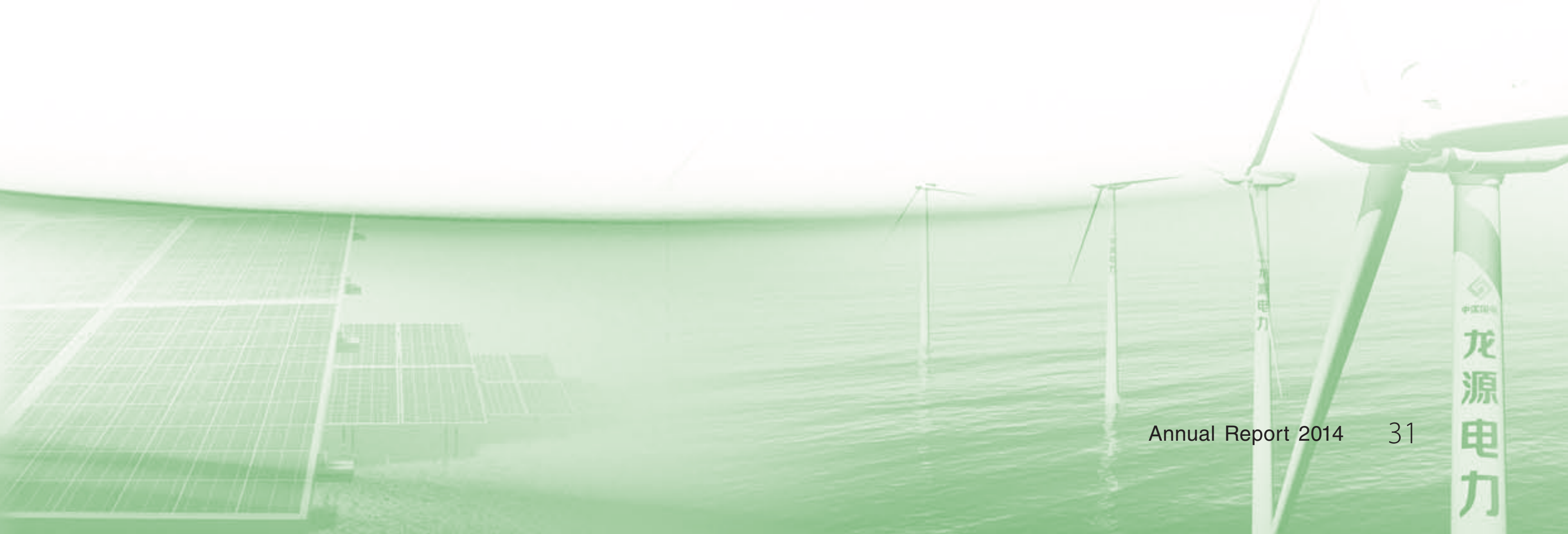
1. With the preliminary work being highly effective, the leading development position is sustained

In 2014, adhering to the development strategy of "accomplishing the Five Articles, promoting reform and development and establishing an international top-notch new energy listed company", coupled with earnestly following and implementing the "double enhancement" (「雙提升」) work spirit, the Group insisted on and laid emphasis on the management improvement and the increase of efficiency, the transformation of development means, being tiding over all odds and forging ahead with all tasks, thereby maintaining a healthy and sustainable development progress.

In 2014, the Group aggressively implemented the high-quality resources reserve which continuously optimized the wind power development layout. In the Fourth Batch of Wind Power Projects Approval Plan (第四批風電項目核准計劃)promulgated by the National Energy Administration in February 2014, 28 projects of the Group with gross capacity of 1,543 MW were included, ranking the first in the industry, among which, the capacity located in regions not subject to grid curtailment accounted for over 90%. In 2014, the Group obtained approvals for wind power projects with total capacity of 2,642 MW, 94% of which are located in regions not subject to grid curtailment. The geographical coverage of our projects kept expanding and we have our first approved project in Guangxi Province. As of the end of 2014, the Group had wind power projects of 6.5 GW which were approved but not yet into operation, and wind power projects of 9.6 GW which included project approved but not yet into operation and projects listed in the national plan but not yet approved, demonstrating a strong development afterwards.

In 2014, China promulgated the offshore wind power tariff policy and issued the National Offshore Wind Power Development and Construction Plan (2014-2016) (《全國海上風電開發建設方案(2014-2016)》). In response to this, the Group accelerated the domestic offshore wind power development allocation in which the preliminary work for offshore wind power in provinces of southeast coastal areas had material progress. Meanwhile, nine projects of the Company with a capacity of 2,049 MW were included in the National Offshore Wind Power Development and Construction Plan (2014-2016), representing 19% of the total capacity, ranking the first in the industry in China.

Starting from 2014, the Group, with the comprehensive and strategic cooperation as the core, launched the "Third Venture" initiative (第三次創業活動), during which development channels were expanded by the introduction of new cooperation modes. By grasping the opportunity due to the development of diversified ownership economy implemented by the central government, the Group continued to strengthen the collaboration with renowned local enterprises. Through in-depth studying the operation mode and the relevant administration measures of the diversified ownership and exerting strict entry control, the Group is committed to have the exploitation in cooperation with renowned enterprises, satisfying the entry requirements, with good reputation and strength, as well as situated in the provinces or cities where heavily devoted into the wind power development so as to lower investment risk and secure the returns. Through acquisition and other means, the Group acquired projects with high profits and continuously expanded the list of the exploitation and construction projects. The extensive cooperation with subsidiaries of Guodian Group fully made use of the core platform for the wind power established by Longyuan and the advantages of regional resources of subsidiaries of Guodian Group. This enabled the Group to achieve win-win cooperation through the cooperation between two strong parties and the mutual assistance on development. As at the end of 2014, there were total of 26 new projects under joint development which covered 9 provinces with gross capacity of 2,273 MW.



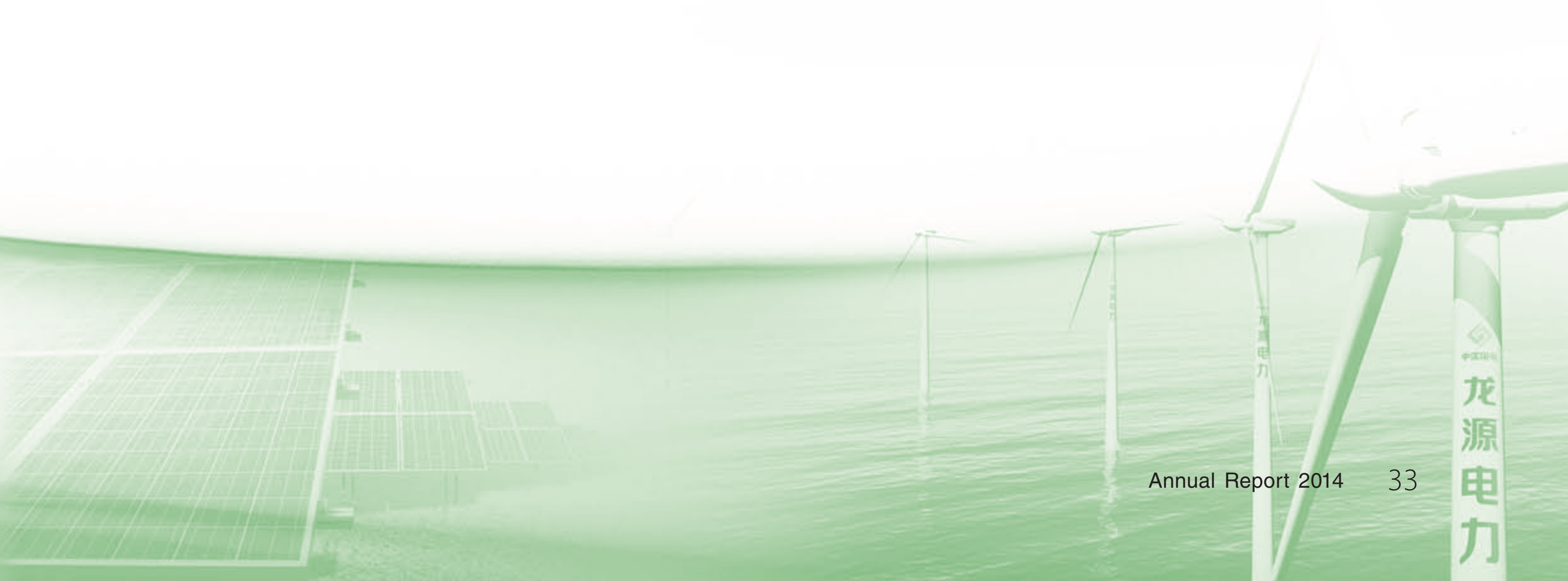
2. With improvements in quality and speed of project construction, the target for the wind power production was accomplished

In 2014, the Group accomplished the task for wind power operations in a high-quality manner, and thus laid down a solid foundation for us to become the world's largest wind power operator in 2015. In a number of areas such as overseas, offshore, high altitude, low wind speed, and etc, a total 18 wind power projects were put into operation, representing significant increase from 2013, thereby providing guidance for the strategic transformation of the Company. The project construction was more detailed-oriented and the management was continuously improving. Through a series of measures such as optimizing the selection of wind turbine types, improving bidding management, strengthening equipment manufacturing supervision, innovating supply coordination mechanism and innovating project performance assessment mechanism, the safety, quality, progress and cost control of the project construction were well managed. In 2014, both the 150MW Longyuan Rudong Intertidal Wind Power Demonstration Project (龍源如東150MW潮間帶風電示範工程) and the 49.5MW wind power project in Matang, Luliang County, Yunnan (雲南陸良縣馬塘49.5MW風電場工程) of the Company were awarded the "Premium Quality Power Construction in China" (中國電力優質工程獎) and "National Premium Quality Construction" (國家優質工程獎). The Group had a well management on the project cost. Through various measures including setting a clear design standard, strengthening the design review, laying out a reasonable upper limit of the cost at the bidding and strictly controlling design change, and etc, the project cost of the Company in 2014 was leveled with 2013, despite of the significant increasing cost in the land and forestry expropriation, as well as the labour cost for infrastructure construction.

In 2014, the Group had 28 wind power projects newly put into production, with an additional consolidated installed capacity of 1,583.2 MW put into production. The Group also completed the acquisition of one wind power project, with an aggregate installed capacity of 49.5 MW. As of 31 December 2014, the consolidated installed capacity of the Group was 15,697 MW, among which, the consolidated installed capacity of the wind power business was 13,543 MW with the geographical coverage expanded to 22 regions and the consolidated installed capacity of the coal power business and the consolidated installed capacity of other renewable power business were 1,875 MW and 280 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Company's wind farms as of 31 December 2013 and 31 December 2014:

Region	**As of 31 December 2014** *(MW)*	As of 31 December 2013 *(MW)*	**Percentage of Change**
Heilongjiang	**1,186.4**	1,136.9	4.35%
Jilin	**447.9**	348.9	28.37%
Liaoning	**1,003.2**	1,003.2	0.00%
Inner Mongolia	**2,384.1**	2,285.1	4.33%
Jiangsu	**1,243.5**	1,056.8	17.67%
Zhejiang	**163.1**	137.6	18.53%
Fujian	**506.1**	506.1	0.00%
Hainan	**99.0**	99.0	0.00%
Gansu	**1,139.8**	1,039.3	9.67%
Xinjiang	**1,291.8**	1,090.8	18.43%
Hebei	**1,070.1**	971.1	10.19%
Yunnan	**570.0**	528.0	7.95%
Anhui	**538.6**	396.0	36.01%
Shandong	**244.8**	99.0	147.27%
Tianjin	**132.0**	132.0	0.00%
Shanxi	**547.5**	399.0	37.22%
Ningxia	**277.7**	277.7	0.00%
Guizhou	**343.0**	247.5	38.59%
Shaanxi	**198.0**	148.5	33.33%
Tibet	**7.5**	7.5	0.00%
Chongqing	**49.5**	—	—
Canada	**99.1**	—	—
Total	**13,542.7**	11,910.0	13.71%



3. With the safety production being maintained stably, the industry leading position in terms of wind power production indicators was sustained

In 2014, the Group strengthened the safety management; established multi-layers and all-around production safety responsibility system; emphasized on the production safety capability, implemented the on-line monitoring of equipment safety status, intensified the prevention and accidents control, as well as standardized the safety management. Under the assessment by Guodian Group, in which seven five-star wind power enterprises were selected, six were from the Group. In addition, another six wind power enterprises and two coal-fired enterprises of the Group were selected as four-star enterprise.

In 2014, the Group achieved satisfactory results in "two reductions, and two improvements" (「兩降低兩提高」) and continued to maintain an industry leading position for wind power production. First, the repair and maintenance costs were reduced. The Group innovated the cost control mechanism, formulated the repair costs assessment indicators for different types of equipment, as well as implemented the whole-process closed-loop management. The repair costs per kWh power decreased year-on-year. Second, the rate of auxiliary electricity for the wind power farms was reduced. The Group analyzed the equipments operation, established the "equivalent auxiliary electricity rate" calculation model, detected high-consumption aspects and, took responsive improvement measures. The rate of auxiliary electricity continued to decline. Third, the power generation performance of the units was improved. Through implementing equipment optimization in an all-around manner, formulating the "Annual Work Implementation Plan for Equipment Performance Optimization", investigating the master control program for cut-in and cut-out wind speed, and optimizing the control strategy for variable blade pitch and yaw system, the Group effectively improved the electricity generating capability of the units and increased power output by over 300 GWh in 2014. Fourth, the units availability rate was enhanced. The Group innovated equipment management, associated the in-house technological team with relevant wind turbine manufactures to comprehensively monitor and diagnoses the equipment status for different branded wind turbines. The operation condition or the sustainability of the equipment was effectively improved, with the annual availability factor of wind turbines increased 0.49 percentage points year-on-year.

During the year, the Group generated a cumulative gross electricity output of 33,388 GWh, of which electricity generated from our wind power business amounted to 23,088 GWh, representing an increase of 5.28% over last year. The average utilisation hours of the wind power business was 1,980 hours, representing a decrease of 131 hours as compared to last year, which was primarily attributable to the decrease in wind resources.

Geographical breakdown of the consolidated power generation of the Group's wind farms as of 2013 and 2014:

Region	**2014** *(MWh)*	2013 *(MWh)*	**Percentage of Change**
Heilongjiang	**2,193,322**	2,324,552	-5.65%
Jilin	**465,020**	556,905	-16.50%
Liaoning	**1,665,503**	1,670,500	-0.30%
Inner Mongolia	**4,610,009**	4,659,194	-1.06%
Jiangsu	**2,446,430**	2,132,124	14.74%
Zhejiang	**229,793**	258,130	-10.98%
Fujian	**1,337,837**	1,331,867	0.45%
Hainan	**133,262**	164,233	-18.86%
Gansu	**1,670,752**	1,866,346	-10.48%
Xinjiang	**2,012,483**	1,794,251	12.16%
Hebei	**2,023,166**	2,205,561	-8.27%
Yunnan	**1,152,890**	736,786	56.48%
Anhui	**802,235**	670,139	19.71%
Shandong	**215,754**	111,862	92.88%
Tianjin	**250,159**	224,735	11.31%
Shanxi	**661,067**	603,991	9.45%
Ningxia	**394,509**	258,179	52.80%
Guizhou	**453,513**	336,186	34.90%
Shaanxi	**233,747**	22,807	924.89%
Tibet	**13,749**	986	1294.42%
Chongqing	**90,085**	—	—
Canada	**32,757**	—	—
Total	**23,088,042**	21,929,334	5.28%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Company's wind farms for the years 2013 and 2014:

Region	Average utilisation hours of wind power in 2014 *(Hour)*	Average load factor of wind power in 2014	Average utilisation hours of wind power in 2013 *(Hour)*	Average load factor of wind power in 2013	Percentage of change of the average utilisation hours of wind power
Heilongjiang	1,929	22%	2,079	24%	-7.22%
Jilin	1,333	15%	1,596	18%	-16.48%
Liaoning	1,660	19%	1,742	20%	-4.71%
Inner Mongolia	2,017	23%	2,135	24%	-5.53%
Jiangsu	2,264	26%	2,266	26%	-0.09%
Zhejiang	1,670	19%	1,890	22%	-11.64%
Fujian	2,643	30%	2,970	34%	-11.01%
Hainan	1,346	15%	1,659	19%	-18.87%
Gansu	1,608	18%	1,797	21%	-10.52%
Xinjiang	2,101	24%	2,502	29%	-16.03%
Hebei	2,083	24%	2,271	26%	-8.28%
Yunnan	2,454	28%	2,253	26%	8.92%
Anhui	2,026	23%	2,103	24%	-3.66%
Shandong	2,179	25%	1,185	14%	83.88%
Tianjin	1,945	22%	2,150	25%	-9.53%
Shanxi	1,855	21%	2,034	23%	-8.80%
Ningxia	1,621	19%	1,847	21%	-12.24%
Guizhou	2,105	24%	2,264	26%	-7.02%
Shaanxi	2,061	24%	—	—	—
Tibet	1,833	21%	—	—	—
Chongqing	1,820	21%	—	—	—
Total	1,980	23%	2,111	24%	-6.21%

During the reporting period, the power generation from coal power business of the Group was 9,641 GWh, representing a decrease of 12.87% as compared with 11,065 GWh in 2013. This was primarily due to the facts that 1) the growth of electricity consumption slowed down in Jiangsu province due to the slow-down in its macro-economy and the increase of out of province electricity transmission; and 2) power generation quota as compensation for the decommissioning of power generating units of the Nantong Tianshenggang Power Plant of the Company expired and there was no such compensation quota in 2014. The average number of utilisation hours of the Group's coal power business in 2014 was 5,142 hours, representing a decrease of 759 hours as compared with 5,901 hours in 2013.

4. Maintaining steady in the tariff

The average on-grid tariffs for overall power generation of the Group in 2014 amounted to RMB550 per MWh (value-added tax ("VAT") inclusive), representing an increase of RMB5 per MWh as compared with the average on-grid tariffs of RMB545 per MWh (VAT inclusive) in 2013. The average on-grid tariffs for wind power amounted to RMB585 per MWh (VAT inclusive), representing a slight increase as compared with RMB583 per MWh (VAT inclusive) in 2013. The average on-grid tariffs for coal power amounted to RMB439 per MWh (VAT inclusive), representing a decrease of RMB9 per MWh as compared with the average on-grid tariffs for coal power of RMB448 per MWh (VAT inclusive) in 2013, which was mainly attributable to: 1) a reduction of on-grid tariffs of coal power enterprises by RMB25 per MWh (VAT inclusive) and RMB11 per MWh (VAT inclusive) by the Price Bureau of Jiangsu Province on 25 September 2013 and 1 September 2014; and 2) the increase in tariff subsidy of RMB10 per MWh (VAT inclusive) for generating units which have completed denitrification transformation and RMB2 per MWh (VAT inclusive) for those which have completed dust removal transformation.

5. Strengthened capital management and improved the overall capital management and control

In 2014, the currency market was complicated and changing at home and abroad. In response, first, the Group improved the efficiency in capital use through strengthening capital management and optimizing regional capital allocation; second, the Group endeavored to reduce finance costs through increase tariff collection, optimize the management of working capital, and reasonably arrange an early repayment of loans; third, the Group, paid close attention to the two capital markets at home and abroad, strived to raise low-cost funds at home and abroad, including, among others, the successful issuance of short-term debentures, four non-public issuance of debt financing instruments and the successful issuance of US dollar-denominated bonds overseas by Hero Asia Investment Limited, a subsidiary of the Company. As a result, the cost of capital was at a leading position in the industry.

6. Strengthened the research and development of key technologies to highlight the technological base and the supporting role

In 2014, the Group smoothly streamlined and adjusted the work of the technology sector, which made the technology management function at headquarter of the Company and the execution function of the relevant technological service members more clear and specific, thereby effectively enhancing the technological research capability. On such basis, the Group strengthened its emphasis on the research and development for the wind energy business in the key development areas, completed the technological research and development of the offshore wind power development in Jiangsu. It is a preliminary establishment of a relatively complete set of technology for the offshore wind power development. The Group conducted researches for the technological difficulties such as the complicated marine geology condition it encountered in the offshore wind power development projects in Fujian, in which the research has been running smoothly up till now. Meanwhile, in response to the adjustment of the wind power tariff by the country, the Group employed the meteorology virtual wind test technology to promptly select and identify the wind power projects which are rich in resources, thereby addressing the pressing needs of the Group in wind power development. This fully reflected technology acted as a foundation and a supporting role in the wind power development of the Group, and consolidated the technological leading advantage of the Group in wind power area.

In 2014, the Company was approved to establish the China Guodian Group Wind Power Technology Center (中國國電集團風電技術中心), which showed a higher-level affirmation and recognition to the wind power technology of the Company and further promoted and expanded the wind power of the Company. During the year, the Company won one first-class prize, two second-class prizes and two third-class prizes respectively under the China Guodian Corporation Technological Advancement Award, undertook six national technological projects and two technological projects of Guodian Group. 12 new technological projects of Guodian Group and four technological projects of the Company were newly announced. In addition, we completed the compilation of three national standards related to wind power, newly obtained the approval for compilation of two national standards and had two industry standards in the process of compiling.

7. New breakthroughs in overseas projects

In 2014, the first overseas wind power project invested by the Group – the Dufferin wind power project in Ontario, Canada (加拿大安大略省德芙琳風電項目) was put into operation, which is also the first overseas wind power project invested, constructed and operated by a Chinese state-owned power generation enterprise, signifying a critical step forward by Chinese state-owned power generation enterprises in the area of wind power investment and demonstrating to the world the strength and level of Chinese new energy enterprises. There are a total of more than 100 Ontario companies participating in the development and construction of the project which has an installed capacity of 99.1 MW. This creates approximately 400 jobs. The wind power generating units and supporting facilities for the wind farms have satisfied the environmental and technological requirements of local government and power companies. The wind power project in South Africa (南非德阿風電項目) which the Group obtained the project through bidding in October 2013 progressed steadily in accordance with the requirements of the Minerals and Energy Minister of South Africa. In December 2014, we signed the project implementation agreement, the electricity purchase and sales contract, and the guidance agreement with the Minerals and Energy Minister of South Africa and Eskom(南非電力公司). This project has obtained all major qualification documents necessary for the commencement of construction, and is planned to commence construction in 2015. By leveraging the successful experience in Dufferin, the Group will conduct further overseas project development in a proactive and stable manner with economic benefit as the focus, under the condition that the risk can be controlled. We will emphasize on the improvement of the quality of the project feasibility study to ensure investment return, strive to reduce capital cost, take various measures to optimize project proposal, reduce project cost and prevent and control various risks, so as to build excellent, efficient and profitable overseas projects.

8. The development of other renewable energy sources

In addition to wind power, the Group has been actively developing other renewable energy projects including solar energy and biomass energy. During the reporting period, two solar power projects with an installed capacity of 22.0 MW were put into production. In accordance with the Three-year Action Plan of the National Energy Administration to Fully Solve the Problems Concerning Power Use Confronting the Populations without Access to Electricity (2013-2015) (《國家能源局全面解決無電人口用電問題三年行動計劃》(2013-2015年)), the Group made active contributions to the society through undertaking the electricity-access construction work for all the areas in Tibet and certain areas in Xinjiang and Qinghai which do not have electricity access. As at the end of 2014, the delivery of household system has been completed. The phase II of electricity-access construction work for Tibet will commence in 2015 with a capacity to be constructed of 13.7 MW.

As at 31 December 2014, the consolidated installed capacity of the Group's other renewable energy was 279.6 MW, among which the consolidated installed capacity of solar power generation projects accounted for 159.7 MW, biomass power generation projects accounted for 114.0 MW, tidal power generation projects accounted for 3.9 MW and geothermal power generation projects accounted for 2.0 MW.

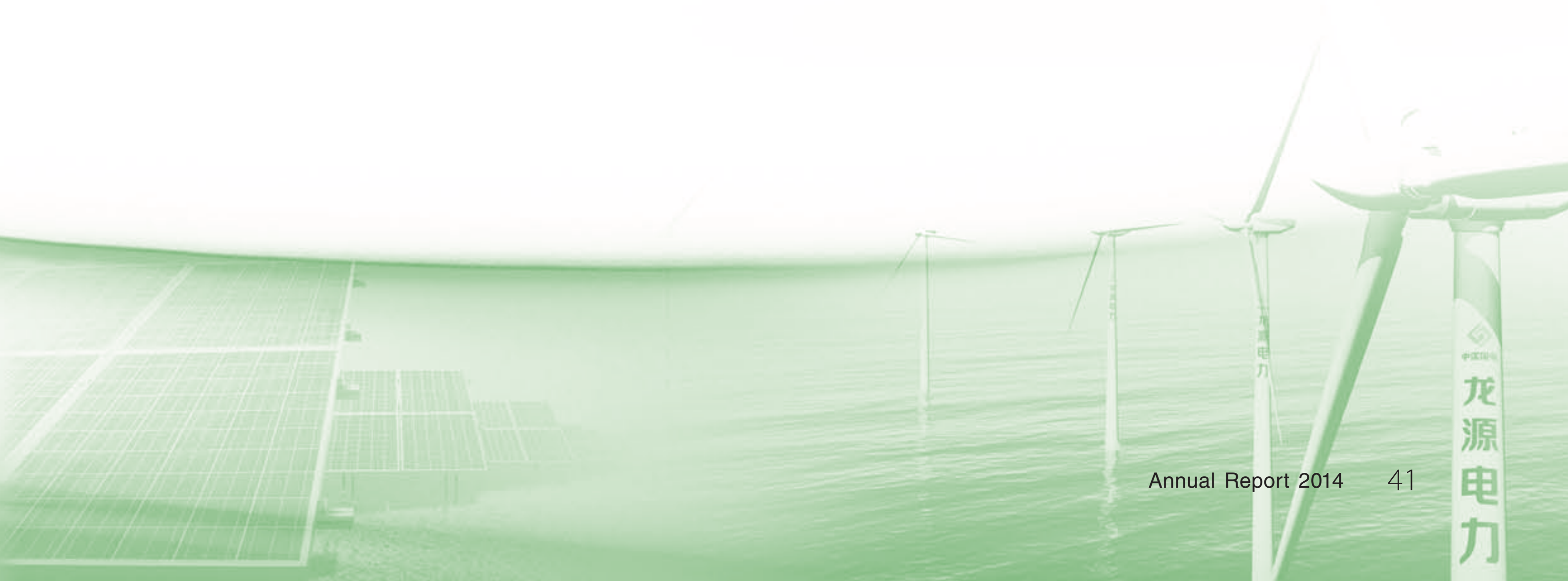
III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

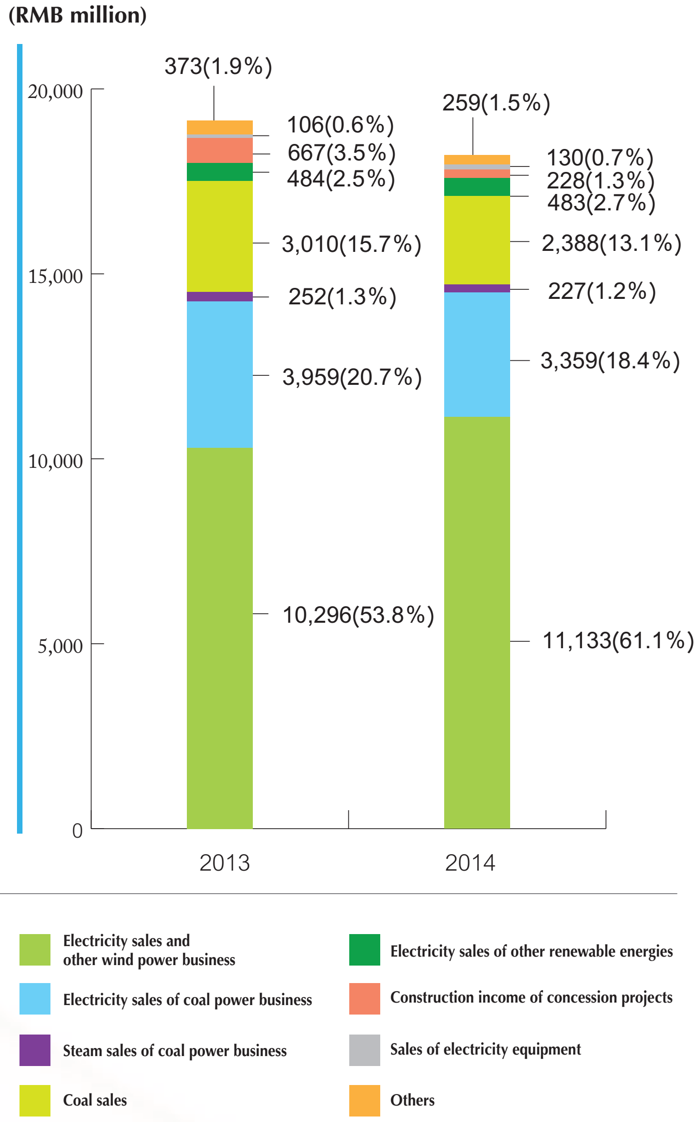
In 2014, the net profit of the Group amounted to RMB3,551 million, representing an increase of 19.5% as compared to RMB2,972 million in 2013. Net profit attributable to shareholders amounted to RMB2,558 million, representing an increase of 24.7% as compared to RMB2,052 million in 2013. Earnings per share amounted to RMB31.83 cents, representing an increase of RMB6.30 cents as compared to RMB25.53 cents in 2013.

Operating revenue

Operating revenue of the Group amounted to RMB18,207 million in 2014, representing a decrease of 4.9% as compared to RMB19,147 million in 2013. The decrease in operating revenue was primarily due to: 1) an increase of RMB837 million, or 8.1%, in electricity sales and other revenue of wind power business to RMB11,133 million in 2014 as compared to RMB10,296 million in 2013; 2) a decrease of RMB600 million, or 15.2%, in revenue from sales of electricity of coal power business to RMB3,359 million as compared to RMB3,959 million in 2013, which was primarily attributable to the decrease of electricity sales volume of coal power business of 1,372 million kWh, or 13.3%, as compared to that in 2013, and the downward adjustment to the benchmark tariff of electricity generated by desulphurization coal-fired power generating units by the PRC government in September 2013 and 2014 respectively. The non-tax average tariff of coal power electricity decreased by RMB8 per MWh as compared to that in 2013; 3) a decrease of RMB622 million, or 20.7%, in revenue from coal sales of coal power business to RMB2,388 million as compared to RMB3,010 million in 2013, which was primarily attributable to the decrease in sales volume and selling price of coal under the downturn of coal market; and 4) a sharp decrease in service concession construction revenue of wind power business to RMB228 million as compared to RMB667 million in 2013, which was primarily attributable to the decrease of construction volume of service concession projects under construction.



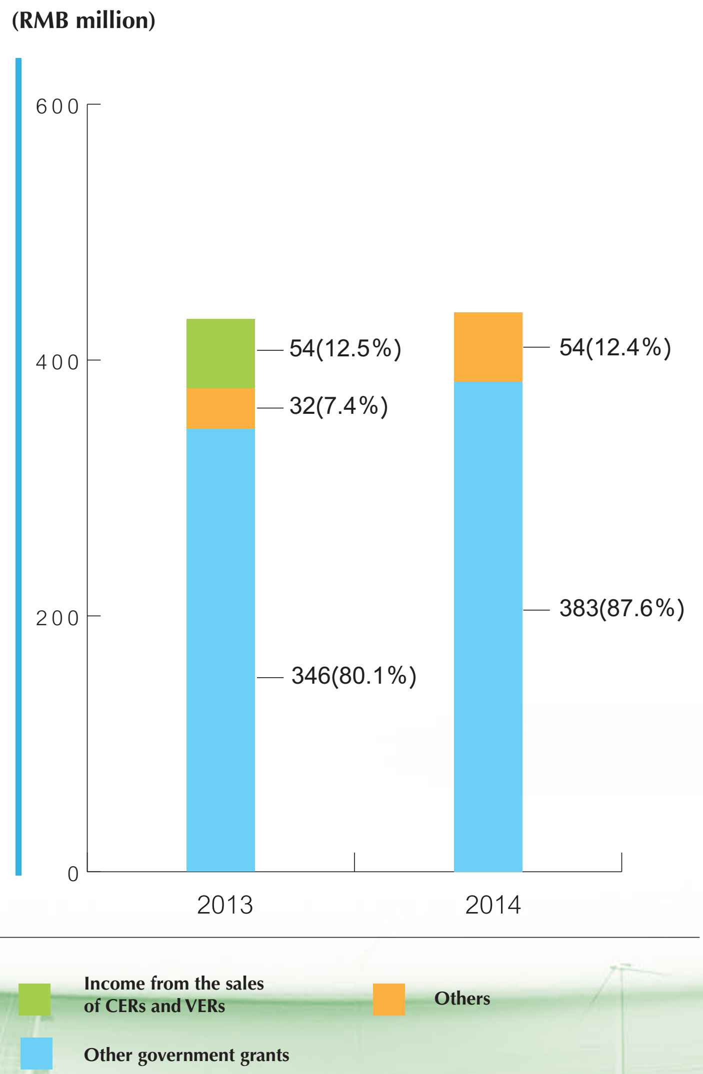
The operating revenue of each segment and their respective proportions are set out in the diagram below:



Other net income

Other net income of the Group amounted to RMB437 million in 2014, which increased by 1.2% as compared to RMB432 million in 2013 which was mainly caused by following reasons: 1) in line with the increase in revenue from electricity sales of wind power business, the refund of value-added tax and other government grants amounted to RMB383 million in 2014, representing an increase of RMB37 million as compared to that in 2013; 2) the net income from the sales of CERs and VERs amounted to RMB54 million in 2013, while there was no similar income in 2014; and 3) the gain from the disposal of Guodian Liaocheng Biomass Power in 2014 amounted to RMB29 million, while there was no similar income in 2013.

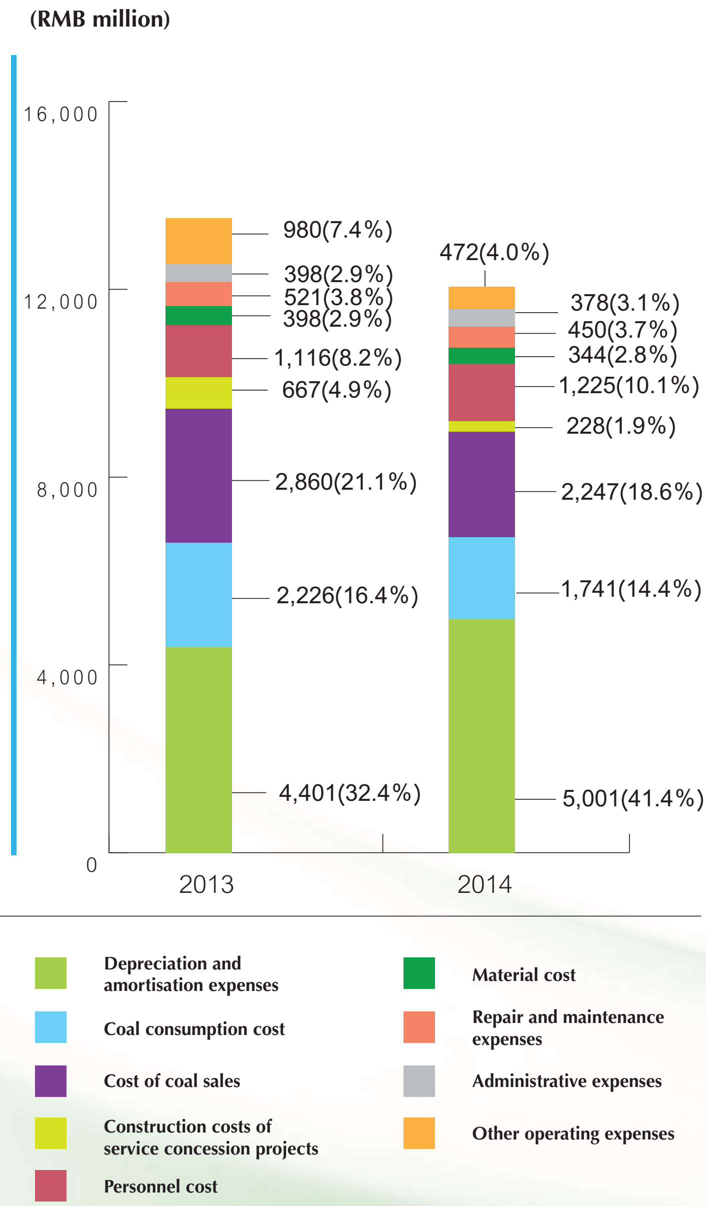
The breakdown of other net income items and their respective proportions are set out in the diagram below:



Operating expenses

Operating expenses of the Group amounted to RMB12,086 million in 2014, representing a decrease of 10.9% as compared to RMB13,567 million in 2013, primarily due to the increase in the depreciation and amortisation expenses of the wind power business, the decrease in the coal consumption costs and the cost of coal sales in the coal power business and the decrease in the construction cost of the service concession projects. Furthermore, the provision made by other businesses for impairment losses of certain assets of biomass companies in 2013 also contributed to the decrease, there was no similar provision in 2014.

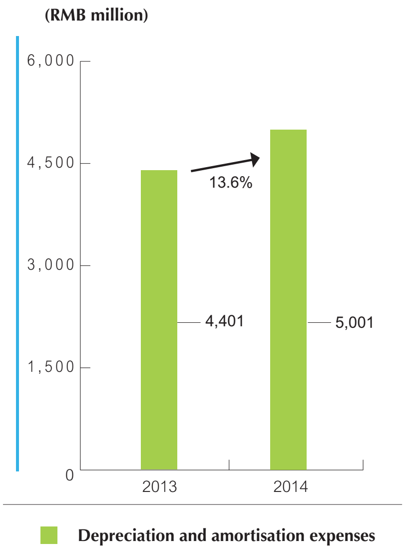
Operating expenses items and their respective proportions are set out in the diagram below:



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB5,001 million in 2014, representing an increase of 13.6% as compared to RMB4,401 million in 2013, primarily due to an increase of RMB562 million, or 14.8%, in depreciation and amortisation expenses of wind power business over 2013 as a result of expansion in the installed capacity of wind power projects.

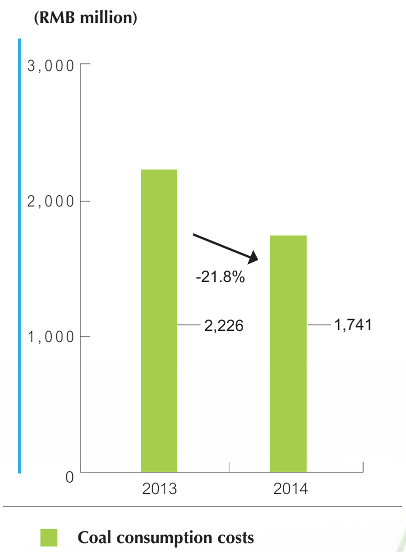
The depreciation and amortisation expenses are set out in the diagram below:



Coal consumption costs

The coal consumption costs of the Group amounted to RMB1,741 million in 2014, representing a decrease of 21.8% as compared to RMB2,226 million in 2013. The main reasons are as follows: 1) a decrease of approximately 10.7% in the average unit price of standard coal for power and steam generation compared with that of 2013 as affected by the decrease in the price of coal in 2014; and 2) a decrease of approximately 12.9% in the coal consumption as a result of the decrease in power generation.

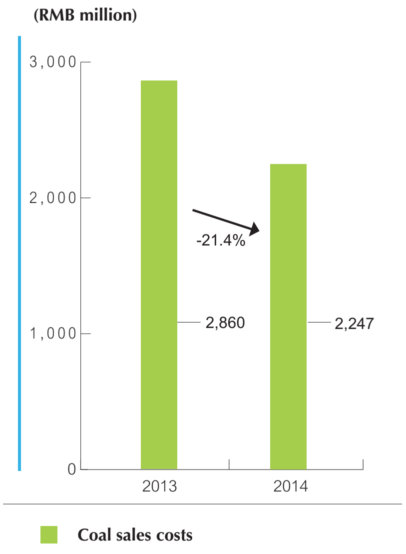
The coal consumption costs are set out in the diagram below:



Coal sales costs

The coal sales costs of the Group in 2014 amounted to RMB2,247 million, representing a decrease of 21.4% as compared to RMB2,860 million in 2013. The main reasons are as follows: 1) a decrease of approximately 12.3% in the average procurement price of coal for the year of 2014; and 2) a decrease of approximately 10.4% in the sales volume of coal as compared with that of 2013.

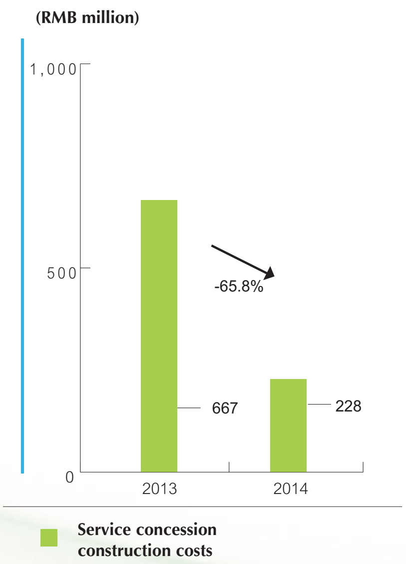
The coal sales costs are set out in the diagram below:



Service concession construction costs

The Group's service concession construction costs in 2014 amounted to RMB228 million, representing a decrease of 65.8% as compared to RMB667 million in 2013, primarily due to a decrease of construction volume of service concession projects under construction in 2014 as compared with that of 2013.

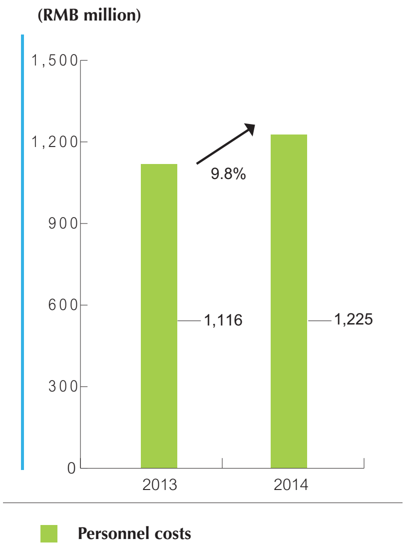
The service concession construction costs are set out in the diagram below:



Personnel costs

Personnel costs of the Group amounted to RMB1,225 million in 2014, representing an increase of 9.8% as compared to RMB1,116 million in 2013. The main reasons are as follows: 1) an increase in headcounts as a result of the Group's expansion; and 2) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

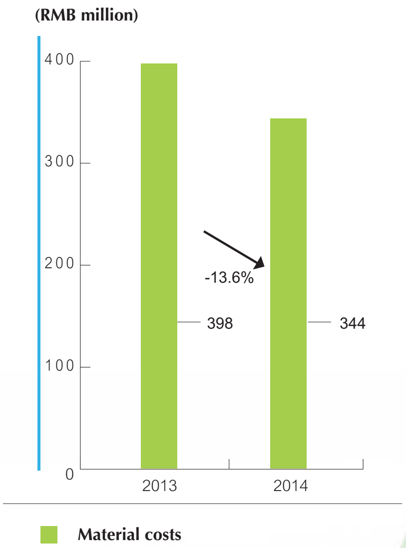
The personnel costs are set out in the diagram below:



Material costs

Material costs of the Group amounted to RMB344 million in 2014, representing a decrease of 13.6% as compared to RMB398 million in 2013, primarily due to the decrease in material costs of biomass companies caused by the disposal of Guodian Liaocheng Biomass Power.

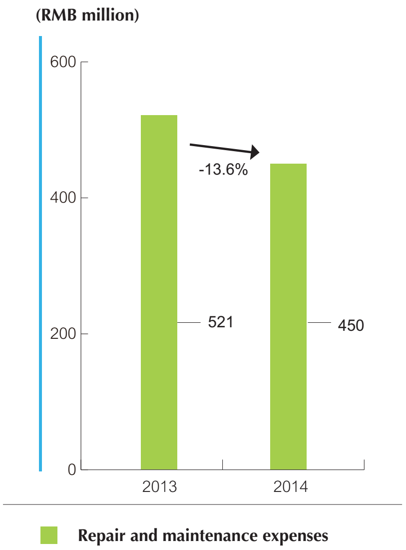
The material costs are set out in the diagram below:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB450 million in 2014, representing a decrease of 13.6% as compared to RMB521 million in 2013, mainly due to that the Group innovated control mechanism for repair costs, formulated repair costs assessment indicators for different types of equipment and implemented whole-process closed-loop management, which led to a decrease of 16.9% in the repair and maintenance expenses of wind power business as compared to 2013, and that of coal power business were basically maintained at the same level, as compared to 2013.

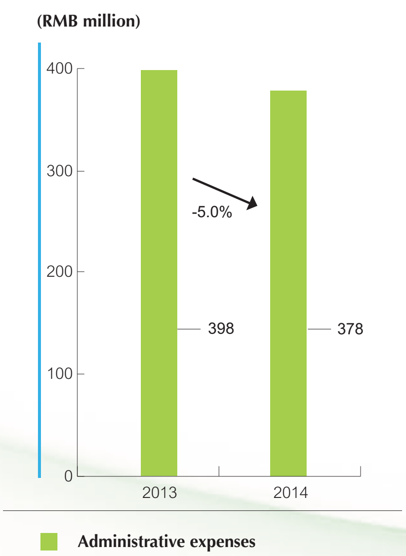
The repair and maintenance expenses are set out in the diagram below:



Administrative expenses

Administrative expenses of the Group amounted to RMB378 million in 2014, representing a decrease of 5.0% as compared to RMB398 million in 2013. Such decrease was primarily due to the continuously effective control on the office and meeting expenses, transportation expenses and other expenses of the Group.

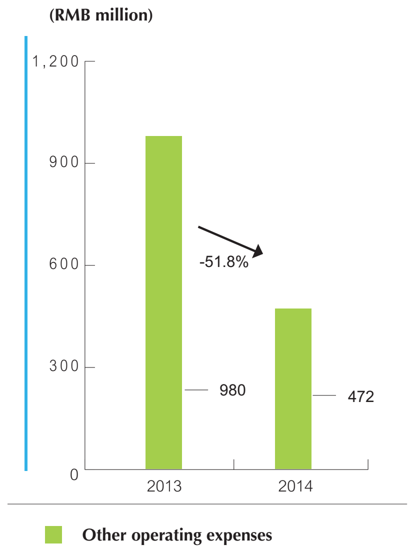
The administrative expenses are set out in the diagram below:



Other operating expenses

Other operating expenses of the Group amounted to RMB472 million in 2014, representing a decrease of 51.8% as compared to RMB980 million in 2013. The main reasons are as follows: 1) as unforeseeable changes had occurred to the biomass power generation market in 2013 and its future development was uncertain, the management of the Company decided to make provision for the impairment losses on certain assets of biomass companies in 2013 amounting to approximately RMB492 million, while there was no similar provision in 2014; and 2) the increase in operating expenses of insurance fees, water and electricity fees, due to the increase in installed capacity as a result of the expansion of the Group's business.

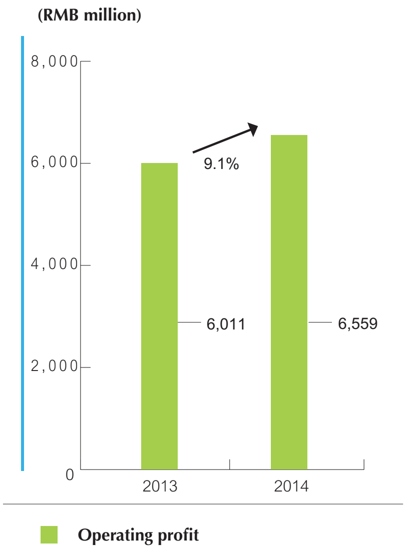
The other operating expenses are set out in the diagram below:



Operating profit

In 2014, the operating profit of the Group amounted to RMB6,559 million, representing an increase of 9.1% as compared to RMB6,011 million in 2013. The main reasons are as follows: 1) the operating profit of the wind power business amounted to RMB5,686 million in 2014, representing an increase of RMB409 million, or 7.8% from RMB5,277 million in 2013. It was mainly attributable to the increase of the sales of electricity in wind power business led by factors of the increased installed capacity of the wind power business, enhanced management efficiency, and remitted grid curtailment, while the increase in the operating profit of the wind power business was basically in line with the increase in sales of electricity; 2) the operating profit of the coal power business amounted to RMB792 million in 2014, representing a decrease of RMB348 million, or 30.5% as compared to RMB1,140 million in 2013, which was primarily attributable to the decrease in sales of electricity in coal power business and decrease in the unit price of electricity sales, resulting in a decrease of gross profit of electricity sales compared with 2013; and 3) the operating profit of other business in 2014 was RMB199 million, increased by RMB453 million compared with the operating loss of RMB254 million in 2013, which was primarily attributable to the provision for impairment losses on certain assets of biomass companies amounting to approximately RMB492 million in 2013, while there was no similar provision in 2014.

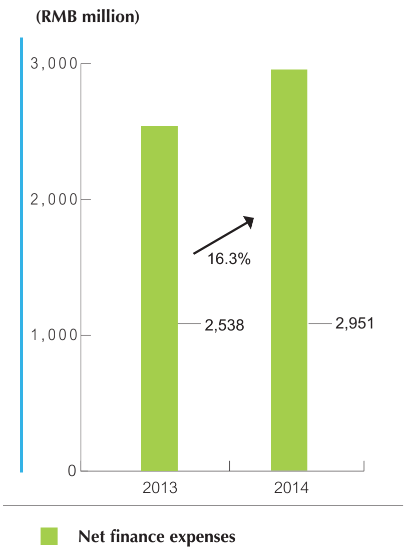
Operating profit is set out in the diagram below:



Net finance expenses

The net finance expenses of the Group amounted to RMB2,951 million in 2014, representing an increase of 16.3% as compared to RMB2,538 million in 2013. The main reasons are as follows: 1) an increase of approximately RMB154 million in the interest expenses as compared with that in 2013 as more projects under construction commenced operations; 2) provision for impairment losses of RMB142 million was recognised for the CDM receivables with low recoverability based on the Group's assessment in 2013, while no such provision were recorded in 2014; and 3) loss on changes in fair value amounting to approximately RMB86 million from the trading securities held by the Group in 2014.

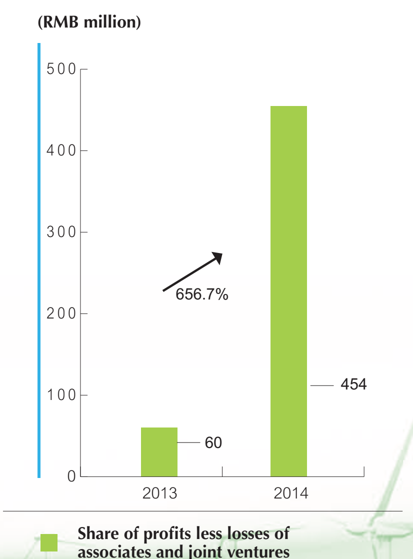
The net finance expenses are set out in the diagram below:



Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB454 million in 2014, representing an increase of 656.7% as compared to RMB60 million in 2013. The main reasons are as follows: 1) the increase of approximately RMB330 million in the share of profits less losses of associates and joint ventures of coal power business recognised in accordance with the Group's share proportion in Jiangsu Nantong Power Generation Co, Ltd. (江蘇南通發電有限公司), a joint venture, which commenced operations this year; and 2) the increase of profit of other associates and joint ventures in 2014 as compared to that in 2013.

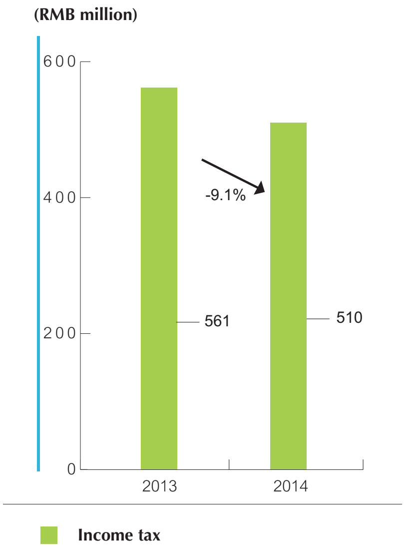
The share of profits less losses of associates and joint ventures is set out in the diagram below:



Income tax

Income tax of the Group amounted to RMB510 million in 2014, representing a decrease of 9.1% as compared to RMB561 million in 2013. The main reasons are as follows: 1) income tax decreased by RMB60 million as compared to that of 2013 as share of profit of a joint venture attributable to the coal power business which accounted for a larger portion in the profit before taxation in 2014 was exempted from income tax; 2) as the changes in fair value of trading securities in 2014, income tax decreased by RMB82 million as compared to 2013; and 3) as the profit before tax of wind power business increased, income tax increased by RMB94 million as compared to 2013.

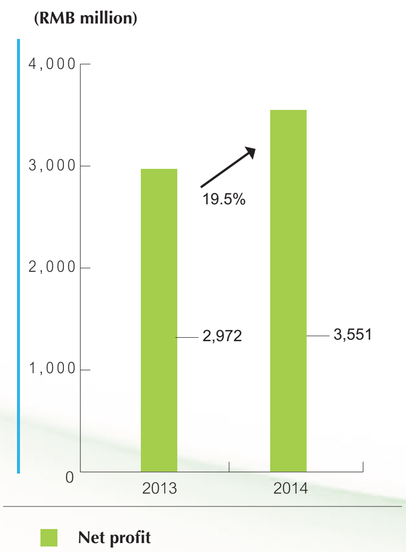
The income tax is set out in the diagram below:



Net profit

In 2014, the net profit of the Group amounted to RMB3,551 million, representing an increase of 19.5% as compared to RMB2,972 million in 2013, mainly attributable to the increase in operating profit of wind power business amounting to RMB409 million as compared to that of 2013; the provision of RMB492 million for the impairment losses of certain assets of biomass companies in 2013, provision for bad debts of receivables of CDM amounting to RMB142 million in 2013, while no similar provision in 2014 and an increase of RMB413 million in loss on changes in fair value of the Group's trading securities in 2014 as compared to that of 2013.

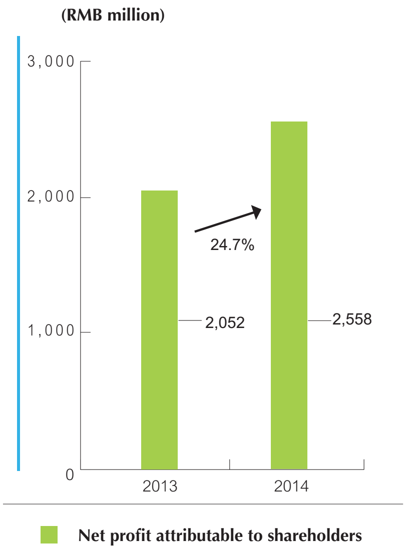
The net profit is set out in the diagram below:



Net profit attributable to shareholders

In 2014, net profit attributable to shareholders of the Group amounted to RMB2,558 million, representing an increase of 24.7% as compared to RMB2,052 million in 2013, mainly attributable to the increase in net profit from wind power business and other business, most equity interests of which were held by shareholders of the Group.

The net profit attributable to shareholders is set out in the diagram below:



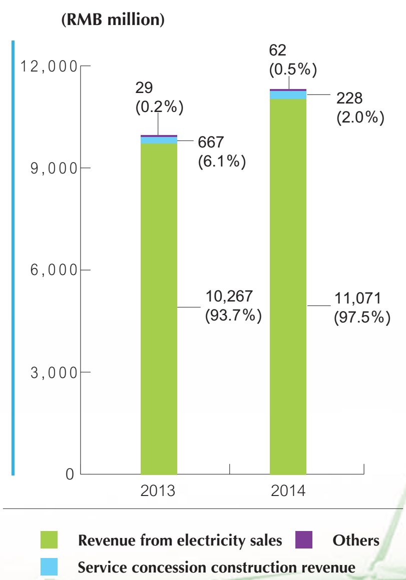
Segment results of operations

Wind power business

Operating revenue

In 2014, the operating revenue of the wind power business of the Group amounted to RMB11,361 million, representing an increase of 3.6% from RMB10,963 million in 2013, primarily due to the increase in electricity sales revenue derived from growing power generation led by the continuous increase of installed capacity of wind power business, enhanced management efficiency and remitted grid curtailment, and the fact that construction revenue from service concession projects decreased significantly resulting from the decrease in construction volumes.

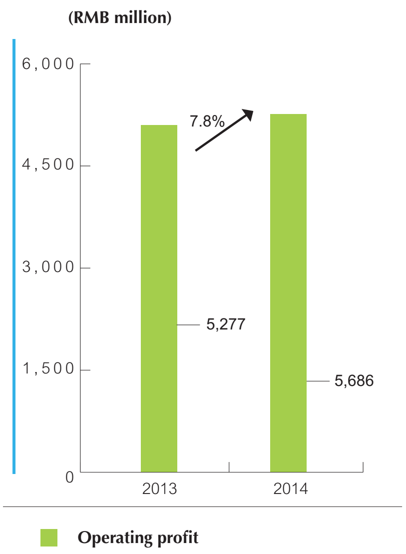
Operating revenue of the wind power business and proportions are set out in the diagram below:



Operating profit

In 2014, the operating profit of the wind power business of the Group amounted to RMB5,686 million, representing an increase of 7.8% as compared to RMB5,277 million in 2013, primarily due to: 1) the increase in revenue from electricity sales of our wind power business amounted to RMB804 million or 7.8%; and 2) the increase in depreciation and amortisation expenses of wind power business amounted to RMB562 million, and decrease in repair and maintenance expenses and administrative expenses amounted to RMB70 million and RMB84 million respectively as compared to that of 2013. The growth rate in operating profit of wind power business is basically the same as that of the revenue of electricity sales and operating expenses of wind power business (excluding construction cost of service concession projects).

Operating revenue of the wind power business is set out in the diagram below:

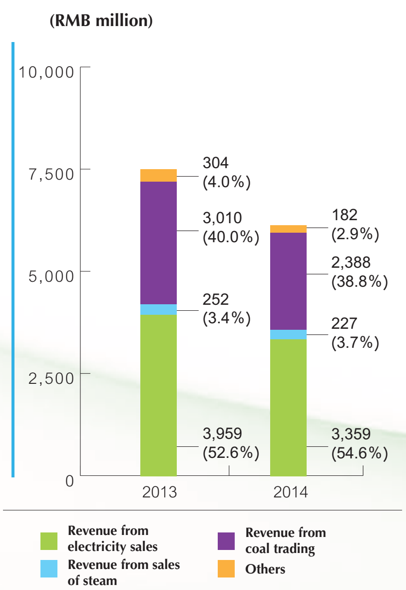


Coal power business

Operating revenue

In 2014, operating revenue of our coal power business amounted to RMB6,156 million, representing a decrease of 18.2% as compared to RMB7,525 million in 2013. Such decrease was primarily attribute to: 1) in 2014, power generation decreased as compared to 2013, sales of electricity decreased by 1,372 million kWh as compared to 2013 while revenue from electricity sales decreased by 15.2% due to decline in unit selling price of electricity; and 2) given the downturn in the coal market, both the unit selling price and sales volume of coal trading business recorded decrease, resulting in a decrease of 20.7% in revenue from sales of coal.

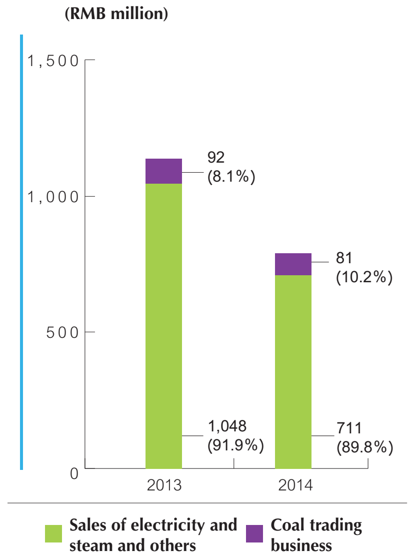
Operating revenue of the coal power business proportions are set out in the diagram below:



Operating profit

In 2014, operating profit of our coal power business amounted to RMB792 million, representing a decrease of 30.5% as compared to RMB1,140 million in 2013. The main reasons are as follows: 1) in 2014, the decrease in electricity sales and the decrease in the unit selling price of electricity resulted in a decrease in gross profit from sales of electricity as compared to 2013; and 2) a decrease of approximately RMB111 million in profit from substituting power generation as compared to 2013.

Operating profit of the coal power business and proportions are set out in the diagram below:

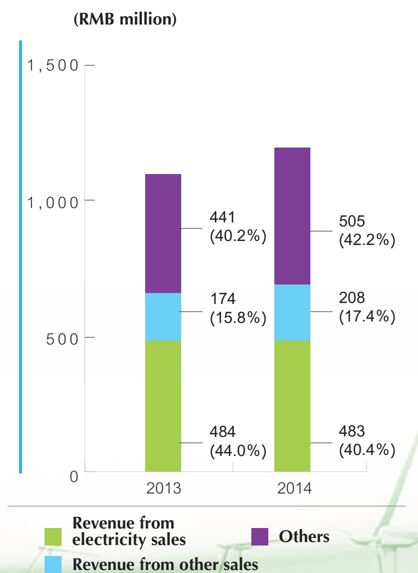


Other segments

Operating revenue

In 2014, the operating revenue of other segments amounted to RMB1,196 million, representing an increase of 8.8% as compared to RMB1,099 million in 2013. The main reasons are as follows: 1) the increase in revenue from sales of electricity as result of the increased installed capacity of solar power generation during the year; and 2) Longyuan (Beijing) Wind Power Projects Technology Co., Ltd., which is a subsidiary of other segments, recorded increase in sales of flanges and spare parts in 2014, leading to the increase in revenue from sales of goods.

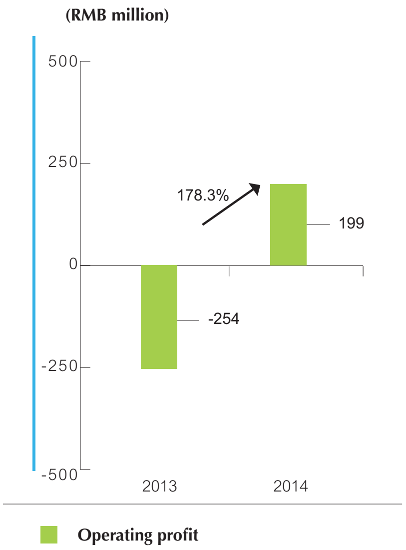
Operating revenue of other segments and proportions are set out in the diagram below:



Operating profit

In 2014, the operating profit of other segments of the Group amounted to RMB199 million, representing a net increase of 178.3% as compared to the operating loss of RMB254 million in 2013. Such increase was primarily attributable to the provision for impairment losses of biomass business amounting to approximately RMB492 million in 2013, while there was no similar provision in 2014.

Operating profit of other segments is set out in the diagram below:



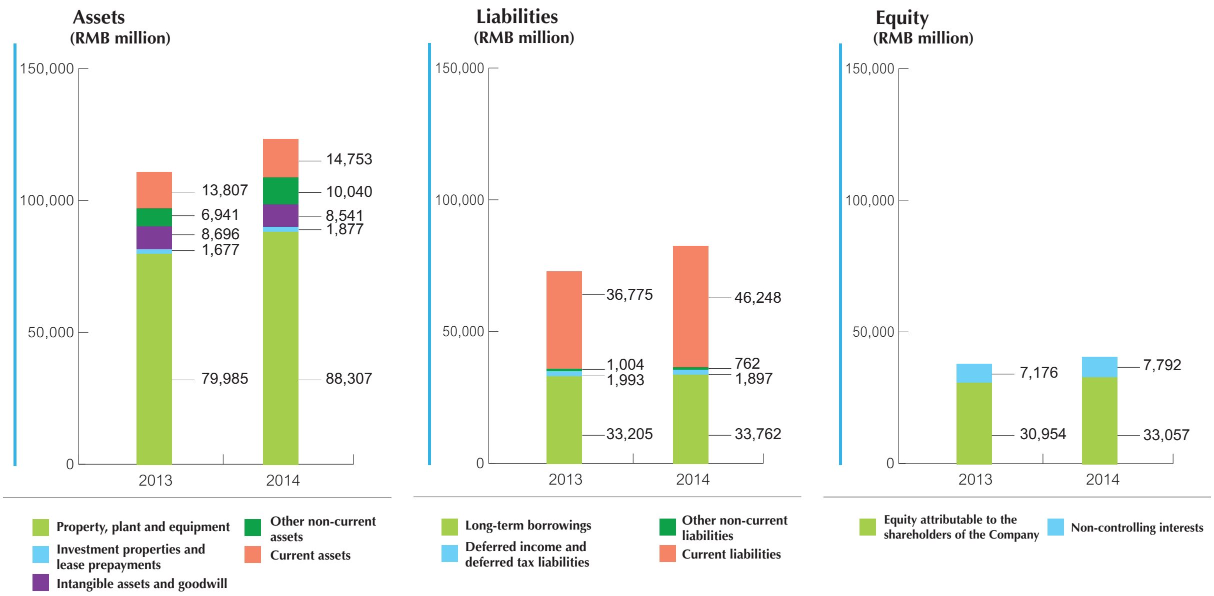
Assets and liabilities

As at 31 December 2014, total assets of the Group amounted to RMB123,518 million, representing an increase of RMB12,412 million as compared with total assets of RMB111,106 million as at 31 December 2013. This was primarily due to: 1) an increase of RMB11,466 million in non-current assets including property, plant and equipment; and 2) an increase of RMB946 million in current assets including prepayments.

As at 31 December 2014, total liabilities of the Group amounted to RMB82,669 million, representing an increase of RMB9,692 million as compared to total liabilities of RMB72,977 million as at 31 December 2013. This was primarily due to an increase of RMB219 million in non-current liabilities including long-term borrowings for project construction and an increase of RMB9,473 million in current liabilities including trade creditors and bills payable.

As at 31 December 2014, equity attributable to the shareholders of the Company amounted to RMB33,057 million, representing an increase of RMB2,103 million as compared with RMB30,954 million as at 31 December 2013.

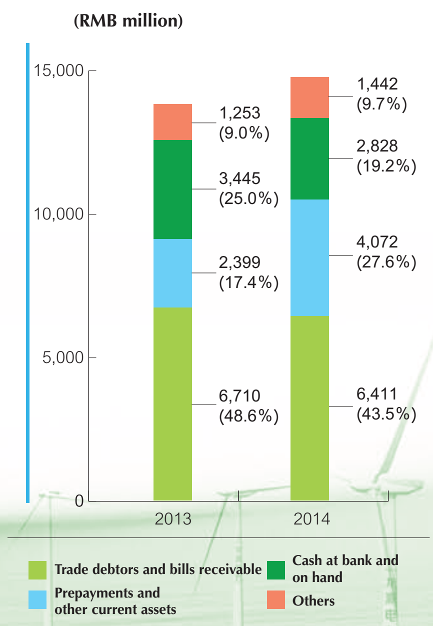
Details of assets, liabilities and equity are set out in the diagram below:



Capital liquidity

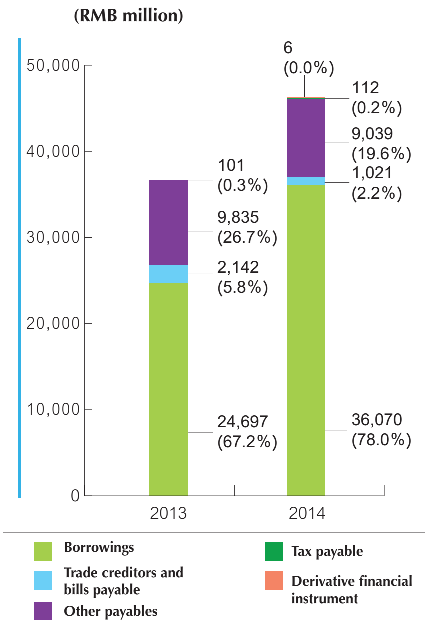
As at 31 December 2014, current assets of the Group amounted to RMB14,753 million, among which, trade debtors and bills receivable primarily consisted of receivables from sales of electricity; prepayments and other current assets primarily consisted of deductible value-added tax and advances.

Current assets and proportions are set out in the diagram below:



As at 31 December 2014, current liabilities of the Group amounted to RMB46,248 million, including trade creditors and bills payable (primarily consisting of payables for purchase of coal fuels and spare parts) and other payables (primarily consisting of payables for construction of wind power projects and related retention payables).

Details of current liabilities and proportions are set out in the diagram below:



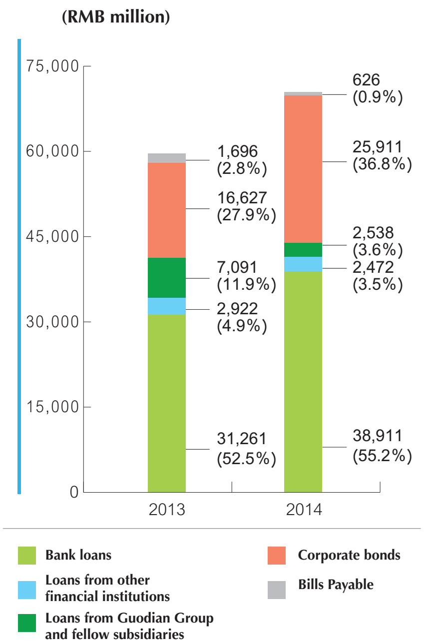
As at 31 December 2014, net current liabilities amounted to RMB31,495 million, representing an increase of RMB8,527 million as compared with RMB22,968 million as at 31 December 2013. The liquidity ratio was 0.32 as at 31 December 2014, representing a decrease of 0.06 as compared with the liquidity ratio of 0.38 as at 31 December 2013.

Restricted deposits amounted to RMB440 million, mainly including deposits for bills and issuance of the letter of credit.

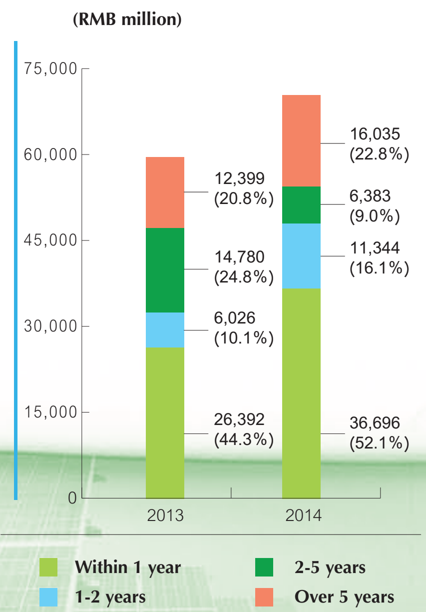
Borrowings and bills payable

As at 31 December 2014, the Group's balance of the borrowings and bills payable amounted to RMB70,458 million, representing an increase of RMB10,861 million as compared with the balance of the borrowings and bills payable of RMB59,597 million as at 31 December 2013. As at 31 December 2014, the Group's outstanding borrowings and bills including short-term borrowings and bills payable of RMB36,696 million (including long-term borrowings due within one year of RMB8,367 million and bills payable of RMB626 million) and long-term borrowings amounting to RMB33,762 million (including debentures payable of RMB9,828 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB58,907 million, borrowings denominated in U.S. dollars of RMB10,378 million and borrowings denominated in other foreign currencies of RMB1,173 million. As at 31 December 2014, the long-term liabilities with fixed interest rates of the Group including long-term borrowings with fixed interest rates of RMB3,893 million and corporate bonds with fixed interest rates of RMB9,828 million. As at 31 December 2014, the balance of bills payable issued by the Group amounted to RMB626 million.

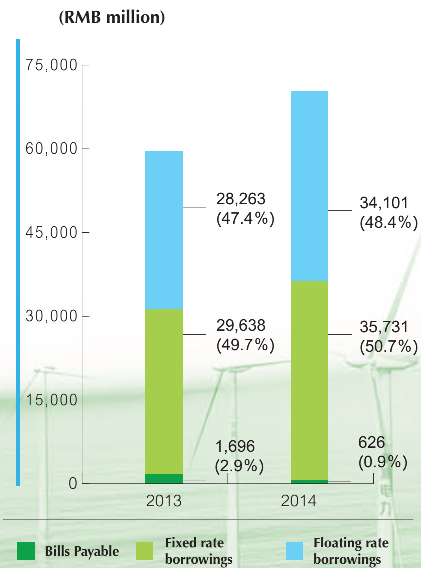
Borrowings and bills payable by category and proportions are set out in the diagram below:



Borrowings and bills payable by term and proportions are set out in the diagram below:



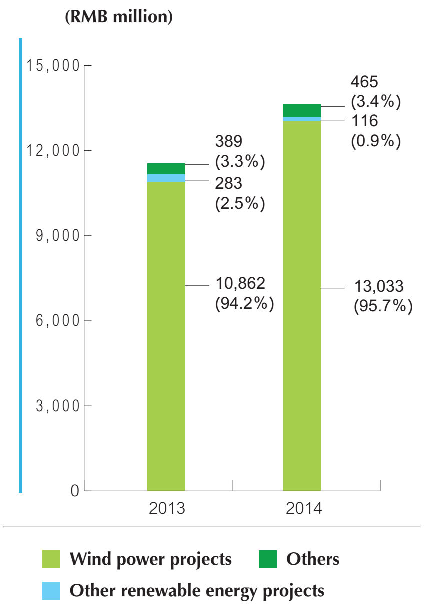
The type of interest rate structures of borrowings and bills payable and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB13,614 million in 2014, representing an increase of 18.0% as compared with RMB11,534 million in 2013, among which, the expenditures for the construction of wind power projects amounted to RMB13,033 million, and the expenditures for the construction of other renewable energy projects amounted to RMB116 million. The sources of funds mainly included the proceeds from borrowings from banks and other financial institutions and the issue of bonds.

Capital expenditures classified by use and proportions are set out in the diagram below:



Net gearing ratio

As at 31 December 2014, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by the sum of net debt and total equity, was 62.28%, representing an increase of 3.14 percentage points from 59.14% as at 31 December 2013. This was primarily due to the expansion of debt scale and the slight increase in total equity of the Group in 2014.

Major investments

The Group made no major investment in 2014.

Material acquisitions and disposals

In 2014, the Group acquired the 51% equity interests in Guodian Chongqing Wind Power Development Co., Ltd. (國電重慶風電開發有限公司) at a consideration of RMB59 million.

In 2014, the Group disposed its 52% equity interests in Guodian Liaocheng Biomass Power. Upon the completion of the disposal, the Group ceased to hold any interests in that company.

Pledged assets

The Group has pledged wind turbine equipments to secure certain bank loans. As at 31 December 2014, the aggregate net book value of the pledged assets amounted to RMB231 million, representing a decrease of 7.2% as compared with RMB249 million as at 31 December 2013. This was primarily due to the corresponding decrease in the net book value of pledged assets as a result of the depreciation of wind turbines.

Contingent liabilities/Guarantees

As at 31 December 2014, the Group provided a RMB52 million guarantee for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 31 December 2014, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB16 million.

Cash flow analysis

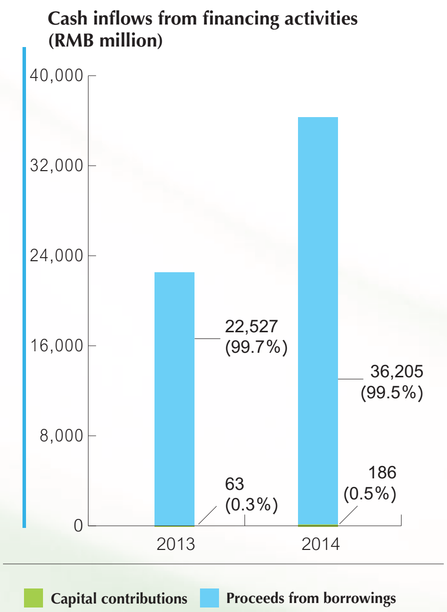
As at 31 December 2014, cash at bank and on hand held by the Group amounted to RMB2,389 million, representing a decrease of RMB330 million as compared with RMB2,719 million as at 31 December 2013. The principal sources of funds of the Group mainly include cash inflow generated from operation activities, the issuance of corporate bonds and bank loans. The Group mainly used the funds for the construction of projects, repayment of borrowings and dividends paid to shareholders of the Company.

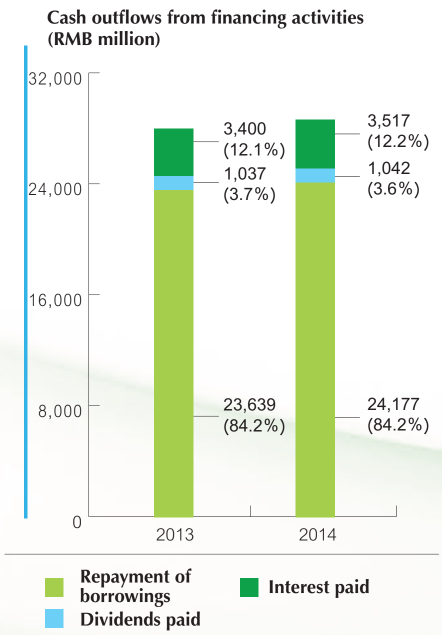
The net cash inflow of the Group's operating activities amounted to RMB12,868 million in 2014, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and operating expenses.

The net cash outflow from investing activities of the Group for 2014 was RMB20,848 million. The cash outflow for investment activities were mainly used for the construction of wind power project.

The net cash inflow from financing activities of the Group for 2014 was RMB7,655 million. The cash inflow from financing activities was mainly generated from the issue of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Cash inflows from financing activities and cash outflows of financing activities are set out as below:





IV. RISK FACTORS AND RISK MANAGEMENT

1. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is mainly represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. In 2014, the Group carried out a through general survey of wind resources in the nationwide provinces, cities and counties relying on the wind resource numerical simulation technique and stressed high quality resource projects, forming a situation of flourishing everywhere to cope with the risks brought about by climatic changes. The Group will continue to adopt advanced anemography technologies to strengthen the development efforts of wind power in the eastern and southeastern coastal areas and inlands in the southwest and middle of China, including Shandong, Jiangsu, Shanxi, Fujian, Shaanxi, Anhui, Zhejiang, Tianjin, Hainan, Yunnan, Guizhou, etc. and to further balance the project development ratio in the regions subject to the impact of different monsoons.

2. Risks relating to grids

In recent years, the grid curtailment has become an issue with high degree of concern and with much effort, the Group managed to decrease the loss arising from the grid curtailment in 2014 as compared with last year. However, due to factors such as uneven distribution of power utility loads in the society and unreasonable grid connection structure, the problem of grid curtailment in certain areas still exists. The Group will study the future characteristics and absorption of wind power, accurately judge the changing trends of policies, make adjustments to the development layout of wind power, expand the scale of construction in regions not subject to grid curtailment, and reinforce the selection of generating units in the regions subject to grid curtailment. The Group will enhance proactive communication with the government and grid companies, and take the initiative of capturing market share of power generation. Internally, it will strengthen production and operation management, optimise means of operation, arrange examination and maintenance of power generating units in a reasonable manner and minimize decommission time of power generating units as far as possible.

3. Interest rate risk

The Group is principally engaged in domestic investment in wind farms, which requires enormous capital expenditure and a large amount of loan fund. Therefore, any changes in interest rate will have certain impacts on the Group's cost of funds. With sound performance and credibility, a stable debt structure and diversified financing channels, the financing interest rate incurred always remain significantly lower than the average level among the peers. Meanwhile, the Group will, through active participation in direct financing markets within and outside the PRC, explore new financial products, extensively widen its access to financial products with long term and fixed interest rates in order to effectively avert interest rate risks. In addition, the Group will pay close attention to changes of policy in the domestic and international financial markets, timely adopt a targeted financing model during fluctuation of interest rate so as to partially offset the impacts on financial costs brought by changes in interest rates.

4. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group's investments are carried out abroad and a small amount of its loans are denominated in foreign currencies, therefore fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group closely monitors and analyses the fluctuations in the foreign exchange rate, reasonably designs approaches to use foreign currencies, reduces cross exchanges transaction and adopts various approaches to improve risk management of the currency exchange rate.

5. Risk in fuel prices

The Company owns two coal power plants with installed capacity of 1,875 MW. The fluctuations in coal prices will have impacts on the operating results of the Company's coal power business. The Group reinforced its investigation and research analysis on coal and shipping markets and proactively sought to achieve the best balance between stable supply and cost reduction. The Group grasped favourable opportunities, conscientiously maintained coal strategic reserve and continuously explored resources for coal procurement as well as stabilised coal supply channels. By means of proactive liaison and communication with large scale coal supply enterprises, the Group strived to increase the rate of fulfillment of planned coal capacity. Through improving economic coal mixture for burning and blending, the Company aims to effectively reduce the energy level of coal into the furnace (入爐煤) to lay a good foundation for reducing the unit price of standard coal into the furnace. The Company will enhance its profitability by leveraging various methods of coping with changes in fuel prices and streamlining fuel management.

V. OUTLOOK IN 2015

Outlook for Domestic and Overseas Environment for Operation

The world economy is still in the deep adjustment period after the international financial crisis and the world economic growth is likely to pick up slightly in 2015. However, the overall sluggish situation of recovery is hard to show obvious improvement. Under this backdrop, the overall economy of our country maintains stable against the large downward pressure. With "three periods superimposed", economic development has entered a new normality and is turning from high-speed growth to medium high-speed growth. Meanwhile, as the environmental protection issue is increasingly severe, energy conservation and emission reduction has been raised to the height of national policy. With the official implementation of new environmental protection law of our country since 1 January 2015, energy conservation and consumption reduction, emission reduction and pollution control have become the powerful driving force for the development of the industry of renewable energy sources. 2015 is the last year of the "Twelfth Five-year Plan" and also the year of preparation for the "Thirteenth Five-year Plan". Facing the changing internal and external environments, it has become an inexorable trend in the field of power production to replace the traditional thermal power generation with new energy power generation and the continuous emergence of new technologies also provides more ideas for wind power development.

The operation targets of the Company in 2015

In 2015, the general business guidelines of the Company are, in profound adherence to the implementation of the spirits introduced by the 18th National Congress of the Communist Party of China, the Third and Fourth Plenary Sessions of the 18th CPC Central Committee and the Central Economic Working Conference in order to comprehensively deploy the various works of the Company. The Company will take the "One, Five and Five" core strategy as guidance, stress "double enhancements" in work, adhere to "eight focuses (八個注重)", pursue "four first-classes (四個一流)" and carry out the activity of "year for improvement of normalized and standardized management" in a deep-going way, so as to strengthen operation and management, deepen reform and innovation, promote advantageous development, comprehensively enhance the Company's comprehensive strength and competitiveness, and speed up building an top tier international listed new energy company.

To be specific, in 2015, the Company will endeavour to achieve the following objectives:

1. To strengthen operation of stock assets with the "double enhancements" of wind power as the focus. Vigorously consolidate safety foundation, increase the power generation, perfect the operation and management, reinforce the financial control and improve the stock assets' capacity to create value.

2. To optimize the development of earned assets with economic benefit as the centre. Stress strategic guidance, stably develop high quality projects, strictly control project progress, building high quality fine projects and achieve sustainable development with quality and benefits ensured.

3. To deepen system and mechanism reform with creating first-rate as the target. Comprehensively consolidate basic management, innovate management system and mechanism, promote corporate management capacity of leaders and cadres, innovate selection and appointment mechanism, implement driving by technological innovation and further stimulate the enterprise's development.

4. To strengthen ideological and political work for Party building with unity and harmony as the foundation. Comprehensively strengthen the Party building, comprehensively promote the construction of "interior quality and exterior image", endeavour to build a happy Longyuan and lay a solid ideological foundation for company development.

DIRECTORS' REPORT

The Board of the Company hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2014 (the "Financial Statements").

BOARD MEETINGS

During the reporting period, 11 Board meetings were held and 39 resolutions of the Board were approved by the Company:

1) The first meeting of the second session of the Board was held on 18 February 2014, during which one resolution was considered and approved;

2) The second meeting of the second session of the Board was held on 17 March 2014, during which 21 resolutions were considered and approved;

3) The third meeting of the second session of the Board was held on 27 March 2014, during which one resolution was considered and approved;

4) The fourth meeting of the second session of the Board was held on 28 April 2014, during which one resolution was considered and approved;

5) The fifth meeting of the second session of the Board was held on 1 August 2014, during which one resolution was considered and approved;

6) The sixth meeting of the second session of the Board was held on 12 August 2014, during which one resolution was considered and approved;

7) The seventh meeting of the second session of the Board was held on 19 August 2014, during which five resolutions were considered and approved;

8) The eighth meeting of the second session of the Board was held on 28 October 2014, during which one resolution was considered and approved;

9) The ninth meeting of the second session of the Board was held on 4 November 2014, during which two resolutions were considered and approved;

10) The tenth meeting of the second session of the Board was held on 29 December 2014, during which two resolutions were considered and approved;

11) The eleventh meeting of the second session of the Board was held on 31 December 2014, during which three resolutions were considered and approved.

Directors' attendance at the Board meetings is as follows:

Name	**Position in the Company**	**Number of Meetings Attended/Held**	**Attendance rate**
Qiao Baoping *(Note 1)*	Chairman of the Board and Non-executive Director	9/9	100%
Wang Baole *(Note 2)*	Non-executive Director	9/9	100%
Shao Guoyong *(Note 3)*	Non-executive Director	5/5	100%
Chen Jingdong *(Note 4)*	Non-executive Director	5/5	100%
Chen Bin *(Note 5)*	Former non-executive Director	4/4	100%
Luan Baoxing *(Note 6)*	Former non-executive Director	4/4	100%
Li Enyi	President and Executive Director	11/11	100%
Huang Qun	Executive Director	11/11	100%
Zhang Songyi	Independent non-executive Director	11/11	100%
Meng Yan	Independent non-executive Director	11/11	100%
Han Dechang *(Note 7)*	Independent non-executive Director	7/7	100%
Lv Congmin *(Note 8)*	Former independent non-executive Director	4/4	100%

Notes:

1. During the year ended 31 December 2014, the Company held a total of 11 Board meetings, in respect of two of which, Mr. Qiao Baoping was a connected Director and therefore did not attend such two meetings.

2. During the year ended 31 December 2014, the Company held a total of 11 Board meetings, in respect of two of which, Mr. Wang Baole was a connected Director and therefore did not attend such two meetings.

3. Mr. Shao Guoyong was appointed as a non-executive Director on 22 May 2014. Subsequent to his appointment, seven Board meetings of the Company have been held for the year ended 31 December 2014, in respect of two of which, he was a connected Director and therefore did not attend such two meetings.

4. Mr. Chen Jingdong was appointed as a non-executive Director on 22 May 2014. Subsequent to his appointment, seven Board meetings of the Company have been held for the year ended 31 December 2014, in respect of two of which, he was a connected Director and therefore did not attend such two meetings.

5. Mr. Chen Bin resigned as a non-executive Director on 22 May 2014. Prior to his resignation, four Board meetings of the Company have been held for the year ended 31 December 2014.

6. Mr. Luan Baoxing resigned as a non-executive Director on 22 May 2014. Prior to his resignation, four Board meetings of the Company have been held for the year ended 31 December 2014.

7. Mr. Han Dechang was appointed as an independent non-executive Director on 22 May 2014. Subsequent to his appointment, seven Board meetings of the Company have been held for the year ended 31 December 2014.

8. Mr. Lv Congmin resigned as an independent non-executive Director on 22 May 2014. Prior to his resignation, four Board meetings of the Company have been held for the year ended 31 December 2014.

Save as disclosed above, during the year of 2014, non-executive Directors (including independent non-executive Directors) held one meeting of non-executive Directors.

The terms of office of the aforesaid Directors shall expire at the expiry of the term of the second session of the Board.

SHARE CAPITAL

As of 31 December 2014, the total share capital of the Company was RMB8,036,389,000, divided into 8,036,389,000 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in Note 35(c) to the Financial Statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association of the Company and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Group is principally engaged in the design, development, construction, management and operation of wind farms in areas with abundant wind resources in the PRC and the sales of electricity to the local grid companies. Details of major subsidiaries and associates of the Company are set out in Note 19 and 20 to the Financial Statements respectively.

PERFORMANCE

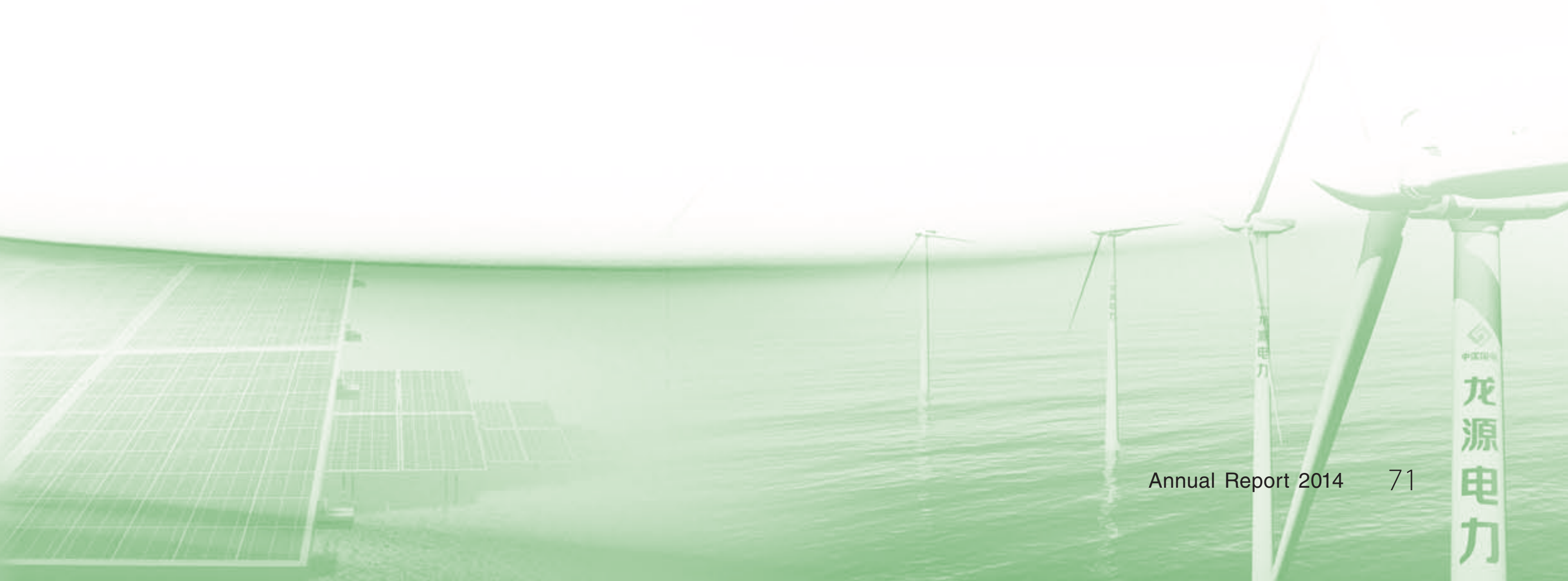
The audited results of the Company and its subsidiaries for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 140 to 141. The financial position of the Company and its subsidiaries as of 31 December 2014 is set out in the consolidated balance sheet on pages 142 to 144. The cash flow of the Company and its subsidiaries for the year ended 31 December 2014 is set out in the consolidated statement of cash flows on pages 149 to 151.

A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are set out in the Management's Discussion and Analysis on pages 27 to 66 of this annual report.

PROFIT DISTRIBUTION

The Board recommends to distribute a final dividend of RMB0.0597 per share (tax inclusive) in cash to the shareholders for the year ended 31 December 2014. The aforesaid dividend will be distributed upon approval by shareholders at the forthcoming annual general meeting of the Company.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2014 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by



non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

For investors of Southbound Trading, the Company has entered into the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depositary and clearing system.

The cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in properties, plants and equipment of the Company and its subsidiaries during the year are set out in Note 15 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 35(a) to the Financial Statements, among which, details of reserves distributable to the shareholders are set out in Note 35(e) to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2014 are set out in Note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth some information concerning the Directors, supervisors and senior management of the Company for the year ended 31 December 2014.

Name	Position in the Company	Date of Appointment/re-election
Qiao Baoping	Chairman of the Board and Non-executive Director	Appointed on 30 July 2013
Wang Baole	Non-executive Director	Re-elected on 3 July 2012
Shao Guoyong	Non-executive Director	Appointed on 22 May 2014
Chen Jingdong	Non-executive Director	Appointed on 22 May 2014
Li Enyi	Executive Director	Appointed on 30 July 2013
	President	Appointed on 26 April 2013
Huang Qun	Executive Director	Re-elected on 3 July 2012
Zhang Songyi	Independent Non-executive Director	Re-elected on 3 July 2012
Meng Yan	Independent Non-executive Director	Re-elected on 3 July 2012
Han Dechang	Independent Non-executive Director	Appointed on 22 May 2014
Xie Changjun	Chairman of the Supervisory Board	Appointed on 30 July 2013
Yu Yongping	Supervisor	Re-elected on 3 July 2012
He Shen	Employee Representative Supervisor	Re-elected on 3 July 2012
Zhang Yuan	Vice President	Re-elected on 3 July 2012
Jia Nansong	Vice president	Appointed on 12 December 2013
	Board Secretary, joint Company Secretary	Re-elected on 3 July 2012
Zhang Baoquan	Vice President	Re-elected on 3 July 2012
Zhang Binquan	Vice President	Appointed on 27 March 2014
Chang Shihong	Chief Accountant	Appointed on 12 December 2013

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 96 to 105 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors. The principal particulars of such service contracts include (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) subject to termination in accordance with their respective terms.

Each of the supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observation of the Articles of Association and provision on arbitration with the Company.

Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, supervisors and senior management are set out in Note 9 and 10 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year or at any time during the year, there was no contract of significance to the Group's business in which the Company or its subsidiaries was a party, directly or indirectly, and in which a Director or supervisor had a material interest subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2014, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group:

Name of Director	Position in the Company	Other interests
Qiao Baoping	Chairman of the Board and Non-executive Director	Chairman of Guodian Group
Wang Baole	Non-executive Director	Assistant to General Manager and Head of Plan & Development Department of Guodian Group
Shao Guoyong	Non-executive Director	Head of Finance Administration Department of Guodian Group
Chen Jingdong	Non-executive Director	Head of Capital Operation and Assets Management Department of Guodian Group

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, none of the Directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be registered in the register indicated in the section, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2014, so far as known to the Directors of the Company, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(%)(Note 1)*	Percentage in the Total Share Capital *(%)(Note 1)*
Guodian Group	Domestic shares	Beneficial owner and interest of corporation controlled by substantial shareholders	4,696,360,000 *(Note 2)* (Long position)	100%	58.44%
Wellington Management Company, LLP	H shares	Investment manager	335,127,751 (Long position)	10.03%	4.17%
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	267,441,783 *(Note 3)* (Long position)	8.01%	3.33%
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	4,667,000 *(Note 4)* (Short position)	0.14%	0.06%
JPMorgan Chase & Co.	H shares	Beneficial owner, investment manager and custodian	258,755,532 *(Note 5)* (Long position)	7.75%	3.22%
JPMorgan Chase & Co.	H shares	Custodian	149,117,855 *(Note 6)* (Shares in a lending pool)	4.46%	1.86%
JPMorgan Chase & Co.	H shares	Beneficial owner	1,471,541 *(Note 7)* (Short position)	0.04%	0.02%
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	233,758,000 (Long position)	7.00%	2.91%
China Life Insurance (Group) Company (中國人壽保險(集團)公司)	H shares	Beneficial owner and interest of corporation controlled by substantial shareholders	200,678,000 *(Note 8)* (Long position)	6.01%	2.50%
China Life Insurance (Overseas) Company Limited (中國人壽保險(海外)股份有限公司)	H shares	Beneficial owner	200,562,000 *(Note 8)* (Long position)	6.00%	2.50%

Notes:

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 31 December 2014.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 shares were directly held Guodian Group while the remaining 93,927,200 shares were held by Guodian Northeast Electric Power Co., Ltd., a subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd.

3. Among these 267,441,783 H shares, 38,792,000 H shares were held by BlackRock Institutional Trust Company, N. A., an indirect wholly-owned subsidiary of BlackRock, Inc., 82,742,000 H shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 488,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 389,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 2,507,000 H shares were held by BlackRock Japan Co Ltd, an indirect wholly-owned subsidiary of BlackRock, Inc., 420,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 11,023,959 H shares were held by BlackRock Asset Management North Asia Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 1,897,000 H shares were held by BlackRock (Netherlands) B. V., an indirect wholly-owned subsidiary of BlackRock, Inc., 1,711,000 H shares were held by BlackRock Fund Managers Ltd, an indirect wholly-owned subsidiary of BlackRock, Inc., 49,181,544 H shares were held by BlackRock Advisors (UK) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 1,924,200 H shares were held by BlackRock International Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 40,060,000 H shares were held by BlackRock (Luxembourg) S. A., an indirect wholly-owned subsidiary of BlackRock, Inc. and 28,158,032 H shares were held by BlackRock Asset Management Ireland Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., thus BlackRock, Inc. was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

4. Among these 4,667,000 H shares, 3,122,000 H shares were held by BlackRock Institutional Trust Company, N. A., an indirect wholly-owned subsidiary of BlackRock, Inc. and 1,545,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., thus BlackRock, Inc. was deemed as the holder of short position in H shares owned by its aforesaid subsidiaries.

5. Among these 258,755,532 H shares, 149,117,855 H shares were held by JPMorgan Chase Bank, N. A., a wholly-owned subsidiary of JPMorgan Chase & Co., 20,686,761 H shares were held by J. P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 201,497 H shares were held by J. P. Morgan Securities plc, an indirect non-wholly owned subsidiary of JPMorgan Chase & Co., 73,312,000 H shares were held by JF Asset Management Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co.,4,057,000 H shares were held by JPMorgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 3,236,000 H shares were held by JF International Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co. and 8,130,000 H shares were held by China International Fund Management Co. Ltd., an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the equity interests of the H shares held by its aforesaid subsidiaries.

6. These 149,117,855 H shares which have interest in a lending pool were held by JPMorgan Chase Bank, N. A., a wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed to have interests in such H shares (lending pool) held by its aforesaid subsidiary.

7. These 1,471,541 H shares were held by J. P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed to have the short position of the H shares held by its aforesaid subsidiary.

8. Among these 200,678,000 H shares, 116,000 H shares were directly held by China Life Insurance (Group) Company, and 200,562,000 H shares were held by China Life Insurance (Overseas) Company Limited, a wholly-owned subsidiary of China Life Insurance (Group) Company. Accordingly, China Life Insurance (Group) Company was deemed as the owner of the H share equity interests held by its aforesaid subsidiary.

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor any such contract subsisted at any time during 2014.

SUBSEQUENT EVENTS

Since February 2015, the Company and some subsidiaries of the Company each received arbitration acceptance notices from CIETAC in relation to the submission of arbitration applications by Sinovel Wind Group Co., Ltd. ("Sinovel") to request arbitration on the dispute arising from certain equipment purchase contracts and relevant agreements entered into between Sinovel and the Group. Sinovel requested the Group to pay a total of RMB415 million (excluding interests and attorneys' fees), which has been recorded as payable as at 31 December 2014, in respect of the dispute. As the arbitration is still in the preliminary stage, the Company has yet to estimate the time of final settlement and the final results of the arbitration.

CONNECTED TRANSACTIONS

Details of substantial connected transactions occurred during the reporting period of the Company are set out in the Connected Transactions section of this report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the purchase from the Group's five largest fuel suppliers in aggregate contributed 58.4% of the Group's total purchase of fuel for the year, among which, the total purchase from the largest fuel supplier contributed 17.6% of the Group's total purchase of fuel for the year.

For the year ended 31 December 2014, the sales to the Group's five largest customers in aggregate contributed 59.8% of the Group's total sales for the year, among which, the sales to the largest customer contributed 31.7% of the Group's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors, associates of the Directors nor shareholders of the Company (who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in Note 32 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance practices and complying with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 114 to 134 of this annual report for details.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued share capital of the Company was held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

Since February 2015, the Company and some subsidiaries of the Company received arbitration acceptance notices from CIETAC respectively in relation to the submission of arbitration applications (the "Applications") by Sinovel Wind Group Co., Ltd. (華銳風電科技(集團)股份有限公司) (the "Claimant"), a company established in the PRC, to CIETAC to request arbitration on the subsidiaries of the Company, including Longyuan (Bayannur) Wind Power Generation Co., Ltd. (龍源(巴彥淖爾)風力發電有限責任公司), Longyuan (Jiuquan) Wind Power Generation Co., Ltd. (龍源(酒泉)風力發電有限公司), Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. (龍源(張家口)風力發電有限公司), Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. (龍源(興安盟)風力發電有限公司), Longyuan (Keyouzhong Banner) Wind Power Generation Co., Ltd. (龍源(科右中旗)風力發電有限公司), Longyuan (Naiman) Wind Power Generation Co., Ltd. (龍源(奈曼)風力發電有限公司) and the Company (collectively, the "Respondents"). The Claimant requested the arbitration to the Company and relevant subsidiaries on the dispute arising from certain equipment purchase contracts and relevant agreements (the "Relevant Agreements") entered into between the Claimant and the Respondents (the "Dispute"). The arbitration request of the Claimant were mainly involved that the Claimant considered the Respondents failed to perform the obligations for the full payment for equipment in accordance with the Relevant Agreements. The Claimant requested the Respondents to pay a total of RMB415 million (excluding interests and attorneys' fees) in respect of the Dispute.

Save for the aforesaid arbitration disputes, as at 31 December 2014, the Group was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

AUDIT COMMITTEE

The 2014 annual results of the Group and the Financial Statements for the year ended 31 December 2014 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

AUDITORS

KPMG (畢馬威會計師事務所) and Ruihua Certified Public Accountants (special general partner) (瑞華會計師事務所(特殊普通合夥)) were appointed as the Company's auditors for the financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2014. The enclosed Financial Statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has appointed KPMG and Ruihua Certified Public Accountants (special general partner) as the auditors of the Company since the date of preparation of its listing.

By order of the Board
China Longyuan Power Group Corporation Limited*
Qiao Baoping
Chairman of the Board

Beijing, 24 March 2015

* *For identification purpose only*

CONNECTED TRANSACTIONS

The following disclosed connected transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, and conform to the relevant disclosure requirements. In relation to the connected transactions mentioned below, the Directors are of the opinions that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules. Please refer to the announcements disclosed on the website of the Hong Kong Stock Exchange and the website of the Company.

NON-EXEMPT ONE-OFF CONNECTED TRANSACTIONS

1. Establishment of a Joint Venture Named Guodian Financial Leasing

On 17 March 2014, BVI, a wholly-owned subsidiary of the Company, entered into a contribution agreement with Guodian Capital in relation to the establishment of a joint venture. As at the time of this transaction, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), thus being the controlling shareholder of the Company. Guodian Capital is a wholly-owned subsidiary of Guodian Group, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the establishment of the joint venture constitutes a connected transaction of the Company.

Pursuant to the contribution agreement entered into between BVI, a wholly-owned subsidiary of the Company and Guodian Capital, the total registered capital of the joint venture amounted to RMB1,500 million, among which, BVI will contribute foreign currencies equivalent to RMB735 million, representing 49% of the total registered capital. Upon completion of the contribution, BVI will hold 49% equity interests, while Guodian Capital will hold 51% equity interests of the joint venture. For the major terms of the contribution agreement in relation to the establishment of the joint venture, please refer to the Company's announcement dated 17 March 2014. Through the joint establishment of the sino-foreign joint venture, Guodian Financial Leasing, by BVI and Guodian Capital, BVI will not only enjoy the profits attributable to shareholders of the joint venture, but also gain interest income by providing shareholders' loan.

2. Disposal of Biomass Business to Liaocheng Power

On 1 August 2014, the Company entered into Equity Transfer Agreement with Liaocheng Power, pursuant to which, the Company will transfer its 52% equity interests in Guodian Liaocheng Biomass Power to Liaocheng Power. The consideration of the equity interests to be transferred is RMB1. As at the time of this transaction, Guodian Group was the controlling shareholder of the Company directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), and thus was a connected person of the Company. Liaocheng Power, a subsidiary of Guodian Group, is therefore also a connected person of the Company. The Equity Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Equity Transfer Agreement entered into between the Company and Liaocheng Power, the Company will transfer its 52% equity interests in Guodian Liaocheng Biomass Power to Liaocheng Power. The consideration of the equity interests to be transferred is RMB1. For details of the agreement, please refer to the Company's announcement dated 1 August 2014. Since the operating environment has changed and the biomass projects in surrounding areas of Guodian Liaocheng Biomass Power were put into operation disorderly, Guodian Liaocheng Biomass Power encounters several problems such as difficulty in collecting fuel, the gradually increasing prices per year, uncertainty in quality assurance and further intensified competition in the fuel market. The losses of Guodian Liaocheng Biomass Power are difficult to be reversed in the near future. As such, the disposal of the equity interest of Guodian Liaocheng Biomass Power held by the Company shall be favorable to the Company in reducing its potential losses.

3. Provision of Shareholder Loan to Guodian Financial Leasing

On 12 August 2014, BVI, a wholly-owned subsidiary of the Company, and Guodian Financial Leasing entered into a loan agreement, pursuant to which, BVI will provide a shareholder loan amounting to RMB2 billion to Guodian Financial Leasing for a term of one year. As at the time of this transaction, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), thus being the controlling shareholder of the Company. Guodian Capital is a wholly-owned subsidiary of Guodian Group, and since Guodian Capital holds 51% equity interest in Guodian Financial Leasing, Guodian Financial Leasing constitutes an associate of Guodian Group, and is therefore a connected person of the Company. Accordingly, the provision of a shareholder loan by BVI to Guodian Financial Leasing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the loan agreement entered into between BVI and Guodian Financial Leasing, BVI will provide a shareholder loan amounting to RMB2 billion to Guodian Financial Leasing for a term of one year. For details of the agreement, please refer to the Company's announcement dated 12 August 2014. Not only can the Company share the shareholders' profit of Guodian Financial Leasing through BVI, but can also earn differences between domestic and overseas interests by way of shareholder loan.

4. Establishment of a Joint Venture Named Longyuan Longchuan Wind Power

On 29 December 2014, the Company entered into a contribution agreement with Guodian Guangdong in relation to the establishment of a joint venture. As at the time of this transaction, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), thus being the controlling shareholder of the Company. Guodian Guangdong is a wholly-owned subsidiary of Guodian Group, and is therefore a connected person of the Company under Rule 14A.07 (4) of the Listing Rules. Accordingly, the establishment of the joint venture constitutes a connected transaction of the Company.

The total registered capital of the joint venture amounted to RMB104 million, among which, the Company will contribute RMB53.04 million, representing 51% of the total registered capital of the joint venture. Upon completion of the contribution, the Company will hold 51% equity interests, while Guodian Guangdong will hold 49% equity interests of the joint venture. For the major terms of the contribution agreement in relation to the establishment of the joint venture, please refer to the Company's announcement dated 29 December 2014. The establishment of the joint venture will fully utilize the Company's professional strengths and technological advantages in the wind power development field, fully mobilize and utilize resource advantages and management superiority of Guodian Guangdong in the region, and make the utmost of advantages of both parties.

5. Acquisition of 51% equity interests in Chongqing Wind Power

On 29 December 2014, the Company entered into the Equity Transfer Agreement with Guodian Group, pursuant to which the Company will acquire 51% of equity interests in Chongqing Wind Power from Guodian Group, and will pay a sum of RMB58,954,000 as consideration to Guodian Group. Upon completion of the Acquisition, Chongqing Wind Power will become a subsidiary of the Company. As at the time of this transaction, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), thus being the controlling shareholder and a connected person of the Company. Guodian Group holds 100% equity interests in Chongqing Wind Power. Pursuant to Chapter 14A of the Listing Rules, the transaction in respect of transfer by Guodian Group of 51% equity interests in Chongqing Wind Power held by itself to the Company constitutes a connected transaction of the Company.

For details of the agreement, please refer to the Company's announcement dated 29 December 2014. The principal business of the company to be acquired is in line with the principal business of the Company. Thus, through the acquisition, the competitions and potential competitions between Guodian Group (other than the Group) and the Company in terms of the wind power sector and relevant industries will be reduced.

6. Establishment of Wuqi New Energy, Shenchi Wind Power and Jiangyong Wind Power (collectively, the "Three Joint Ventures")

On 31 December 2014, the Company entered into a contribution agreement with Guodian Shaanxi, Guodian North China and Guodian Group, respectively, in relation to the establishment of Three Joint Ventures. As at the time of this transaction, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company (as at the date of this report: 58.44%), thus being the controlling shareholder of the Company. Guodian Shaanxi and Guodian North China are wholly-owned subsidiaries of Guodian Group, Guodian Shaanxi, Guodian North China and Guodian Group are therefore connected persons of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the establishment of the Three Joint Ventures constitutes connected transactions of the Company.

The Company will make cash contributions to the Three Joint Ventures, representing 51% of total registered capital of Wuqi New Energy, equivalent to RMB47,995,080; representing 51% of total registered capital of Shenchi Wind Power, equivalent to RMB44,225,160; and representing 50% of total registered capital of Jiangyong Wind Power, equivalent to RMB42,550,000. The Company will proportionately contribute RMB9,599,016, RMB4,422,516 and RMB7,500,000 to Wuqi New Energy, Shenchi Wind Power and Jiangyong Wind Power, respectively, as its initial contributions upon the establishment of the Three Joint Ventures. Upon completion of the three contribution agreements, the Company will hold 51% equity interests of each of two joint ventures, namely, Wuqi New Energy and Shenchi Wind Power, while each of Guodian Shaanxi and Guodian North China will hold the remaining 49% equity interests. The Company will hold 50% equity interests of Jiangyong Wind Power, while Guodian Group will hold the remaining 50% equity interests. For the major terms of the contribution agreements in relation to the establishment of the Three Joint Ventures, please refer to the Company's announcement dated 31 December 2014. The establishment of the Three Joint Ventures will strengthen cooperation between the Company, Guodian Group, Guodian Shaanxi and Guodian North China, and benefit from the Company's prominent industry expertise and excellent technologies as well as regional resource advantages and management superiority of Guodian Group, Guodian Shaanxi and Guodian North China.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions during the year.

In respect of the type 1 to type 2 non-exempt continuing connected transactions as set out below, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from complying the announcement and independent shareholders' approval requirements. For type 1 and type 2 non-exempt continuing connected transactions as set out below, the annual caps for each year from 2012 to 2014 have been approved at the second extraordinary general meeting of 2011 held on 29 December 2011.

CONNECTED TRANSACTIONS

The table below has set out the annual caps for 2014 and the actual transaction amounts of such connected transactions:

	Connected Transactions	Connected Person	Annual Cap for 2014 *(RMB'000)*	Actual Transaction Amount for 2014 *(RMB'000)*
1.	Provision of products and services by the Group	Guodian Group	1,080,955	338,958
2.	Provision of products and services to the Group	Guodian Group	5,814,569	2,838,675
3.	Provision of financial services to the Group	Guodian Finance	Deposit Services: 3,000,000	Maximum outstanding balance: 2,971,799

1. Provision of products and services by the Group

1.1 The Company entered into the New Guodian Master Agreement with Guodian Group on 21 November 2011. Pursuant to the agreement, the Group shall provide Guodian Group with products and services, mainly including flanges, entire equipment, spare parts, consulting and design services, technical services, safety monitoring services, CDM consulting services, wind power vocational training, coal supply, alternative power and property leasing services.

Material terms and conditions of the agreement are set out as follows:

- the provision of products and services by the Group to Guodian Group mainly include flanges, entire equipment, spare parts, consulting and design services, technical services, safety monitoring services, CDM consulting services, wind power vocational training, alternative power, coal supply and property leasing services;

- the provision of products and services by Guodian Group to the Group mainly include wind power generating units, polysilicon cell module, installation and construction, alternative power, coal supply, and evaluation on projects by Guodian Power Research Institute (國電能源研究院);

- if the terms and conditions of similar materials, products and services offered by one party are no worse than those offered by an independent third party, the other party shall give priority in sourcing the requisite materials, products and services from the first party;

- relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of provision of products, services and terms and conditions of providing such products and services according to the principles laid down by the New Guodian Master Agreement;

- pricing of products will be based on the following policies: the price will be adopted when it is prescribed by the state (including any price prescribed by any relevant local government), if applicable; where there is no state-prescribed price but there is a state-guidance price, then the state-guidance price will be adopted; where there is neither a state-prescribed price nor a state-guidance price, the market price will be adopted; where none of the above is applicable or where it is not practical to apply the above pricing policies, implement the price agreed between the relevant parties will be adopted, it shall be the reasonable costs incurred in providing the products plus reasonable profits;

- the services to be provided under the agreement will be based on the following pricing policies: the accrued price will be based on bidding price where the bidding process is required for selecting the service provider; where bidding process is not required to determine the service price, the market price; and

- the New Guodian Master Agreement has a term of three years commencing on 1 January 2012 and expiring on 31 December 2014, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules.

Guodian Group is a controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2014 was RMB1,080,955,000 and the actual transaction amount was RMB338,958,000.

2. Provision of products and services to the Group

2.1 The Company had entered into the New Guodian Master Agreement with Guodian Group on 21 November 2011. Pursuant to the agreement, Guodian Group shall provide the Group with products and services mainly including wind power generating units, polysilicon cell module, installation and construction, alternative power, coal supply and evaluation on projects by Guodian Power Research Institute.

For details of the major terms and conditions of the agreement, please refer to the relevant disclosure of the non-exempt continuing connected transaction set out in section 1.1 above.

Guodian Group is a controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for year 2014 was RMB5,814,569,000 and the actual transaction amount was RMB2,838,675,000.

3. Provision of financial services to the Group

3.1 On 6 September 2010, the Company entered into the Financial Services Agreement with Guodian Finance, pursuant to which, Guodian Finance provides financial services to the Group. Pursuant to the agreement, the services to be provided by Guodian Finance to the Group include credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing advice and consultation services, financial consultation and training services and other services.

The principal terms and conditions of the agreement are set out as follows:

- Guodian Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk of assets and liabilities so as to satisfy the payments needs of the Group;

- In respect of the provision of the loan services under the Financial Services Agreement, Guodian Finance will grant integrated credit facilities of RMB2.5 billion to the Group. The credit facilities shall be utilised as fixed assets loans, project financing loans, working capital loans, letter of guarantee and accounts receivable factoring etc.;

- In respect of the provision of the deposit services under the Financial Services Agreement, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Guodian Finance shall be up to RMB2.2 billion for each of the three years ending 31 December 2010, 31 December 2011 and 31 December 2012;

- The Financial Services Agreement is for a term of three years commencing from 6 September 2010 and ending on 5 September 2013. The term can be extended for another three years subject to the consents of both parties and full compliance with relevant laws and the Listing Rules, as appropriate; and

- Guodian Finance shall provide the aforementioned financial services to the Group based on the following pricing principles: the interest rate for the Group's deposits with Guodian Finance shall be fixed as the deposit interest rate as published by the People's Bank of China ("PBOC") from time to time; the interest rate for loans granted to the Group by Guodian Finance shall be 10% below the benchmark interest rates as published by the PBOC from time to time; and the fees charged by Guodian Finance for the provision of financial services other than deposits and loans services shall not be higher than the rate charged by the other financial institutions in the PRC for similar services.

3.2 The Company entered into the New Financial Services Agreement (revised by the Supplemental Agreement dated 22 November 2013) with Guodian Finance on 13 December 2012, pursuant to which, the services provided by Guodian Finance to the Group include credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing advice and consultation services, financial consultation and training services and other services.

Material terms and conditions of the agreement are as below:

- Guodian Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk of assets and liabilities so as to satisfy the payments needs of the Group;

- In respect of the provision of the loan services under the New Financial Services Agreement, Guodian Finance will grant integrated credit facilities of RMB3 billion to the Group. The credit facilities shall be free of any security and utilised as fixed assets loans, project financing loans, working capital loans, letter of guarantee and accounts receivable factoring, etc.;

- In respect of the provision of the deposit services under the New Financial Services Agreement, the maximum amount of the daily deposit balance for the Group's deposits with Guodian Finance shall be RMB3 billion (Note1) for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 (including any interest accrued thereon);

  Note 1: The maximum amount of the daily deposit balance (including any interest accrued thereon) for the Company's deposits with Guodian Finance is increased from RMB1. 5 billion under the Agreement Dated 13 December 2012 to RMB3 billion by the Supplemental Agreement entered into by the Company and Guodian Finance on 22 November 2013.

- The term of the New Financial Services Agreement shall be three years, namely from 1 January 2013 to 31 December 2015. The term can be extended for another three years subject to the consents of both parties and full compliance with relevant laws and the Listing Rules, as appropriate; and

- Guodian Finance provides the aforementioned financial services to the Group based on the following pricing principles: the interest rate for the Group's deposits with Guodian Finance shall be fixed as the deposit interest rate as published by PBOC from time to time; the interest rate for loans granted to the Group by Guodian Finance shall be 10% below the benchmark interest rates as promulgated by the PBOC from time to time; and the fees charged by Guodian Finance for the provision of financial services other than deposits and loans services shall not be higher than the rate charged by the other financial institutions in the PRC for similar services.

Guodian Group is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules. Guodian Finance is a subsidiary of Guodian Group, and is therefore a connected person of the Company.

During the reporting period, the cap of daily deposit balance for deposit services under this continuing connected transaction for year 2014 was RMB3,000,000,000 and the actual maximum amount of daily deposit balance was RMB2,971,799,000.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company have reviewed each of the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

1. in the usual course of business of the Group;

2. on normal commercial terms or, if there are no sufficient comparable transactions to determine whether the transaction terms are on normal commercial terms, those transaction terms should be, from the perspective of the Group, no less favourable than the terms obtained from or provided by independent third parties; and

3. in accordance with relevant terms of the transaction agreements, and the transactions terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION OF AUDITORS

The Company has engaged its external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2015 TO 2017

As the existing Guodian Master Agreement expired on 31 December 2014, the Company entered into the New Guodian Master Agreement with Guodian Group on 4 November 2014 which was approved by independent shareholders at the 2014 first extraordinary general meeting on 23 December 2014. The New Guodian Master Agreement will supersede the Guodian Master Agreement and become effective from 1 January 2015 and has a term of 3 years commencing on 1 January 2015 and expiring on 31 December 2017, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules. The major content of the New Guodian Master Agreement are as follows:

- The provision of products and services by the Group to Guodian Group mainly includes wind power design and consulting services, technical services, flanges, spare parts, wind power vocational training, photovoltaic design and consulting services and coal;

- The provision of products and services by Guodian Group to the Group mainly includes wind power generating units, turbine tower, spare parts, photovoltaic module and installation and construction services, technological renovation of thermal power equipment, coal, and new energy technology research and development services;

- The terms of products and services offered by the Group to Guodian Group are no better than those obtained by an independent third party, or the terms of products and services offered by Guodian Group to the Group are no less favourable than those offered by an independent third party;

- The settlement terms shall be determined separately and in line with market practice applicable to each specific transaction. The detailed settlement terms will be set out in the separate agreements; and

- Relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of provision of products and/or services and terms and conditions of providing such products and/or services according to the principles laid down by the New Guodian Master Agreement.

The table below sets out the approved renewed annual caps for the continuing connected transactions in respect of 2015 to 2017:

Transaction	**Annual cap for 2015** *(in RMB million)*	**Annual cap for 2016** *(in RMB million)*	**Annual cap for 2017** *(in RMB million)*
Provision of products and services to Guodian Group by the Group	1,924.0	2,645.1	2,687.7
Provisions of products and services to the Group by Guodian Group	10,378.5	5,170.8	5,210.3

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Qiao Baoping, aged 59, is a non-executive Director and the chairman of the Company. Mr. Qiao graduated from Nankai University with a bachelor's degree in Economics and is a senior economist. He was appointed as a non-executive Director and the chairman of the second session of the Board of the Company on 30 July 2013. Mr. Qiao had served as the deputy secretary general of All-China Students Federation. He had worked at an institution directly under the Central Commission of China Communist Youth League as executive deputy secretary of the Party Committee and secretary of the Commission for Disciplinary Inspection At the Central Commission of China Communist Youth League, he had served successively as the deputy head of the United Work Front Department, member of the Standing Committee and head of the Juvenile Rights and Interests Department, member of the Standing Committee and head of the Organisation Department. Further, he had served as head of Mass Work Department of the Working Committee of Central Government-owned Enterprises, secretary of the Central Government-owned Enterprises Working Committee of China Communist Youth League, head of the Mass Work Department (Mass Work Department of the Party Committee) and head of the United Work Front Department at the SASAC, as well as member of the Party Group and chief of the Discipline Inspection Group at China Power Investment Corporation. Mr. Qiao acted as secretary of the Party Group and vice president of Guodian Group, a director of GDPD (SSE: 600795) and the chairman of the Supervisory Board. Mr. Qiao currently acts as the chairman and secretary of the Party Group in Guodian Group.

Mr. Wang Baole, aged 58, is a non-executive Director of the Company. He graduated from Xiamen University with a bachelor's degree in Economics and has completed post-graduate studies on Statistics (Investment Decision-making Analysis). He is a senior statistician. Mr. Wang acted as a non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as a non-executive Director of the second session of the Board of the Company since July 2012. Mr. Wang has served successively as deputy head of Statistics Division of Planning Department of the Ministry of Water Resources and Electric Power, deputy head and head of Statistics Division of General Planning Department of the Ministry of Energy Resources, head of Statistics & Analysis Division and deputy general director of Planning Department of the Ministry of Electric Power, deputy head of Planning & Investment Department and deputy head of Strategic Study & Planning Department of the State Power Corporation. Mr. Wang is currently an assistant to president and head of Plan & Development Department of Guodian Group.

Mr. Shao Guoyong, aged 48, is a non-executive Director of the Company. He graduated from Tsinghua University with a master's degree in business administration and is a senior accountant and a certified public accountant. Mr. Shao acted as a non-executive Director of the second session of the Board of the Company since 22 May 2014. Mr. Shao served as the head of finance at the Shenzhen branch of North China Power Engineering Co., Ltd. (華北電力設計院); head of finance at TECH-WINOVERSEAS, Singapore; financial controller at Malaysia Desheng Engineering Co., Ltd. (馬來西亞德勝工程公司); chief accountant and head of finance department at North China Power Engineering Co., Ltd.; deputy finance manager at Beijing Datang Power Generation Co., Ltd. (HKSE: 00991; LSE: DAT; SSE: 601991); deputy finance manager and manager at GDPD (SSE: 600795); director of funds settlement center, finance and equity department at Guodian Group; general manager, member of the Party Group and chairman at Guodian Finance Corporation Ltd.; general manager and deputy secretary of the Party Group at Guodian Capital Holding Co., Ltd.; chairman at Oldmutual-Guodian Life Insurance Co., Ltd. and general manager at Changjiang Property & Casualty Insurance Co., Ltd. Mr. Shao is the head of financial management department at Guodian Group.

Mr. Chen Jingdong, aged 50, is a non-executive Director of the Company. He graduated from North China Electric Power University with a master's degree in engineering and from Tsinghua University with a master's degree in business administration, and is a senior engineer. Mr. Chen acted as a non-executive Director of the second session of the Board of the Company since 22 May 2014. Mr. Chen served as the assistant investigator of safety supervision division of safety production department of the Ministry of Electric Power (電力部安生司安監處); deputy head of electricity business division of safety operation and power generation and transmission department (安全運行與發輸電部用電營業處) as well as head of power transmission and transformation division of power generation and transmission operation department (發輸電運營部輸變電處) at State Power Corporation; secretary to the board of directors, a member of the Party Group and deputy general manager at GDPD (SSE:600795). He is currently the head of capital and assets management department at Guodian Group.

EXECUTIVE DIRECTORS

Mr. Li Enyi, aged 51, is an executive Director and president of the Company and concurrently serves as the general manager assistant of Guodian Group. He obtained a master's degree in North China Electric Power University. He is a senior engineer. He was elected as an executive Director of the second session of the Board of the Company on 30 July 2013. Mr. Li joined the Group in 2013. He has served successively as the deputy head of Weifang Power Plant, Shandong (山東濰坊發電廠), the head of Heze Power Plant Shandong (山東菏澤發電廠廠長), the president of Luneng Development and Property Co,. Ltd., Shandong (山東魯能拓展置業有限公司), the president of Luneng Minerals Development Company Limited, Shandong (山東魯能物礦開發有限公司), the vice president and president of Northern China branch of Guandian Group (中國國電集團公司華北分公司) as well as the executive director and president of Guodian North China Power Co. Ltd. (國電華北電力有限公司).

Mr. Huang Qun, aged 53, is an executive Director and vice president of the Company. He graduated from Tongji University with a bachelor's degree in Engineering. He is a senior engineer. He acted as an executive Director of the first session of the Board of the Company from May 2012 to July 2012 as well as an executive Director of the second session of the Board of the Company since July 2012. Mr. Huang joined the Group in 1993 and worked as an engineer at Power Department of the Ministry of Energy Resources and Policy Research Office of the Ministry of Water Resources and Electric Power. He had successively served at China Longyuan Electric Power Group Corporation (the predecessor of the Company) as deputy head and head of Manager Department, head of the First Division of the Operation Department, chief economist and head of Operation Department, as well as assistant to president, and vice president.

INDEPENDENT NON – EXECUTIVE DIRECTORS

Mr. Zhang Songyi, aged 59, is an independent non-executive Director of the Company. He holds a Juris Doctor from Yale University. Mr. Zhang acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as an independent non-executive Director of the second session of the Board of the Company since July 2012. Mr. Zhang practiced law at Milbank, Tweed, Hadley & McCloy LLP from 1985 to 1993. Mr. Zhang Songyi was a non-executive director of China Lumena New Materials Corp (formerly known as Lumena Resources Corp., which changed its name on 8 December 2010) (0067.HK) and served as a director of Suntech Power Holdings Co,. Ltd. (NYSE: STP) as well as an independent non-executive director of China Renewable Energy Investment Limited (formerly known as Hong Kong Energy (Holdings) Limited, which changed its name on 1 June 2011) (0987.HK). He was the vice chairman, executive director, managing director, and head of joint department of Morgan Stanley Limited. Mr. Zhang is currently a director of Sina Corporation (NASDAQ: SINA).

Mr. Meng Yan, aged 59, is an independent non-executive Director of the Company. He holds a doctorate degree in Economics (Accounting) from the Research Institute for Fiscal Science of Ministry of Finance and the qualification of PRC Certified Public Accountant. Mr. Meng acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as an independent non-executive Director of the second session of the Board of the Company since July 2012. Mr. Meng received the special government allowance from the State Council in 1997. Mr. Meng was also the expert consultant of the Accounting Standards Committee of the Ministry of Finance for accounting standards, the expert of the Ministry of Finance for enterprise performance evaluation, an independent director of Beijing Bashi Media Co,. Ltd. (SSE: 600386), an independent director of Henan Splendor Science and Technology Co., (SZSE: 002296) as well as an independent director of China Merchants Property Development Co (SZSE: 000024; 200024) (SGX: C03). At present, Mr. Meng serves as an independent director of Jolimark Holdings Limited (2028.HK), Yantai Wanhua Polyurethanes Co,. Ltd. (SSE: 600309) and an independent director of COFCO Property (Group) Co,. Ltd. (SZSE: 000031). Mr. Meng is currently the dean, professor and supervisor of doctorate students in the School of Accountancy of Central University of Finance and Economics. He is also the executive director of the Accounting Society of China and the Banking Accounting Society of China, member of the Master of Professional Accounting (MPAcc) Education Steering Committee under the Ministry of Education and member of Instruction Committee on Teaching and Learning of Business Administration Disciplines of Higher Education Institutions under the Ministry of Education.

Mr. Han Dechang, aged 59, is an independent non-executive Director of the Company. He is a tutor of doctoral candidate and has a doctorate degree in economics. Mr. Han acted as an independent non-executive Director of the second session of the Board of the Company since 22 May 2014. He was admitted to the politics and economics department under the Faculty of Economics of Nankai University in 1979 and became a tutor of the Faculty after his graduation with a bachelor's degree in 1983. During that time, he obtained his master and doctorate degrees in economics. Mr. Han Dechang served as a lecturer in 1988 and then was promoted as an associated professor in 1992. In 1997, he was promoted as a professor and redesignated from the Faculty of Economics to Business School taking the position of dean of the department of marketing in the same year due to restructuring of discipline. Mr. Han Dechang currently serves as the deputy dean of Business School of Nankai University, head of EMBA centre, a member of the school's Party committee and a member of the academic degree committee and titles assessment and employment committee. Mr. Han Dechang currently also serves as the vice chairman of the Tianjing Marketing Association, an executive director of the China Marketing Association and the vice chairman of the Chinese Universities Pricing and Teaching Association.

SUPERVISORS

Mr. Xie Changjun, aged 57, is the chairman of the supervisory board of the Company. He graduated from Northeast Dianli University with a bachelor's degree in Engineering. He is a professor-grade senior engineer. He acted as a supervisor and the chairman of the second session of the supervisory board of the Company on 30 July 2013. Mr. Xie served for the Group from 1993 to 2013. He has served successively as engineer of Science & Technology Department of the Ministry of Water Resources and Electric Power, deputy head of Planning Division of Science & Technology Department of China Electricity Council, assistant to president and vice president of Zhongneng Power-Tech Development Company Limited, vice president and president of China Longyuan Electric Power Group Corporation, president and executive director of China Longyuan Power Group Corporation Limited*, and assistant to president of Guodian Group. He is currently serving as vice president of Guodian Group.

Mr. Yu Yongping, aged 54, is a supervisor of the Company. He graduated from Liaoning Institute of Finance and Economics with a bachelor's degree in Economics and has completed post-graduate studies on Civil Economics. He is a senior accountant. Mr. Yu acted as a supervisor of the first session of the supervisory board of the Company from July 2009 to July 2012 as well as a supervisor of the second session of the supervisory board of the Company since July 2012. Mr. Yu had served as accountant of Finance Division of Machinery Manufacturing Construction Bureau of the Ministry of Water Resources and Electric Power. He had also served in the Emigration and Development Bureau of the State Council Three Gorges Project Construction Committee as deputy head and head of Finance Division of Financial Planning Department, deputy head of Planning Department, deputy head of Resettlement Department, and assistant ombudsman of General Office. He held positions as the head of Market Development Division of Marketing Department of Guodian Group, vice president of Guodian Finance Corporation Ltd., vice president and chief accountant of Guodian Northeast Electric Power Co., Ltd., deputy head of Finance and Property Department of Guodian Group. Mr. Yu is currently the head of Audit Department of Guodian Group.

Mr. He Shen, aged 40, is an employee representative supervisor of the Company. Mr. He graduated from Renmin University of China with a master's degree in Management. Mr. He is a senior economist and acted as the employee representative supervisor of the first session of the supervisory board of the Company from June 2011 to July 2012 as well as the employee representative supervisor of the second session of the supervisory board of the Company since July 2012. Mr. He had successively served as project engineer and project manager of Project Engineering Department of China National Electric Equipment Corporation, secretary of President's Office and project manager of China Longyuan Electric Power Group Corporation, secondary employee at division 1 of personnel and director management department of State Power Corporation, deputy chief of leading personnel management office of human resource department of Guodian Group (in charge), deputy director (in charge) and director of human resource department of GD Development Co,. Ltd. Mr. He is currently the head of disciplinary inspection team and chairman of labour union of the Company.

SENIOR MANAGEMENT

Mr. Li Enyi is an executive Director and president of the Company. Biographical details of Mr. Li Enyi as at the date hereof are set out on page 98 of this annual report.

Mr. Huang Qun is an executive Director and vice president of the Company. Biographical details of Mr. Huang Qun as at the date hereof are set out on page 98 of this annual report.

Mr. Zhang Yuan, aged 58, is a vice president of the Company. He graduated from Northwest Telecommunication Construction University with a bachelor's degree. He is a professor-grade senior engineer. Mr. Zhang joined the Group in 2003. Mr. Zhang has worked as engineer and office director of Energy Research Institute of Qinghai Province and has worked as engineer of Rural Electrification Department of the Ministry of Energy Resources. He has successively served as the deputy division chief of Hydropower and Agriculture Electricity Department of the Ministry of Electric Power, the division chief of Hydropower and New Energy Development Department and Power Construction Department of the State Power Corporation, and the deputy president of China Longyuan Electric Power Group Corporation.

Mr. Jia Nansong, aged 52, is a vice president, the board secretary and one of the joint company secretaries of the Company. He graduated from North China Electric Power University majoring in Engineering and served as a senior engineer. He joined the Group in 1994. Mr. Jia held positions in the Power Generation Division of the Electric Power Planning and Design Institute and the Information Centre of the Ministry of Electric Power. He also successively served as the deputy manager of Technical Development Department, the manager of the Market Exploitation and Technical Development Department, the manager of the Project Development Department and the manager of the Technical Development Department of China Longyuan Electric Power Group Corporation as well as the standing vice president of Longyuan West Heat. He was also the manager of the Human Resource Department and the Auditing Supervision Department, the deputy chief economist and the assistant to president as well as the director of the Office of President of China Longyuan Electric Power Group Corporation, and the board secretary and one of the joint company secretaries of China Longyuan Power Group Corporation Limited*.

Mr. Zhang Baoquan, aged 54, is a vice president of the Company. Mr. Zhang graduated successively from Tsinghua University and the Hydropower Department of China Electric Power Research Institute (水利電力部電力科學研究院) with a master's degree in Engineering. Mr. Zhang is a professor-grade senior engineer. Mr. Zhang joined the Company in 1993. He had served in China Electric Power Research Institute and China Electricity Council. He had successively worked as the deputy manager of the Engineering Project Department of Zhongneng Power-Tech, the president of Zhongneng Power Technology Trading Company (中能電技術貿易公司), assistant to president and president of Zhongneng Power-Tech, president of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited, assistant to president and chief economist of China Longyuan Electric Power Group Corporation, as well as the standing deputy director and director of Renewable Energy Research and Development Centre.

Mr. Zhang Binquan, aged 51, is vice president of the Company. He graduated from Harbin Institute of Technology and Yanshan University with a bachelor's degree in control engineering and a master's degree in Public Administration, successively. He is a senior economist. Mr. Zhang joined the Group in 2014. He has served successively as project manager of the import department of China Great Wall Industry Corporation (中國長城工業公司), project manager of CITIC International Cooperation Co., Ltd. (中信國際合作公司), general manager assistant and deputy general manager of Guodian Longyuan Power Technology & Engineering Co., Ltd. (國電龍源電力技術工程公司), manager of planning department and manager of operation and development department of Guodian Technology & Environment Group Company (國電科環集團公司), general manager of Guodian Ningxia Solar Co., Ltd. (國電寧夏太陽能有限公司) and deputy general manager of Guodian Technology & Environment Group Corporation Limited (國電科技環保集團有限公司) (HKSE: 01296), and concurrently served as the general manager of Guodian United Power Technology Co., Ltd. (國電聯合動力有限公司) in the period.

Mr. Chang Shihong, aged 40, is the chief accountant of the Company. Mr. Chang graduated from Dongbei University of Finance & Economics with a master's degree in Accounting. He is a senior accountant. Mr. Chang joined the Group in 2009. Mr. Chang had successively worked as a member of the Party Committee and the chief accountant of Guodian Datong No. 2 Power Plant, deputy head (in charge) of Finance Division of Finance and Asset Management Department of Guodian Group, deputy head (in charge) of Accounting Division of Finance Management Department of Guodian Group, director of Finance and Property Right Management Department of China Longyuan Electric Power Group Corporation, and director of Finance and Property Right Management Department and deputy chief accountant of China Longyuan Power Group Corporation Limited*.

JOINT COMPANY SECRETARIES

Mr. Jia Nansong, is the board secretary of our Company and one of the joint company secretaries. Mr. Jia Nansong has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. Biographical details of Mr. Jia Nansong as at the date hereof are set out on page 103 of this annual report.

Ms. Soon Yuk Tai, aged 48, was appointed as one of the joint company secretaries on 20 November 2010. She is a director of the Corporate Services Division of Tricor Services Limited. Prior to joining Tricor Group in 2002, she was a senior manager of company secretarial services department at Ernst & Young and Tengis Limited in Hong Kong. Ms. Soon is a chartered secretary and a fellow member of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. Ms. Soon has extensive experience in a diversified range of corporate services and has been providing professional secretarial services to many companies listed in Hong Kong.

HUMAN RESOURCES

SUMMARY OF HUMAN RESOURCES

As at 31 December 2014, the Group had a total of 6,725 staff, of which 5,621, or 83.58%, were male, while 1,104, or 16.42%, were female. The staff structure is as follows:

Chart 1: Analysis of the Group's staff by business segments

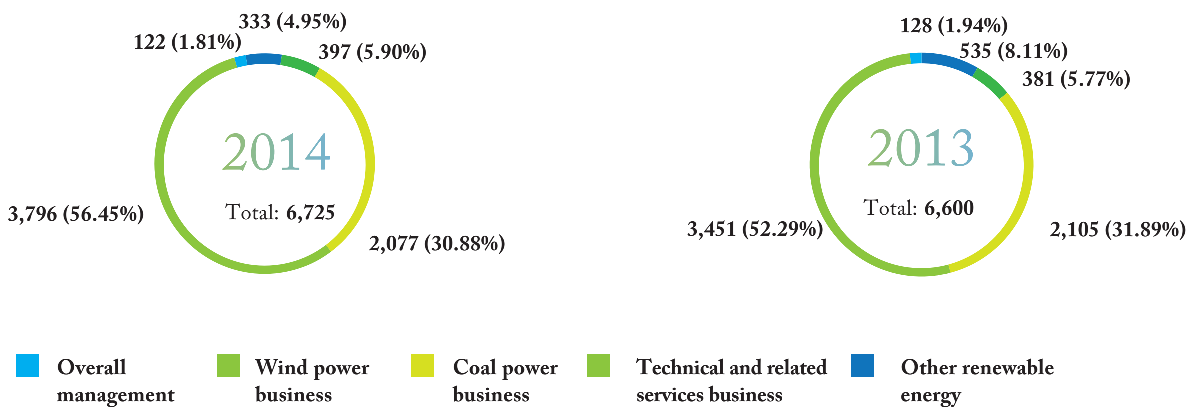


Chart 2: Analysis of the Company's staff by academic qualifications

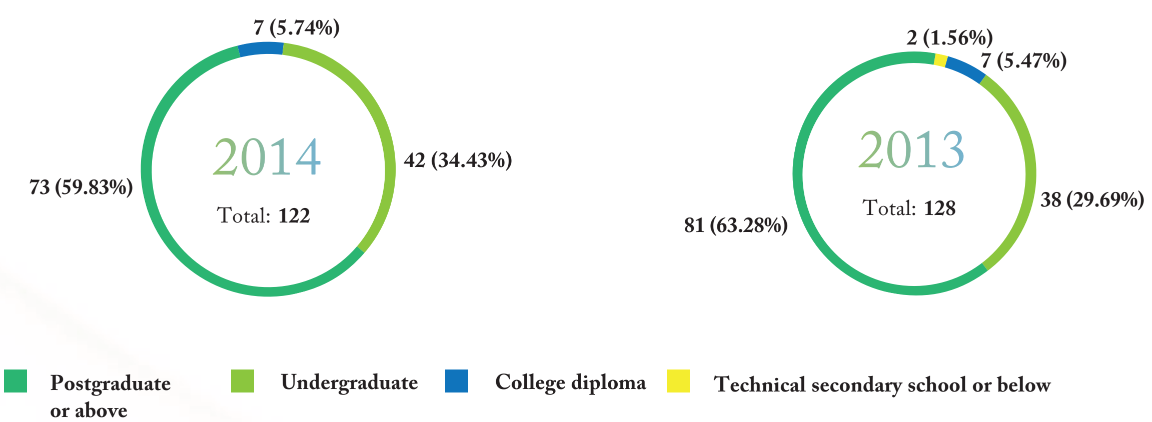


Chart 3: Analysis of the Company's staff by age

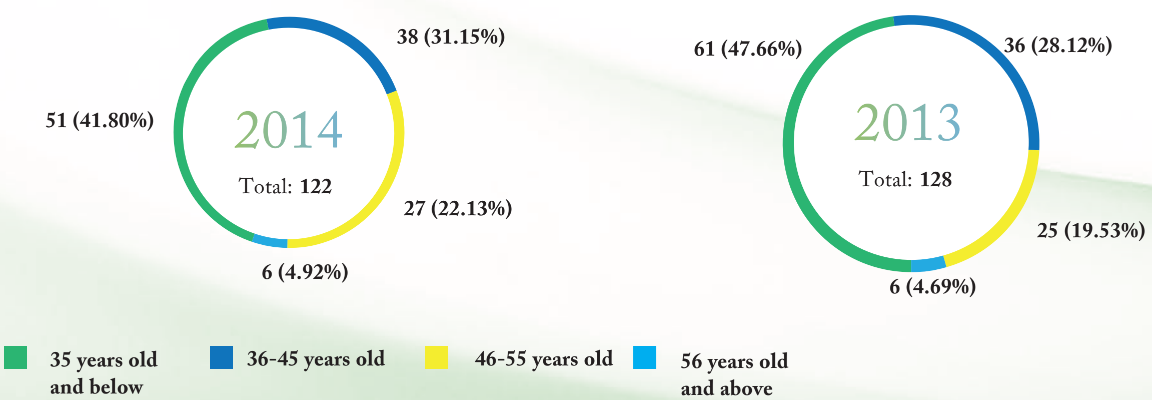


Chart 4: Analysis of the Group's staff by academic qualifications

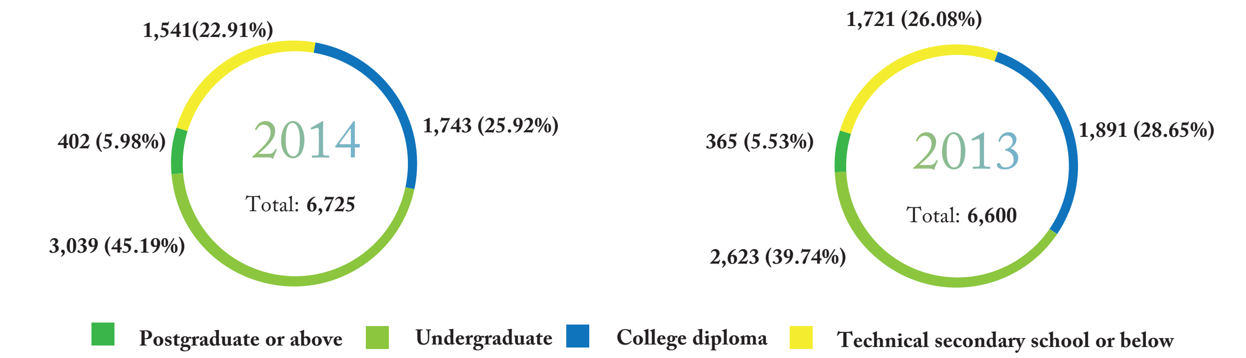
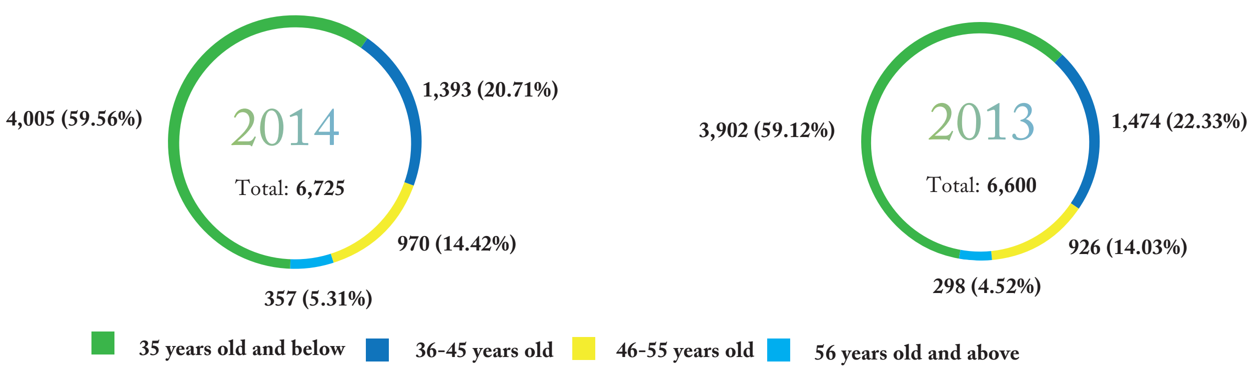


Chart 5: Analysis of the Group's staff by age



STAFF INCENTIVES

In order to cater to its development needs, the Group, on the basis of its existing position-based accountability system, has further perfected an effective mechanism for staff performance appraisal and management. Standardisation of the establishment for the organisation of the enterprise and the allocation of personnel to positions were promoted by adhering to the headcount standard in evaluating headcount. By maintaining a clear division of the Group's objectives for the year, identification of the performance targets of different positions, formulation of performance assessment standards, appraisal of staff performance in an objective and accurate manner, stimulation of the potential and enthusiasm of the employees, the Group has made clear its approach of stressing on both motivations and regulations. The Company increased the linkage between income and performance indicators, implemented dynamic process assessment and feasibly improved staff's subjective initiatives.

Meanwhile, the remuneration distribution was implemented proactively to lay emphasis on supporting front-line staff and staff from difficult and remote regions by enhancing the wind power enterprise's standards of subsidies for poor regions, which could keep stability of the Company. The Group set up "Sunshine Huimin Welfare Plan (陽光惠民福利保障計劃)" which provided protection with insurance types such as 40 kinds of critical diseases, complete disability due to illness, traffic accidental injuries and so forth.

STAFF TRAINING

The Group has adopted a two-tier training system, established training centres and training bases, built a team of internal trainers of the Group and formulated relevant management system, revised, edited and improved internal training materials for the Group's internal trainings and established a talent team with high quality and a sound staff training system which met the needs for development of the Group in a bid to duly implement the strategy of strengthening the enterprise by talents, and standardised and strengthened the education and training of the Group's system. The Group has formulated annual training programs and organised training projects for the duty requirements of the management, technical and skilled personnel. The Group attached importance to trainings of senior management and key professional technicians, formulated and implemented customised trainings per year through specific survey in accordance with talents' needs and paid special attention to improve operation capabilities of corporate affairs. Through continuous development of various training courses, the Group has continuously improved the quality of staff, especially front-line operation and maintenance staff, reinforced the modern management concept among its management and enhanced the overall management efficiency.

In 2014, the Group continued its efforts in training all kinds of talents by providing its staff with various forms of training and continuously enriched and improved the training system, primarily including regular trainings for operation and management staff, orientation training for new staff, licensed induction training for operation and maintenance staff in wind farms, professional qualification training, international cooperation program training and others. The various training courses in total were 420. A total of 3,953 staff was trained and the number of training person-time was up to 6,326.

STAFF DEVELOPMENT

The Group paid special attention to personnel training and development, increased efforts to train young cadres through constant innovation of selection and appointment mechanism, continuously optimised leadership structure of enterprises and kept innovation capabilities of the Company. The Group established "dual-track" management mechanism for administrative positions and technical operation positions, which has broadened the career prospects of the staff. The Group established a talent pool according to profession categories, created professional profiles for key personnel, conducted dynamic assessment of talents via formulation of rules and regulations and kept the overall external competitiveness of talent team of the Group by improvement of internal competition. In recent years, staff of the Group, especially the management, and technician team remained stable.

In 2014, the Group formulated the Measures for Management of Talents in Technique Sequences of Wind Power Enterprises of China Longyuan Power Group Corporation Limited (Trial Implementation) (《龍源電力集團股份有限公司風電企業技能序列人才管理辦法(試行)》), which opened up a career path for development of professional skills for production personnel, relieved the problem of limited development space of the extensive front-line staff, provided system guarantee and remuneration incentive for attracting, cultivating and stabilizing key production personnel and provided new powerful support for further eliminating faults and defects of wind turbine generators and improving the availability and health level of equipment.

STAFF REMUNERATION POLICY

The staff remuneration of the Group comprises of basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment of the employees. The Group insisted the orientation towards efficiency and results as well as the focus on front-line staff. It also strived to ensure scientific and reasonable allocation of income. The administration of the remuneration of the management of different types of entities of the Group was further improved. Categorised management was implemented to coal power entities, technology entities, new energy entities, entities located in Qinghai and Tibet areas and overseas entities, and the Company increased subsidies to those in the difficult and remote regions.

In 2014, the Group revised the Appraisal Method of Total Salary Oriented by Economic Benefit and Development Scale of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司工資總額與經濟效益和發展規模掛鉤考核管理辦法》) to implement performance assessment management for total salary on a monthly basis, further improved the total salary management system based on performance assessment, strengthened process management and control, vigorously promoted the concern over the extensive cadres and staff and fully mobilized the enthusiasm and creativity of the extensive cadres and staff. Staff's remuneration is oriented by the performance of monthly targets and tasks of enterprise, which can give full play to the role of incentive and guiding of remuneration and truly achieve stimulation of advanced staff.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY STRATEGIES AND MANAGEMENT

The Group attaches great importance to shouldering corporate social responsibility (hereafter abbreviated as "CSR"), making it an important part of the mission in "developing green energy, creating harmonious environment" and the strategic goal of "establishing a corporation of new energy ranking high among international players" (創建國際一流的新能源企業集團). Under the guidance of work principles "Grouping and internationalization" (集團化、國際化), striking "equal importance on scale and benefits, corporate development and employee interests" (規模和效益並重、企業發展和員工利益並重), and "equal importance on hard power and soft power" (硬實力和軟實力並重), it strives to integrate CSR into the Company's operations and management to improve the results and performance of CSR continuously.

The Group explores the management and practice of CSR proactively to achieve mutual improvement between CSR and corporate operations.

It implements the CSR management concept in its corporate decisions, systems and procedures, business operations, daily management and corporate culture comprehensively with the goals of sustainable development, maximization of consolidated value by involving all the employees and omnibearing integration, and through transparent and ethical corporate behaviour. It shall improve its ability comprehensively to create consolidated value, transparency in its operations and influence of its brands to establish a new-energy enterprise image of integrity, improvement and harmony.

ADVANCE ECOLOGICAL ENVIRONMENT PROTECTION

In the process of creation of green energy, the Group endeavored to establish clean development system and gave great impetus to ecological environmental protection. During the reporting period, the Group delivered 23,747 million kWh of green power, representing the saving of 7.12 million tons of standard coal and an emission reduction of 23.75 million tons of carbon dioxide and 0.71 million tons of sulphur dioxide. In the meantime, the Company had established and participated in various projects and activities regarding the conservation of biological diversity, which earned esteem from the government and people from the business locations.

Leveraging on scientific progress and technological innovation, Jiangyin Sulong Power Generation Co., Ltd. (江陰蘇龍熱電有限公司) of the Group accelerated the transformation of coal-fired generating units for ultra-low emissions and officially put into operation the first "ultra-low-emission" environment friendly transformed units. Jiangsu Environmental Monitoring Center conducted monitoring of the emission data of such units through the CEMS and the results indicated that the emission concentration of dust, SO2 and NOx all satisfied the requirement for the ultra-clean combustion of coal and were below the emission limits set for gas turbine units. Meanwhile, this company took the lead in implementing the work for consolidation and rectification of thermoelectricity enterprises, sped up the construction of heating network integration projects in the urban area of Jiangyin and substituted and shut down a batch of small-sized thermoelectricity units with high energy consumption within the coverage of heating network, which achieved notable results in energy conservation and emission reduction.

Nantong Tianshenggang Power Generating Co., Ltd. (南通天生港發電有限公司) of the Group made significant endeavors in launching the scientific research of technological and energy saving projects, and organised the implementation of 20 energy saving and renovation projects. The boiler flue desulfuration and denitration system was in stable operation. The average operation rate and efficiency of desulfuration and denitration facilities were superior to the indexes as assigned by the environmental protection department. The Company organised the implementation of the project of efficiency improvement and transformation for desulfuration and electric precipitation of #1 power generating unit. The pollutant emission after transformation met the national environmental protection and emission standards for key regions.

Subsidiaries such as Gansu Longyuan Wind Power Generation Co., Ltd., Longyuan Inner Mongolia Wind Power Generation Co., Ltd. and so forth carried out the activity of sowing to green land in a large area, planted lawn on both sides of main roads and branch roads to wind power plants, covering a green area of 155,600 square metres.

Ever since the establishment of the bird observation station of Rudong Offshore Wind Farm of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. (江蘇海上龍源風力發電有限公司如東海上風電站) of the Group, it has carried out observation of birds and their habitats in accordance with the guiding opinions of the state marine administrative authority and relevant guide rules and specifications, proactively cooperated with international bird preservation organizations in carrying out survey in the wind farm, and assisted the preparation of the "2014 International Eurynorhynchus Pygneus Festival". The water bird survey in the migration period in autumn was conducted in Longyuan Rudong Offshore Wind Farm. Thirteen domestic and overseas organisations including the Royal Society for the Protection of Birds, Museum of Zoology of Moscow University, China Bird Watch and Jiangsu Bird Watching Society participated in the survey.

PUBLIC WELFARE

The Group proactively participates in public welfare, performing CSR with actual action. It introduced the "Longyuan's Green Care Action" plan ("龍源綠色關愛"行動計劃) with efforts. It earned trust and respect by its integrity, offerings and mutual development and strived to have a harmonious development between corporate and social development, creating the positive image of a responsible corporation in green development. This year, the Group repays the society in various channels such as proactive launch of subsidies of education and to the handicapped, assistance to the poor and people with difficulties, and low carbon practices. Its donations to public welfare amounted to over RMB8 million.

Zhoushan Cengang Wind Farm of Zhejiang LongyuanWind Power Generation Co., Ltd. of the Group insisted on carrying out "sow love in Zhoushan, return the society with deep love (愛心播撒島城，情深回報社會)" activities, organised staff to raise donations of love and provide easements to the poor families in Mamu Community, Dinghai District, Zhoushan, and established good partnership with the local masses. Cangnan Wind Farm proactively coped with the demand of national defense, spared no efforts to help the troop stationed in nearby mountainous areas and assisted them solving some difficulties in life. The troop expressed heartfelt thanks to the wind farm for its constant care and support for the army construction and national defense as well as efforts made over the years and sent a silk banner printed with "support the troop with selfless assistance, concern with national defense with real dedication (支持軍隊無私援助、心系國防真情奉獻)".

Longyuan Ge'ermu New Energy Development Co., Ltd. of the Group implemented power construction projects in the areas without electricity in Maduo County and Gande County in Guoluo Prefecture, Qinghai Province, in 2014. The average elevation of both counties is above 4,000m. The workers overcame the alpine hypoxia, inconveniences in traffic and life, and other difficulties to provide 7,174 solar home systems and construct 1 off-grid solar power station with the total capacity of 2,343.68kW, solving the electricity utilization problem for approximately 23,675 farmers and herdsmen from 7,256 households in the areas without electricity in Qinghai Province.

Huangang Wind Farm of Jiangsu Longyuan Wind Power Generation Co., Ltd. of the Group entered into the joint construction agreement with Huandong Village in Nantong Export-oriented Agricultural Comprehensive Development Zone.

Ningxia Longyuan Wind Power Generation Co., Ltd. (寧夏龍源風力發電有限公司) of the Group proactively returned the society and dedicated love by going to a Muslim Orphan Asylum in Yinchuan to express sympathy with over RMB30,000 and stationeries as donated by all the staff.

Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. of the Group offered love to the school for migrant workers' children in Changping District, Beijing. The trade union of the company organised all the staff to make donations and bought a pair of gloves for each child to send the warmth in the cold winter.

Yunnan Longyuan Wind Power Generation Co., Ltd. of the Group received a letter of thanks from the Office for Reception of Disaster Relief Donations of Yunnan Province and Yunnan Charity Federation for showing its traditional virtues of "If one is in difficulty, all will give support (一方有難、八方支援)" during the earthquake relief work.

PROMOTION OF LOW-CARBON LIVING

The Group has been actively promoting low carbon living and its philosophy by nurturing and propelling voluntary reduction among domestic enterprises of the society, giving support to enterprises which are willing to cut back on carbon emission voluntarily or refraining from personal emission of carbon. In order to expedite the development of low-carbon living, the Group promoted a low-carbon style of work and life at corporate level, meaning that the staff is encouraged to take real action to save resources, protect environment and lead the new trend of society proactively. 35 entities of the Group have set up volunteer organisations of juvenile employees to launch 110 service activities on regular basis.

Volunteers from Xinjiang Longyuan Wind Power Generation Co., Ltd. held the "civilized traffic, safe travel (文明交通，平安出行)" public benefit propaganda in Dabancheng District, Urumqi, proposing volunteer service teams of the district to act as the envoy of "civilized traffic action plan (文明交通行動計劃)" and proactively create the strong atmosphere in which everyone condemns traffic violations and pursues civilized traffic. Over one thousand people signed on the list of proposal.

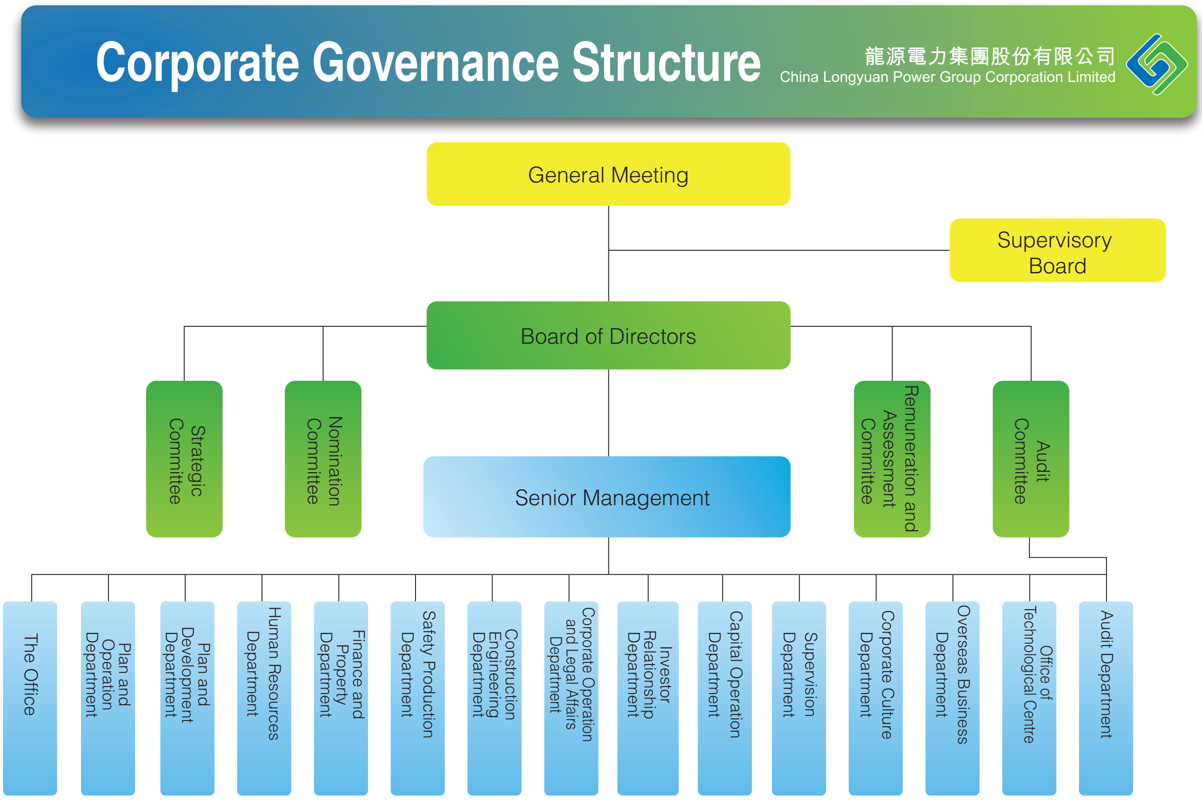
Volunteers from Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. of the Group carried out the "Low-carbon environmental protection, happy travel (低碳環保，快樂出行)" volunteer activity, in which volunteers rode public bikes to Binjiang Park, Nantong, to pick up garbage discarded in the park, to advocate green travel and care for the environment starting from our own.

Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. of the Group concluded a CCER (China Certified Emission Reduction) transaction with China Beijing Environment Exchange to provide 3,903 tons of CCER from Longyuan Power Gansu Anxi Xiangyang Wind Farm Project (龍源電力甘肅安西向陽風電場項目) for carbon neutrality of the venue for Beijing APEC Meeting (Beijing Yan Qi Lake International Exhibition Centre (北京雁棲湖國際會展中心)) in 2014, making the venue for APEC Meeting of this year the first "zero carbon" venue for international summit in China.

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the shareholders the corporate governance report for the year ended 31 December 2014.

The corporate governance structure of the Company is set out as follows:



CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties of the Company, which are specifically as follows: (1) formulating and reviewing the Company's policies and practices on corporate governance; (2) reviewing and monitoring the training and continuous professional development of directors and senior management; (3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (4) formulating, reviewing and monitoring the code of conduct of employees and directors; and (5) reviewing the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report contained in annual report.

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance practices. For the year ended 31 December 2014, save as the deviation from the code provision E.1.2 disclosed in paragraph 8 below, the Company has complied with all the code provisions as set out in the "Corporate Governance Code" contained in Appendix 14 to the Listing Rules. The Company has also adopted certain recommended best practices contained in the above Code, as appropriate.

Corporate governance practices adopted by the Company are summarised below:

1. The Board

The Board exercises its powers and functions in accordance with the provisions as set out in the Articles of Association. The Board works under the principle of acting in the best interest of the Company and its shareholders, reports its works at general meetings, implements the resolutions passed at general meetings and is accountable to the general meetings.

1.1 Composition of the Board

As at 31 December 2014, the Board consisted of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 96 to 100 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

Since the listing of the Company, the Board has been in compliance with the requirement of Rule 3.10(1) of the Listing Rules requiring the appointment of at least three independent non-executive Directors. It has also complied with the subsequent new requirement of Rule 3.10A of the Listing Rules which requires that independent non-executive Directors shall represent at least one third of the Board. The Company is also in compliance with the requirement under Rule 3.10(2) of the Listing Rules about the qualifications requirement of at least one of the independent non-executive Directors. In addition, the Company has received annual confirmations from independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considers all independent non-executive Directors to be independent pursuant to the requirements as set out in the Listing Rules.

The Company firmly believes that the increasing diversity at the board level is one of essential elements in supporting the attainment of its strategic objectives and its sustainable development, therefore, the Company formulated Board Diversity Policy in October 2013. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can be brought to the Board. All nominees proposed by the Board shall comply with the principle of appointment based on merits and fully take into account objective conditions and benefits of diversity of the Board while considering candidates. The nomination committee will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board.

The current composition of the Board is set out as follows:

Name	Position in the Company	Date of Being Appointed/Re-elected
Qiao Baoping	Chairman of the Board and	
	Non-executive Director	30 July 2013
Wang Baole	Non-executive Director	3 July 2012
Shao Guoyong	Non-executive Director	22 May 2014
Chen Jingdong	Non-executive Director	22 May 2014
Li Enyi	Executive Director and	30 July 2013
	President	26 April 2013
Huang Qun	Executive Director	3 July 2012
Zhang Songyi	Independent Non-executive Director	3 July 2012
Meng Yan	Independent Non-executive Director	3 July 2012
Han Dechang	Independent Non-executive Director	22 May 2014

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year, to be convened by the Chairman of the Board. A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state relevant information such as the time, venue, agenda and the subject matters to be discussed, etc.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

The details regarding Board meetings convened during the reporting period and the attendance of Directors at such meetings are set out in the Directors' Report in this annual report.

1.3 Powers Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly provided in the Articles of Association, which aims to provide adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, deciding on the establishment of the Company's internal management structure, formulating the Company's basic administration system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Led by the President (who is also an executive Director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

1.4 Chairman and President

The roles of the Chairman of the Board and President (i.e. the chief executive pursuant to the relevant Listing Rules) of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. Mr. Qiao Baoping acts as the Chairman of the Board and Mr. Li Enyi acts as the President. The Board considered and approved the Rules and Procedures of the Board Meeting and the Terms of Reference of the Senior Management of the Company, which clearly defined the division of duties between the Chairman and the President.

Mr. Qiao Baoping, the Chairman of the Board, is responsible for leading the Board in determining the overall development strategies of the Company, ensuring that the Board is functioning effectively in performing its duties, discussing significant and appropriate matters in a timely manner, ensuring the formulation of good corporate governance practices and procedures by the Company and ensuring that the Board acts in the best interest of the Company and all of its shareholders. Mr. Li Enyi, the President, is mainly responsible for the Company's day-to-day operation and management, including organising the implementation of Board resolutions, making day-to-day decisions, etc.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at shareholders' meetings with a term of office of three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

1.6 Directors' Remuneration

The remuneration and assessment committee makes recommendations in respect of Directors' remuneration according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board, subject to approval at general meeting, with reference to Directors' experience, work performance, positions and market conditions.

2. Board Committees

There are four Board committees, namely the audit committee, remuneration and assessment committee, nomination committee and strategic committee.

2.1 Audit Committee

The audit committee of the Board consists of three Directors: Mr. Shao Guoyong (non-executive Director), Mr. Zhang Songyi (independent non-executive Director) and Mr. Meng Yan (independent non-executive Director). Mr. Meng Yan serves as the chairman of the audit committee. Mr. Shao Guoyong was appointed as a member of the audit committee on 22 May 2014 and Mr. Luan Baoxing, a former non-executive Director, resigned as a member of the audit committee on the same date.

The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectivity of external auditors and effectiveness of audit process; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board; oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management system; ensure coordination between the internal and external auditors and ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have sufficient capabilities and experience and are provided with regular training programs or similar arrangement. In 2014, the audit committee and the Board of the Company had no disagreements with the selection, appointment, resignation or dismissal of the external auditors.

During the reporting period, the audit committee held four meetings, details of which are as follows:

- On 17 March 2014, the 2014 first meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report made by the external auditor in respect of the audit of the Company's 2013 annual financial statements was heard; (2) the Company's 2013 annual report and results announcement were considered and approved; (3) the Company's 2013 annual audited financial statements were considered and approved; and (4) the re-appointment of auditors for 2014 and their remuneration were considered and approved.

- On 28 April 2014, the 2014 second meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report in respect of the review of the Company's 2014 first quarterly results announcement was heard; and (2) the Company's 2014 first quarterly results announcement was considered and approved.

- On 19 August 2014, the 2014 third meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report made by the external auditor in respect of the review of the Company's 2014 interim financial statements was heard; (2) the Company's 2014 interim report and interim results announcement were considered and approved; (3) the Company's 2014 interim financial statements were considered and approved; and (4) the fees payable to KPMG for 2014 interim review were considered and approved.

- On 28 October 2014, the 2014 fourth meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report relating to the third quarterly results announcement for 2014 of the Company was heard; and (2) the third quarterly results announcement for 2014 of the Company was considered and approved.

All members of the audit committee, i.e. Mr. Meng Yan and Mr. Zhang Songyi attended the above four meetings. Mr. Shao Guoyong attended the meetings convened on 19 August 2014 and 28 October 2014. Mr. Luan Baoxing, a former member of the audit committee, attended the meetings convened on 17 March 2014 and 28 April 2014. The attendance rate of all the meetings was 100%.

2.2 Remuneration and Assessment Committee

The remuneration and assessment committee consists of three Directors: Mr. Wang Baole (non-executive Director), Mr. Zhang Songyi (independent non-executive Director) and Mr. Han Dechang (independent non-executive Director). Mr. Zhang Songyi is the chairman of the remuneration and assessment committee. Mr. Han Dechang was appointed as a member of the remuneration and assessment committee on 22 May 2014 and Mr. Lv Congmin, a former independent non-executive Director, resigned as a member of the remuneration and assessment committee on the same date.

The Company has adopted the model of making recommendations by the remuneration and assessment committee to the Board in deciding the remuneration packages of executive Directors and senior management.

The primary responsibilities of the remuneration and assessment committee are to make recommendations to the Board with respect to the establishment of policies, schemes or proposals for Directors' and senior management's remuneration; review, approve and oversee the overall remuneration proposals for Directors and senior management; formulate the evaluation standards on Directors and senior management and assess the said standards; and ensure that neither the Director nor any of his or her associates may determine his or her own remuneration etc. During the reporting period, the remuneration and assessment committee held one meeting, details of which are as follows:

- On 17 March 2014, the 2014 first meeting of the remuneration and assessment committee of the second session of the Board was held, at which the following works were performed: (1) the briefing on the remuneration proposals for Directors, supervisors and senior management of the Company for 2014 was heard; (2) the remuneration of Directors, supervisors and senior management for 2014 was considered and approved; (3) the briefing on the Company's withdrawal plan of the Board's fund for 2013 was heard; and (4) the withdrawal plan of the Board's fund for 2013 was considered and approved.

All members of the remuneration and assessment committee who were in office on the date on which the above meeting was held, being Mr. Wang Baole, Mr. Lv Congmin, a former member of the remuneration and assessment committee, and Mr. Zhang Songyi attended the meeting convened on 17 March 2014. The attendance rate was 100%.

2.3 Nomination Committee

The nomination committee consists of three Directors: Mr. Qiao Baoping (non-executive Director), Mr. Meng Yan (independent non-executive Director) and Mr. Han Dechang (independent non-executive Director). Mr. Qiao Baoping is the chairman of the nomination committee. Mr. Han Dechang was appointed as a member of the nomination committee on 22 May 2014 and Mr. Lv Congmin, a former independent non-executive Director, resigned as a member of the nomination committee on the same date.

The primary responsibilities of the nomination committee are to review the structure, size and composition of the Board, formulate the procedures and standards for nominating candidates for Directors and senior management, conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management and comment and review the independence of independent non-executive Directors.

The Company issued the Board Diversity Policy in October 2013. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The nomination committee shall supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. Meanwhile, the nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board. The nomination committee considered that during the reporting period, the composition of the members of the Board was in accordance with the requirements of the Board Diversity Policy.

During the reporting period, the nomination committee held three meetings, details of which are as follows:

- On 18 February 2014, the 2014 first meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the changes of the Directors was heard; and (2) the changes of the Directors were considered and approved.

- On 17 March 2014, the 2014 second meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the changes of the Directors was heard; and (2) the changes of the Directors was considered and approved.

- On 27 March 2014, the 2014 third meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the change of vice president was heard; and (2) the change of vice president was considered and approved.

All members of the nomination committee who were in office on the dates on which the above three meetings were held, being Mr. Qiao Baoping, Mr. Lv Congmin, a former member of the nomination committee, and Mr. Meng Yan attended the said meetings. The attendance rate was 100%.

2.4 Strategic Committee

The strategic committee consists of four Directors: Mr. Wang Baole (non-executive Director), Mr. Li Enyi (executive Director), Mr. Chen Jingdong (non-executive Director) and Mr. Huang Qun (executive Director). Mr. Li Enyi is the chairman of the strategic committee. Mr. Chen Jingdong was appointed as a member of the strategic committee on 22 May 2014 and Mr. Chen Bin, a former non-executive Director, resigned as a member of the strategic committee on the same date.

The primary responsibilities of the strategic committee are to formulate the Company's overall development plans and investment decision-making procedures; review the Company's long-term development strategies; review the Company's strategic planning and implementation reports; and review significant capital expenditure, investment and financing projects that require approval of the Board.

During the reporting period, the strategic committee held one meeting, details of which are as follows:

- On 17 March 2014, the 2014 first meeting of the strategic committee of the second session of the Board was held, at which the following works were performed: (1) the report on the comprehensive scheme, target and arrangement of the Company for 2014 was heard; (2) the comprehensive scheme, target and arrangement of the Company for 2014 was considered and approved; (3) the report on the safety production scheme and arrangement of the Company for 2014 was heard; and (4) the safety production scheme and arrangement of the Company for 2014 was considered and approved.

All members of the strategic committee who were in office on the date on which the above meeting was held attended the abovementioned meeting, being Mr. Chen Bin, a former member of the strategic committee, Mr. Wang Baole, Mr. Li Enyi and Mr. Huang Qun attended the meeting dated 17 March 2014. The attendance rate reached 100%.

3. Directors' Responsibility for the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group for the year ended 31 December 2014.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, inside information 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 and approval, as appropriate, of the financial information and position of the Group.

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

In addition, the Company has arranged appropriate insurance cover in respect of possible legal actions and liabilities against the Directors.

4. Compliance with the Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its Directors and supervisors in the securities of the Company. Having made specific enquiry of the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

5. Training of Directors and Company Secretaries

All existing Directors participated in continuous professional development in 2014 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all existing Directors' training are set out as below:

Name	**Position**	**Training Received in 2014** *(hours)*	**Areas covered in the Training**
Qiao Baoping	Chairman of the Board and Non-executive Director	367	Corporate governance and relevant regulations, corporate management, energy research, strategic planning, human resources and capital operation, etc.
Wang Baole	Non-executive Director	266	Corporate governance and relevant regulations, industry research, corporate management, planning studies and market analysis, etc.
Shao Guoyong	Non-executive Director	255	Corporate governance and relevant regulations, accounting, finance and financial management, etc.
Chen Jingdong	Non-executive Director	265	Corporate governance and relevant regulations, financial research, capital operation and financial management, etc.
Li Enyi	President and Executive Director	286	Corporate governance and relevant regulations, corporate management, energy research, strategic management, human resources, etc.
Huang Qun	Executive Director	261	Corporate governance and relevant regulations, strategic planning, capital operation and relevant business of the Company, etc.
Zhang Songyi	Independent Non-executive Director	386	Corporate governance, laws and regulations, finance, economics, energy, etc.
Meng Yan	Independent Non-executive Director	390	Listing rules, corporate governance, audit, accounting and financial management, etc.
Han Dechang	Independent Non-executive Director	312	Corporate governance and relevant regulations, business administration, strategic planning and marketing management, etc.

In addition, Mr. Jia Nansong and Ms. Soon Yuk Tai, Joint Company Secretaries of the Company, took part in relevant training respectively in 2014 and, therefore, have complied with the requirement under Rule 3.29 of the Listing Rules.

6. Internal Controls

The Company highly recognises the importance of internal control. A sound and effective internal control system has been established to protect shareholders' investments and the Company's assets.

In respect of rules and regulations, the Company set up systems on internal control, including "Rules and Procedures of Board Meetings" (《董事會議事規則》), "Rules and Procedures of Meetings of the Audit Committee" (《審計委員會議事規則》), "Rules and Procedures of Meetings of the Remuneration and Assessment Committee" (《薪酬與考核委員會議事規則》), "Rules and Procedures of Meetings of the Nomination Committee" (《提名委員會議事規則》), "Rules and Procedures of Meetings of the Strategic Committee" (《戰略委員會議事規則》), "Provisions on Information Disclosure Management" (《信息披露事務管理規定》), "Rules on the Management of Connected Transactions" (《關連交易管理辦法》), "Tentative Risk Management Framework" (《風險管理框架(試行)》), "Template for Regular Declaration Requirement by Directors and Senior Management" (《董事與高管定期聲明規定模板》), "Terms of Reference of the Senior Management of the Company" (《公司高管職責説明書》), "Interim Measures on Anti-Corruption, Complaints and Reports" (《反舞弊及接收投訴、舉報的暫行辦法》) and "Management System of Internal Audit" (《內部審計管理制度》), etc.

In terms of organisational structure, the Company established the Finance and Property Department, Audit Department and Supervision Department with adequate personnel to take charge of specific works such as financial and operational controls, risk management, internal audit and anti-corruption. Besides, the Company provides reasonable budgets and arranges regular training to the staff of the Company and subsidiaries performing the duties of financial and risk management and internal audit so as to ensure that they are well trained and experienced.

The effective implementation of the internal control system ensured orderly development of the Company's operating and management activities as well as effective control of risks, safeguarded the security and integrity of the Company's property and guaranteed the realisation of the Company's operating and management objectives.

Each department of the Company is able to submit relevant information to the Board smoothly. Being the most senior point of contact to each department, the President of the Company has the duty to effectively report to the Board in relation to the operation conditions of each department, and to coordinate and mobilise the demands of each department to enhance reasonable decision making within the Company. Accordingly, any possible significant matter (if subject to disclosure to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions from the management of the Company can be implemented accurately and timely, and be exercised with supervision.

During the reporting period, the Board assessed the internal control systems of the Company and subsidiaries, covering financial, operational and compliance controls and risk management etc, and was not aware of any material deficiencies or any material defaults with respect to internal controls. The Board believes that the current monitoring control systems of the Company are effective and considers that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions are adequate.

7. Auditors and Their Remuneration

KPMG and Ruihua Certified Public Accountants (special general partner) were appointed as auditors for the Company's financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises for the year ended 31 December 2014, respectively.

For the year ended 31 December 2014, the fees payable to KPMG and Ruihua Certified Public Accountants (special general partner) for audit services were RMB11,500,000 and RMB7,700,000 respectively, and the fees for interim review were RMB6,800,000. For the year ended 31 December 2014, the fees payable to KPMG for the provision of non-audit services in respect of bonds issuance for the Group amounted to RMB750,000. The statements of the reporting responsibility of KPMG, the Group's external auditor, in respect of the financial statements are set out on pages 138 to 139 of this annual report.

8. Shareholders' Meetings

During the reporting period, the Company held two general meetings in total.

On 22 May 2014, the Company held the annual general meeting for 2013. Independent non-executive Director of the Company, Mr. Lv Congmin (resigned) who was in office on the date on which the annual general meeting was held was present at such annual general meeting. Non-executive Directors of the Company, Mr. Qiao Baoping, Mr. Chen Bin (resigned), Mr. Wang Baole and Mr. Luan Baoxing (resigned); executive Directors, Mr. Li Enyi and Mr. Huang Qun; and independent non-executive Directors, Mr. Zhang Songyi and Mr. Meng Yan were absent from the abovementioned annual general meeting due to work reasons.

On 23 December 2014, the Company held the first extraordinary general meeting for 2014. Non-executive Director of the Company, Mr. Wang Baole and executive Directors, Mr. Li Enyi and Mr. Huang Qun were present at the meeting. Non-executive Directors of the Company, Mr. Qiao Baoping, Mr. Shao Guoyong and Mr. Chen Jingdong, and independent non-executive Directors, Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang were absent from the abovementioned general meeting due to work reasons.

The Company will arrange the Board and relevant committee members to attend and answer questions from shareholders at the Company's annual general meeting for 2014.

A circular to shareholders, containing resolutions to be put forward at the annual general meeting for 2014 and relevant information, has been dispatched to the shareholders together with this annual report.

9. Communication Policy with Shareholders

The Company highly values shareholders' opinions and advice, and proactively organises various investor relations activities to maintain connections with shareholders and timely response to the reasonable requests of shareholders in a timely manner.

9.1 Shareholders' rights

The Board is committed to maintaining an on-going dialogue with shareholders and makes timely disclosure to shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between shareholders and the Board. A forty-five (45) days' prior written notice for convening a general meeting shall be served to notify shareholders, whose names appear in the register of shareholders, of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall serve their written replies on the Company twenty (20) days prior to the date of the meeting.

Two or more than two shareholders who severally or jointly hold more than 10% (including 10%) of the issued and voting shares of the Company may request the Board, in writing, to convene an extraordinary general meeting or a shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall as soon as possible after receipt of the request proceed to convene an extraordinary general meeting or a shareholders' class meeting within two months. The calculation of the above-mentioned shareholdings shall be based on the information as at the date of deposit of the request.

If the Board fails to issue a notice to convene such a meeting within 30 days from the date of receipt of the above written request, shareholders severally or jointly holding more than 10% (including 10%) of the issued and voting shares of the Company are entitled to request the Supervisory Board to convene an extraordinary general meeting or a shareholders' class meeting and such request should be made in written form. The Supervisory Board may itself convene such a meeting within four months of the receipt of the requisition by the Board. In the case of the failure of the Supervisory Board to convene and preside over such a meeting, shareholders severally or jointly holding more than 10% (including 10%) of the Company's shares for more than 90 consecutive days shall be entitled to convene the meeting. The procedures of convening such a meeting should follow, as far as possible, those of a general meeting convened by the Board.

In the event the Company convenes an annual general meeting, shareholders holding an aggregate of 3% (including 3%) or more of the Company's shares with voting rights are entitled to propose ad hoc motions in writing to the Company. The Company should include those motions which fall within the scope of duties and functions of general meetings into the agenda of the meeting. The ad hoc motions proposed by shareholders shall be subject to the following requirements: (i) the contents shall not contravene any requirements of the laws and regulations and shall fall within the scope of the Company's operations and duties and functions of general meetings; (ii) they shall relate to definite topics and specific matters to resolve; and (iii) they shall be made in writing and submitted/delivered to the Board at least ten days prior to the holding of the general meeting.

9.2 Shareholders' Enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on its website at www.clypg.com.cn, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on pages 282 to 284 of this annual report.

The Board welcomes shareholders' views and encourages them to attend general meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

10. Investor Relations

10.1 Investor Relations Activities

Results Roadshows

In 2014, the Company published 2013 annual results and 2014 interim results in March and August, respectively, and organised results roadshows. During the period of annual results conference, 23 financial media, and 258 analysts and investors attended the meeting. During the period of annual report roadshow, the management of the Company communicated with 58 new and existing shareholders in a face-to-face manner through 16 investor meetings. A total of 16 media and 236 analysts and investors attended the interim results conference. 20 investor meetings were organised for the interim report roadshow and in-depth communications were conducted with 36 representatives from investment institutions.

Since announcement of first quarterly results and third quarterly results for 2014, the Company organised and convened teleconference with global investors. 118 and 116 large institutional investors and investment bank analysts from Hong Kong, Singapore, Europe, the US and so forth attended the two quarterly report teleconferences respectively.

Investors' Routine Calls and Visits

In 2014, the Company arranged 105 routine investor meetings by way of one-to-one/group/teleconference meetings and fully and effectively communicated and exchanged opinions with 295 corporate investors and analysts. In addition, the Company organised 2 visits to wind farms for foreign investors, conducted on-site investigation of wind farms in Fujian, Jiangsu and so forth, and showed large-scale wind power base and advanced operation and management standard of the Group to international investors.

Reverse Roadshows

On 10 October 2014, the Company held the 2014 offshore wind power reverse roadshow and a management presentation in Rudong, Jiangsu, and the investors present were invited to visit the Longyuan Rudong Marine Booster Station and Marine Wind Farm.

Investment Summits

In 2014, the Company participated in the summit held by 10 well-known investment banks, and held face-to-face conversations with 232 investors through 35 one-to-one/ group meetings.

10.2 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fairly disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company for easy inquires. In 2014, the Company published 78 pieces of information on the Stock Exchange and 25 articles concerning the latest news.

The Company did not make any material changes to the Articles of Association of the Company in 2014.

11. Contact Person of Joint Company Secretary

Ms. Soon Yuk Tai from Tricor Services Limited, being an external service provider, is acting as the joint company secretary of the Company. Mr. Jia Nansong, the Board secretary of the Company, is her primary contact person.

SUPERVISORY BOARD'S REPORT

On 3 July 2012, the Supervisory Board was established upon the approval of the extraordinary general meeting of the Company. The current session of the Supervisory Board consists of three supervisors.

In 2014, the Supervisory Board of the Company acted in strict compliance with relevant laws and regulations (such as the Company Law of the PRC), rules, regulatory documents and the Articles of Association, Rules and Procedures of the Supervisory Board of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司監事會議事規則》) and Listing Rules of the Hong Kong Stock Exchange, and for the purposes of the Company's long-run interests and shareholders' interests, it earnestly performed its duties of supervision as to the acts of Directors and senior management of the Company during the exercise of their respective duties of the Company. Major work of the Supervisory Board in the reporting period is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

The 2014 first meeting of the second session of the Supervisory Board was held on 17 March 2014, at which the Resolution Regarding the 2013 Annual Report and Results Announcement of China Longyuan Power Group Corporation Limited (《關於龍源電力有限公司2013年度報告及業績公告的議案》) and the Resolution Regarding the 2013 Annual Report of the Supervisory Board of China Longyuan Power Group Corporation Limited (《關於龍源電力有限公司2013年度監事會報告的議案》) were considered and approved.

The 2014 second meeting of the second session of the Supervisory Board was held on 19 August 2014, at which the Resolution Regarding the 2014 Interim Report and Interim Results Announcement of China Longyuan Power Group Corporation Limited (《關於龍源電力有限公司2014年度中期報告及中期業績公告的議案》) were considered and approved.

II. WORK OF THE SUPERVISORY BOARD

The Supervisory Board mainly carried out the following work:

1. Inspection of the Legal Compliance of the Company's Operation

During the reporting period, members of the Supervisory Board attended all general meetings held by the Company and attended all Board meetings as non-voting participants, and also considered the proposals which were submitted to the Board for consideration. Through attending such meetings as participants and non-voting participants, the Supervisory Board was able to supervise the major decision-making processes and the performance of duties by the Board members and the senior management members of the Company. The Supervisory Board is of the opinion that the material decision-making process of the Company has been in compliance with laws and regulations, that all Directors and senior management members of the Company have faithfully performed their duties with due diligence, earnestly implemented the resolutions of the general meetings, stuck to lawful operation and prudent decision-making and no violation of laws, regulations, and the Articles of Association and prejudice to the interests of the Company's shareholders have been found during the execution of their respective duties.

2. Inspection of the Company's Financial Condition

During the reporting period, the Supervisory Board reviewed the relevant financial information and the auditors' reports of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China, the accounting system issued by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns has been found. Having duly reviewed the 2014 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditors with an unqualified opinion, the Supervisory Board is of the opinion that the annual report reflects the financial condition and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

3. Inspection of the Company's Material Acquisitions, Disposal of Assets and Connected Transactions

During the reporting period, the Supervisory Board reviewed all information related to the Company's acquisitions, disposal of equity interests and assets and connected transactions with the controlling shareholder of the Company. The Supervisory Board is of the opinion that such acquisitions, disposal of equity interests and assets and connected transactions were conducted in a fair and just way, at reasonable price, without prejudice to the interests of the Company and other shareholders. The Directors, President and other senior management members of the Company have exercised the rights granted by the shareholders and discharged their obligations in good faith and with due diligence. So far, the Supervisory Board is not aware of any abuse of authority which impairs the interests of the shareholders and the legitimate rights of the employees of the Company.

4. Inspection of the Company's Information Disclosure

During the reporting period, the Supervisory Board reviewed all the relevant documents the Company publicly published. The Supervisory Board is of the opinion that the Company has disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

III. Opinions of the Supervisory Board on the Company's work

The Supervisory Board opines that during the reporting period, the Company earnestly implemented the spirits of working conferences convened at the beginning and in the middle of the year, proactively coped with the new normality of operation and development situation, insisted on the "Eight Focuses" and pursued the "Four Excellences" to strengthen operation and management, deepen the reform and innovation and steadily advance various works, and maintained a sound and sustainable advantageous development situation. The Supervisory Board is satisfied with the achievement of the Company during the reporting period and is confident on the development prospects of the Company.

Chairman of the Supervisory Board
Xie Changjun

Beijing, 24 March 2015

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
China Longyuan Power Group Corporation Limited*
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Longyuan Power Group Corporation Limited (the "Company") set out on pages 140 to 275, which comprise the consolidated and company balance sheets as at 31 December 2014, the consolidated statement of profit or loss and other 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 International Financial Reporting Standards issued by the International Accounting Standards Board 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. This report is made solely to you, as a body, 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.

* *For identification purpose only*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Revenue	4	**18,207,208**	19,146,618
Other net income	5	**437,410**	431,900
Operating expenses			
Depreciation and amortisation		**(5,000,629)**	(4,400,606)
Coal consumption		**(1,740,811)**	(2,225,914)
Coal sales costs		**(2,246,800)**	(2,859,817)
Service concession construction costs		**(227,579)**	(667,060)
Personnel costs		**(1,224,907)**	(1,115,798)
Material costs		**(343,818)**	(398,202)
Repairs and maintenance		**(449,520)**	(521,154)
Administration expenses		**(378,136)**	(398,791)
Other operating expenses		**(473,548)**	(980,040)
		(12,085,748)	(13,567,382)
Operating profit		**6,558,870**	6,011,136
Finance income		**198,035**	539,752
Finance expenses		**(3,148,807)**	(3,077,372)
Net finance expenses	6	**(2,950,772)**	(2,537,620)
Share of profits less losses of associates and joint ventures		**453,760**	59,730
Profit before taxation	7	**4,061,858**	3,533,246
Income tax	8	**(510,414)**	(560,945)
Profit for the year		**3,551,444**	2,972,301

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation of senior perpetual securities	41	9,403	(74,667)
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets: net movement in the fair value reserve		7,319	(69)
Exchange difference on translation of financial statements of overseas subsidiaries		(39,804)	(20,254)
Exchange difference on net investment		3,535	(16,621)
Other comprehensive income for the year, net of tax	12	(19,547)	(111,611)
Total comprehensive income for the year		3,531,897	2,860,690
Profit attributable to:			
Shareholders of the Company		2,558,010	2,051,584
Non-controlling interests		993,434	920,717
Profit for the year		3,551,444	2,972,301
Total comprehensive income attributable to:			
Shareholders of the Company		2,529,060	2,014,640
Non-controlling interests		1,002,837	846,050
Total comprehensive income for the year		3,531,897	2,860,690
Basic and diluted earnings per share *(RMB cents)*	13	31.83	25.53

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Non-current assets			
Property, plant and equipment	15	**88,306,598**	79,984,718
Investment properties		**4,878**	19,596
Lease prepayments	16	**1,872,602**	1,657,490
Intangible assets	17	**8,529,856**	8,685,013
Goodwill	18	**11,541**	11,541
Investments in associates and joint ventures	20	**3,602,146**	2,296,788
Other assets	21	**6,282,480**	4,481,856
Deferred tax assets	31(b)	**154,728**	162,086
Total non-current assets		**108,764,829**	97,299,088
Current assets			
Inventories	22	**1,017,073**	753,117
Trade debtors and bills receivable	23	**6,410,610**	6,710,334
Prepayments and other current assets	24	**4,072,194**	2,398,869
Tax recoverable	31(a)	**202,027**	184,102
Trading securities	25	**222,639**	315,932
Restricted deposits	26	**439,512**	725,425
Cash at bank and on hand	27	**2,388,971**	2,719,319
Total current assets		**14,753,026**	13,807,098

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000 (restated-note 40)
Current liabilities			
Borrowings	28(b)	**36,069,670**	24,696,862
Trade creditors and bills payable	29	**1,020,623**	2,142,169
Other payables	30	**9,038,981**	9,835,038
Tax payable	31(a)	**112,165**	101,115
Derivative financial instrument		**6,319**	—
Total current liabilities		**46,247,758**	36,775,184
Net current liabilities		**(31,494,732)**	(22,968,086)
Total assets less current liabilities		**77,270,097**	74,331,002
Non-current liabilities			
Borrowings	28(a)	**33,762,179**	33,204,724
Deferred income	33	**1,790,056**	1,876,906
Deferred tax liabilities	31(b)	**106,667**	116,158
Other non-current liabilities	34	**761,755**	1,003,691
Total non-current liabilities		**36,420,657**	36,201,479
NET ASSETS		**40,849,440**	38,129,523

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
CAPITAL AND RESERVES			
Share capital	35(c)	**8,036,389**	8,036,389
Reserves	35(d)	**25,020,849**	22,917,113
Total equity attributable to the shareholders of the Company		**33,057,238**	30,953,502
Non-controlling interests		**7,792,202**	7,176,021
TOTAL EQUITY		**40,849,440**	38,129,523

Approved and authorised for issue by the board of directors on 24 March 2015.

Qiao Baoping	**Li Enyi**
Chairman	*Executive Director*

The notes on pages 152 to 275 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	15	**342,457**	375,240
Investment properties		**95,894**	110,596
Lease prepayments		**4,551**	4,609
Intangible assets		**1,167**	618
Investments in subsidiaries	19	**22,226,137**	20,745,951
Investments in associates and joint ventures	20	**1,046,124**	913,638
Other assets	21	**13,607,590**	19,316,450
Total non-current assets		**37,323,920**	41,467,102
Current assets			
Inventories		**2,445**	1,979
Trade debtors and bills receivable	23	**9,059**	8,771
Prepayments and other current assets	24	**31,783,190**	19,247,256
Restricted deposits	26	**13,354**	12,306
Cash at bank and on hand	27	**1,857,992**	1,785,558
Total current assets		**33,666,040**	21,055,870
Current liabilities			
Borrowings	28(b)	**23,903,185**	15,347,167
Trade creditors and bills payable		**4,494**	5,570
Other payables	30	**8,687,820**	5,488,223
Total current liabilities		**32,595,499**	20,840,960
Net current assets		**1,070,541**	214,910
Total assets less current liabilities		**38,394,461**	41,682,012

The notes on pages 152 to 275 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Borrowings	28(a)	**11,337,873**	16,290,251
Deferred income		**26,904**	35,686
Deferred tax liabilities		**4,726**	2,287
Total non-current liabilities		**11,369,503**	16,328,224
NET ASSETS		**27,024,958**	25,353,788
CAPITAL AND RESERVES			
Share capital	35(c)	**8,036,389**	8,036,389
Reserves	35(d)	**18,988,569**	17,317,399
TOTAL EQUITY		**27,024,958**	25,353,788

Approved and authorised for issue by the board of directors on 24 March 2015.

Qiao Baoping
Chairman

Li Enyi
Executive Director

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

		Attributable to the shareholders of the Company							Non-controlling interests			
	Note	Share capital RMB'000	Capital reserve RMB'000 (Note 35 (d)(i))	Statutory surplus reserve RMB'000 (Note 35 (d)(ii))	Exchange reserve RMB'000 (Note 35 (d)(iii))	Fair value reserve RMB'000 (Note 35 (d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Senior perpetual securities RMB'000 (Note 41)	Others RMB'000	Subtotal RMB'000	Total equity RMB'000
At 1 January 2013 (as previously reported)		8,036,389	14,689,550	275,153	(19,684)	(952)	6,448,978	29,429,434	2,481,594	4,510,898	6,992,492	36,421,926
Effect on acquisition of business under common control	40/2(h)	—	32,130	—	—	—	—	32,130	—	30,870	30,870	63,000
At 1 January 2013 (as restated)		8,036,389	14,721,680	275,153	(19,684)	(952)	6,448,978	29,461,564	2,481,594	4,541,768	7,023,362	36,484,926
Changes in equity:												
Profit for the year (as restated)		—	—	—	—	—	2,051,584	2,051,584	143,017	777,700	920,717	2,972,301
Other comprehensive income		—	—	—	(36,875)	(69)	—	(36,944)	(74,667)	—	(74,667)	(111,611)
Total comprehensive income (as restated)		—	—	—	(36,875)	(69)	2,051,584	2,014,640	68,350	777,700	846,050	2,860,690
Capital contributions		—	—	—	—	—	—	—	—	41,065	41,065	41,065
Appropriation		—	—	177,642	—	—	(177,642)	—	—	—	—	—
Dividends by subsidiaries to non-controlling equity owners		—	—	—	—	—	—	—	—	(619,223)	(619,223)	(619,223)
Dividends to shareholders of the Company	35(b)(ii)	—	—	—	—	—	(511,918)	(511,918)	—	—	—	(511,918)
Interest payment for senior perpetual securities		—	—	—	—	—	—	—	(143,017)	—	(143,017)	(143,017)
Effect on acquisition of business under common control	40/2(h)	—	11,220	—	—	—	—	11,220	—	10,780	10,780	22,000
Acquisition of non-controlling interests		—	(22,004)	—	—	—	—	(22,004)	—	17,004	17,004	(5,000)
At 31 December 2013 (as restated)		8,036,389	14,710,896	452,795	(56,559)	(1,021)	7,811,002	30,953,502	2,406,927	4,769,094	7,176,021	38,129,523

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

		Attributable to the shareholders of the Company							Non-controlling interests			
	Note	Share capital *RMB'000*	Capital reserve *RMB'000* *(Note 35 (d)(i))*	Statutory surplus reserve *RMB'000* *(Note 35 (d)(ii))*	Exchange reserve *RMB'000* *(Note 35 (d)(iii))*	Fair value reserve *RMB'000* *(Note 35 (d)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Senior perpetual securities *RMB'000* *(Note 41)*	Others *RMB'000*	Subtotal *RMB'000*	Total equity *RMB'000*
At 1 January 2014 (as previously reported)		8,036,389	14,667,546	452,795	(56,559)	(1,021)	7,808,883	30,908,033	2,406,927	4,725,409	7,132,336	38,040,369
Effect on acquisition of business under common control	40	—	43,350	—	—	—	2,119	45,469	—	43,685	43,685	89,154
At 1 January 2014 (as restated)		8,036,389	14,710,896	452,795	(56,559)	(1,021)	7,811,002	30,953,502	2,406,927	4,769,094	7,176,021	38,129,523
Changes in equity:												
Profit for the year		—	—	—	—	—	2,558,010	2,558,010	141,094	852,340	993,434	3,551,444
Other comprehensive income		—	—	—	(36,269)	7,319	—	(28,950)	9,403	—	9,403	(19,547)
Total comprehensive income		—	—	—	(36,269)	7,319	2,558,010	2,529,060	150,497	852,340	1,002,837	3,531,897
Capital contributions		—	—	—	—	—	—	—	—	177,863	177,863	177,863
Appropriation		—	—	121,627	—	—	(121,627)	—	—	—	—	—
Dividends by subsidiaries to non-controlling equity owners		—	—	—	—	—	—	—	—	(457,779)	(457,779)	(457,779)
Dividends to shareholders of the Company	35(b)(ii)	—	—	—	—	—	(381,728)	(381,728)	—	—	—	(381,728)
Interest payment for senior perpetual securities		—	—	—	—	—	—	—	(141,094)	—	(141,094)	(141,094)
Effect on acquisition of business under common control	40	—	(43,596)	—	—	—	—	(43,596)	—	7,840	7,840	(35,756)
Disposal of a subsidiary	5(ii)	—	—	—	—	—	—	—	—	26,514	26,514	26,514
At 31 December 2014		8,036,389	14,667,300	574,422	(92,828)	6,298	9,865,657	33,057,238	2,416,330	5,375,872	7,792,202	40,849,440

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Cash flows from operating activities		
Profit before taxation	4,061,858	3,533,246
Adjustments for:		
Depreciation	4,505,669	3,948,087
Amortisation	494,960	452,519
Impairment losses on property, plant and equipment and lease prepayment	24,593	606,353
Gain on disposal of an associate	—	(4,935)
Gain on disposal of a subsidiary	(28,724)	—
Loss/(gain) on disposal of property, plant and equipment and intangible assets	4,345	(6,214)
Interest expenses on financial liabilities	2,970,684	2,816,898
Foreign exchange differences, net	(26,190)	(57,566)
Interest income on financial assets	(84,310)	(60,343)
Dividend income	(54,717)	(55,817)
Share of profits less losses of associates and joint ventures	(453,760)	(59,730)
Changes in working capital:		
(Increase)/decrease in inventories	(263,090)	64,489
Decrease/(increase) in trading securities	93,293	(14,195)
Decrease in trade debtors and bills receivable	265,418	1,294,856
Decrease in prepayments and other current assets	1,270,693	1,635,535
Increase in trade and other payables	737,120	221,929
Decrease in deferred income	(127,677)	(137,474)
Cash generated from operations	13,390,165	14,177,638
Income tax paid	(521,862)	(566,291)
Net cash generated from operating activities	12,868,303	13,611,347

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	**(18,233,035)**	(10,508,783)
Payments for loans and advances	**(1,973,401)**	(168,287)
Payments for acquisition of investments in associates and joint ventures, non-controlling interests and unquoted equity investments	**(867,211)**	(174,970)
Payment for acquisition of businesses, net of cash acquired	**(24,265)**	(197,110)
Government grant received	**40,827**	111,215
Proceeds from disposal of property, plant and equipment and intangible assets	**26,562**	43,505
Proceeds from disposal of an associate	**—**	35,219
Proceeds from disposal of a subsidiary, net of cash disposed	**(403)**	—
Proceeds from repayment of loans and advances	**11,790**	10,000
Dividends received	**66,693**	217,629
Interest received	**104,679**	85,711
Time deposits	**—**	56,866
Net cash used in investing activities	**(20,847,764)**	(10,489,005)

The notes on pages 152 to 275 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in Renminbi unless otherwise stated)

	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Cash flows from financing activities		
Capital contributions	**185,703**	63,065
Proceeds from borrowings	**36,205,449**	22,527,037
Repayment of borrowings	**(24,177,185)**	(23,639,147)
Dividends paid by subsidiaries to non-controlling equity owners	**(660,166)**	(525,319)
Dividends paid to shareholders of the Company	**(381,728)**	(511,918)
Interest paid for borrowings	**(3,376,269)**	(3,257,107)
Interest paid for senior perpetual securities	**(141,094)**	(143,017)
Net cash generated from/(used in) financing activities	**7,654,710**	(5,486,406)
Net decrease in cash and cash equivalents	**(324,751)**	(2,364,064)
Cash and cash equivalents at the beginning of year	**2,719,319**	5,098,640
Effect of foreign exchange rate changes	**(5,597)**	(15,257)
Cash and cash equivalents at the end of year *(note 27)*	**2,388,971**	2,719,319

The notes on pages 152 to 275 form part of these financial statements.

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited* (the "Company") and its subsidiaries (the "Group") are principally engaged in wind and coal power generation and sale, coal trading and other related business in the People's Republic of China (the "PRC").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements set out in this report have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations promulgated by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKSE").

A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

* *For identification purpose only*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and its interest in associates and joint ventures.

The consolidated financial statement have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2014 amounting to RMB31,494,732,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure (see note 36(b)).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as available-for-sale or as trading securities (see note 2(i)) and derivative financial instruments are stated at their fair value.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies

The IASB has issued several amendments to IFRSs and new Interpretation that are first effective for the current accounting period of the Group and the Company, of these, the following development are relevant to the Group's annual financial statements:

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's annual financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The Group early adopted the amendments in the annual financial statements for the year ended 31 December 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its PRC subsidiaries.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(i)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(n)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(n)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Associates and joint ventures *(Continued)*

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(i)).

In the Company's balance sheet, its investments in associates and joint venture are stated at cost less impairment losses (see note 2(n)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree;

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Goodwill *(Continued)*

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(n)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the years or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's shareholders' consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the shareholders that control the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at cost, which is generally their transaction price. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(x)(v) and (vi).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 2(n)).

Investments in equity securities that do not have a quoted market price in an active market for an identical instrument and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(n)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Other investments in debt and equity securities *(Continued)*

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised in profit and loss in accordance with the policy set out in note 2(x)(v) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(x)(vi). When these investments are derecognised or impaired (see note 2(n)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(j) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest (see note 2(m)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(n)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives ranging from 30 to 50 years. Rental income from investment properties is accounted for as described in note 2(x)(iv).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Other property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(n)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(z)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

—	Land, buildings and structures	10–40 years
—	Wind turbines	15–20 years
—	Other machinery and equipment	4–30 years
—	Motor vehicles	5–15 years
—	Furniture, fixtures and others	4–18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(l) Intangible assets

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (see note 2(n)).

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(n)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Concession assets	20–25 years
—	Software and others	5 years

Both the period and method of amortisation are reviewed annually.

(m) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Leased assets *(Continued)*

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(j)); and

— land held for own use under an operating lease, where the fair value cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Leased assets *(Continued)*

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(k). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(n). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(i) Impairment of investments in debt and equity securities and other receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in subsidiaries, associates and joint ventures (including those recognised using the equity method (see note 2(f)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(n)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(n)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(i) Impairment of investments in debt and equity securities and other receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows: *(Continued)*

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale securities, the cumulative loss that has been recognised directly in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(i) Impairment of investments in debt and equity securities and other receivables *(Continued)*

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— investment property;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets;

— goodwill; and

— investment in subsidiaries, associates and joint ventures in the Company's balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated first to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(o) Inventories

Inventories excluding spare parts are carried at the lower of cost and net realisable value. Spare parts are stated in the balance sheet at cost less provision for obsolescence.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(n)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any interests and distributions are discretionary. Interests and distributions on perpetual securities classified as equity are recognised as distributions within equity.

(s) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(w)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(u) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax *(Continued)*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax *(Continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(w)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(w)(iii). Contingent liabilities acquired assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(w)(iii).

(iii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of electricity, steam and goods

Electricity revenue is recognised when electricity is supplied to the provincial grid companies. Revenue of steam is recognised when steam is supplied to customers. Revenue of goods is recognised when the title of the goods has been passed to customers, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) Rendering of services

Revenue from the rendering of services is recognised in the statement of profit or loss and other comprehensive income by reference to the stage of completion of the transaction based on the progress of work performed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Revenue recognition *(Continued)*

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of those entities, the functional currency of which is other than RMB, are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When the exchange differences related to a foreign operation that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the consolidated balance sheet.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

Exchange differences arising on net investment in a foreign operation are recognised in profit or loss in the separate financial statements. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(aa) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in note (a).

(vii) A person identified in note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(a) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the ageing of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, investment properties, lease prepayments, intangible assets, goodwill and investments in associates and joint ventures, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(c) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) Income tax

The Group files income taxes in numerous tax authorities. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(f) Provision for guarantees

Provision for outstanding guarantees is recognised if it becomes probable that the holders of these guarantees will call upon the Group under the guarantees and the amount of that claim on the Group is expected to exceed the amount currently carried in payables in respect of the guarantee. The Group reviews the financial position of these guarantee holders regularly and estimates the amount to claim on the Group based on historical experience. If the financial position of these guarantee holders were to deteriorate, actual provisions would be higher than estimated.

4 REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
		(restated–note 40)
Sales of electricity	**14,913,280**	14,709,817
Sales of steam	**226,715**	252,482
Service concession construction revenue *(note 44)*	**227,579**	667,060
Sales of electricity equipment	**129,964**	105,587
Sales of coal	**2,387,984**	3,009,557
Others	**321,686**	402,115
	18,207,208	19,146,618

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5 OTHER NET INCOME

	2014 *RMB'000*	2013 *RMB'000*
Government grants		
— CERs and VERs income	—	53,631
— Others	382,639	346,055
Rental income from investment properties	9,031	9,268
Net (loss)/gain on disposal of plant, property and equipment and intangible assets	(4,345)	6,214
Penalty income from wind turbine suppliers *(note (i))*	11,069	2,577
Gain on disposal of a subsidiary *(note (ii))*	28,724	—
Gain on disposal of an associate	—	4,935
Others	10,292	9,220
	437,410	431,900

Notes:

(i) Penalty income from wind turbine suppliers mainly represented compensations from third party wind turbine suppliers for revenue losses incurred due to the delay on delivery of the wind turbines and certain domestic spare parts of the wind turbines not running stably at the early stage of the operation.

(ii) Gain on disposal of a subsidiary represented the gain from disposal of the Company's entire 52% equity interest in Guodian Liaocheng Biomass Power to Guodian Liaocheng Power Generation Co., Ltd. at consideration of RMB1.

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6 FINANCE INCOME AND EXPENSES

	2014	2013
	RMB'000	*RMB'000*
		(restated–note 40)
Interest income on financial assets	**84,310**	60,343
Foreign exchange gains	**56,985**	96,704
Net realised and unrealised gains on trading securities	**—**	326,888
Net realised and unrealised gains on derivative financial instruments	**2,023**	—
Dividend income from other investments	**54,717**	55,817
Finance income	**198,035**	539,752
Interest on bank and other borrowings wholly repayable within five years	**2,481,211**	2,345,218
Interest on bank and other borrowings repayable more than five years	**890,801**	907,111
Less: interest expenses capitalised into property, plant and equipment and intangible assets	**(401,328)**	(435,431)
	2,970,684	2,816,898
Foreign exchange losses	**30,795**	39,138
Net realised and unrealised losses on trading securities	**85,583**	—
(Reversal)/provision of impairment losses on trade and other receivables	**(309)**	162,553
Bank charges and others	**62,054**	58,783
Finance expenses	**3,148,807**	3,077,372
Net finance expenses recognised in profit or loss	**(2,950,772)**	(2,537,620)

The borrowing costs have been capitalised at rates of 2.52% to 7.15% for the year ended 31 December 2014 (2013: 4.50% to 7.05%).

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7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Salaries, wages and other benefits	1,084,057	993,775
Contributions to defined contribution retirement plan	140,850	122,023
	1,224,907	1,115,798

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7 PROFIT BEFORE TAXATION *(CONTINUED)*

(b) Other items

	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Amortisation		
— lease prepayment	**65,649**	47,101
— intangible assets	**429,311**	405,418
Depreciation		
— investment properties	**277**	2,095
— property, plant and equipment	**4,505,392**	3,945,992
Impairment losses		
— property, plant and equipment	**24,593**	593,273
— lease prepayment	**—**	13,080
Auditors' remuneration-audit services		
— annual audit service	**19,200**	20,250
— interim review service	**6,800**	6,800
Operating lease charges		
— hire of plant and equipment	**5,106**	5,842
— hire of properties	**13,577**	9,129
Cost of inventories	**4,422,822**	5,723,049
Including: personnel costs, depreciation, amortisation and operating lease charges	**1,673**	1,732

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8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 *RMB'000*	2013 *RMB'000*
Current tax		
Provision for the year	457,722	524,369
Under/(over) provision in respect of prior years *(note (ii))*	57,265	(14,042)
	514,987	510,327
Deferred tax		
Origination and reversal of temporary differences *(note 31(b))*	(4,573)	50,618
	510,414	560,945

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents: *(Continued)*

Notes:

(i) The provision for income tax of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2013 and 2014, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

(ii) The under provision of income tax in respect of prior years mainly represented income tax for CERs and VERs income of two subsidiaries recognised in prior years. Due to the request by the tax bureau, income tax was paid in 2014.

(iii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong Profits Tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

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8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 *RMB'000*	2013 *RMB'000* *(restated–note 40)*
Profit before taxation	**4,061,858**	3,533,246
Applicable tax rates	**25%**	25%
Notional tax on profit before taxation	**1,015,465**	883,312
Tax effect of non-deductible expenses	**7,355**	5,812
Tax effect of share of profits less losses of associates and joint ventures	**(113,440)**	(14,933)
Tax effect of non-taxable income	**(13,679)**	(13,954)
Effect of differential tax rate of certain subsidiaries of the Group	**(492,017)**	(483,012)
Use of unrecognised tax losses in prior years	**(7,407)**	(2,374)
Tax effect of unused tax losses and timing differences not recognised	**56,929**	201,160
Tax credits for purchase of domestic equipment	**(2,017)**	(2,081)
Under/(over) provision in respect of prior years	**57,265**	(14,042)
Others	**1,960**	1,057
Income tax	**510,414**	560,945

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9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' and supervisors' fees *RMB'000*	Salaries allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2014 Total *RMB'000*
Directors					
Mr. Qiao Baoping (Chairman)	—	—	—	—	—
Mr. Li Enyi	—	242	647	85	974
Mr. Wang Baole	—	—	—	—	—
Mr. Huang Qun	—	238	680	85	1,003
Mr. Luan Baoxing (resigned in May 2014)	—	—	—	—	—
Mr. Chen Bin (resigned in May 2014)	—	—	—	—	—
Mr. Shao Guoyong (appointed in May 2014)	—	—	—	—	—
Mr. Chen Jingdong (appointed in May 2014)	—	—	—	—	—
Independent non-executive directors					
Mr. Lv Congmin (resigned in May 2014)	60	—	—	—	60
Mr. Zhang Songyi	143	—	—	—	143
Mr. Meng Yan	143	—	—	—	143
Mr. Han Dechang* (appointed in May 2014)	83	—	—	—	83
Supervisors					
Mr. Xie Changjun	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. He Shen	—	187	462	76	725
	429	667	1,789	246	3,131

* The amount includes his emoluments after appointment as independent non-executive director since June 2014.

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9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(CONTINUED)*

	Directors' and supervisors' fees *RMB'000*	Salaries allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2013 Total *RMB'000*
Directors					
Mr. Zhu Yongpeng (Chairman) (resigned in July 2013)	—	—	—	—	—
Mr. Qiao Baoping (Chairman) (appointed in July 2013)	—	—	—	—	—
Mr. Xie Changjun (resigned in July 2013)	—	110	453	27	590
Mr. Li Enyi** (appointed in July 2013)	—	146	225	52	423
Mr. Wang Baole	—	—	—	—	—
Mr. Huang Qun	—	217	692	78	987
Mr. Luan Baoxing	—	—	—	—	—
Mr. Chen Bin	—	—	—	—	—
Independent non-executive directors					
Mr. Lv Congmin	143	—	—	—	143
Mr. Zhang Songyi	143	—	—	—	143
Mr. Meng Yan	143	—	—	—	143
Supervisors					
Mr. Qiao Baoping (resigned in July 2013)	—	—	—	—	—
Mr. Xie Changjun (appointed in July 2013)	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. He Shen	—	168	463	65	696
	429	641	1,833	222	3,125

** The amount includes his emoluments after appointment as CEO since May 2013.

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended 31 December are set forth below:

	2014	2013
Directors	2	1
Non-directors	3	4
	5	5

The emoluments of the directors are disclosed in note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2014 *RMB'000*	2013 *RMB'000*
Salaries and other emoluments	623	724
Discretionary bonuses	1,560	2,116
Retirement scheme contributions	235	276
	2,418	3,116

The emoluments of the individuals (non-directors) with the highest emoluments are within the following bands:

	2014	2013
HKD 500,001 to HKD 1,000,000	1	2
HKD 1,000,001 to HKD 1,500,000	2	2

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11 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of the Company includes a loss of RMB168,688,000 (2013: RMB1,264,277,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	Note	**2014** *RMB'000*	2013 *RMB'000*
Amount of consolidated loss attributable to shareholders dealt with in the Company's financial statements		**(168,688)**	(1,264,277)
Final dividends from subsidiaries, associates and joint ventures attributable to the profits of the previous financial year, approved and paid during the year		**2,214,267**	2,216,436
Company's profit for the year	35(a)	**2,045,579**	952,159

Details of dividends paid and payable to equity shareholders of the Company are set out in note 35(b).

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12 OTHER COMPREHENSIVE INCOME

	2014 *RMB'000*	2013 *RMB'000*
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of senior perpetual securities	9,403	(74,667)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the year	9,759	(92)
— Tax (expense)/credit	(2,440)	23
Net of tax amount	7,319	(69)
Exchange differences on translation of financial statement of overseas subsidiaries	(39,804)	(20,254)
Exchange difference on net investment		
— Before and net of tax amount	3,535	(16,621)
Other comprehensive income	(19,547)	(111,611)

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2014 of RMB2,558,010,000 (2013 (restated–note 40): RMB2,051,584,000) and the number of shares in issue during the year ended 31 December 2014 of 8,036,389,000 (2013: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

14 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments:

— Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

— Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not reportable in "All others". Revenue included in this category is mainly from manufacturing and sales of power equipment, and provision of consulting services, and maintenance and training services to wind power plants, and other renewable power generation.

14 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and joint ventures, available-for-sale investments, unquoted equity investments, trading securities, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and bank borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

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14 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2014

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	11,071,349	3,358,645	483,286	14,913,280
— Others	61,212	2,796,899	208,238	3,066,349
Subtotal	11,132,561	6,155,544	691,524	17,979,629
Inter-segment revenue	—	—	504,975	504,975
Reportable segment revenue	11,132,561	6,155,544	1,196,499	18,484,604
Reportable segment profit (operating profit)	5,686,299	791,538	199,380	6,677,217
Depreciation and amortisation before inter-segment elimination	(4,358,215)	(500,603)	(190,212)	(5,049,030)
Impairment of trade and other receivables	(991)	—	1,300	309
Impairment of property, plant and equipment and lease prepayment	—	(24,593)	—	(24,593)
Interest income	5,768	14,129	64,413	84,310
Interest expense	(2,613,772)	(65,881)	(291,031)	(2,970,684)
Reportable segment assets	107,828,688	6,793,349	14,964,356	129,586,393
Expenditures for reportable segment non-current assets during the year	13,032,701	465,304	116,476	13,614,481
Reportable segment liabilities	77,262,584	4,512,094	14,664,313	96,438,991

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in thousands of Renminbi unless otherwise stated)

14 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2013 (restated — note 40)

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	10,266,836	3,958,976	484,005	14,709,817
— Others	29,167	3,566,227	174,347	3,769,741
Subtotal	10,296,003	7,525,203	658,352	18,479,558
Inter-segment revenue	—	—	440,826	440,826
Reportable segment revenue	10,296,003	7,525,203	1,099,178	18,920,384
Reportable segment profit/(losses) (operating profit/(losses))	5,276,502	1,140,011	(254,286)	6,162,227
Depreciation and amortisation before inter-segment elimination	(3,796,483)	(489,729)	(166,807)	(4,453,019)
Impairment of trade and other receivables	(161,332)	—	(1,221)	(162,553)
Impairment of property, plant and equipment and lease prepayment	(91,536)	(22,182)	(492,635)	(606,353)
Interest income	22,118	17,462	20,763	60,343
Interest expense	(2,463,252)	(117,497)	(236,149)	(2,816,898)
Reportable segment assets	98,802,078	6,373,530	12,917,152	118,092,760
Expenditures for reportable segment non-current assets during the year	10,862,244	388,848	283,375	11,534,467
Reportable segment liabilities	69,299,201	4,640,549	13,732,083	87,671,833

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14 SEGMENT REPORTING *(CONTINUED)*

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Revenue		
Reportable segment revenue	**18,484,604**	18,920,384
Service concession construction revenue	**227,579**	667,060
Elimination of inter-segment revenue	**(504,975)**	(440,826)
Consolidated revenue	**18,207,208**	19,146,618
Profit		
Reportable segment profit	**6,677,217**	6,162,227
Elimination of inter-segment profits	**13,594**	4,516
	6,690,811	6,166,743
Share of profits less losses of associates and joint ventures	**453,760**	59,730
Net finance expenses	**(2,950,772)**	(2,537,620)
Unallocated head office and corporate expenses	**(131,941)**	(155,607)
Consolidated profit before taxation	**4,061,858**	3,533,246
Assets		
Reportable segment assets	**129,586,393**	118,092,760
Inter-segment elimination	**(5,219,448)**	(8,064,492)
	124,366,945	110,028,268
Investments in associates and joint ventures	**3,602,146**	2,296,788
Available-for-sale investments	**21,497**	11,738
Unquoted equity investments	**711,024**	711,024
Trading securities	**222,639**	315,932
Tax recoverable	**202,027**	184,102
Deferred tax assets	**154,728**	162,086
Unallocated head office and corporate assets	**47,094,849**	41,313,069
Elimination	**(52,858,000)**	(43,916,821)
Consolidated total assets	**123,517,855**	111,106,186

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14 SEGMENT REPORTING *(CONTINUED)*

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(Continued)*

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Liabilities		
Reportable segment liabilities	**96,438,991**	87,671,833
Inter-segment elimination	**(5,394,740)**	(8,442,326)
	91,044,251	79,229,507
Tax payable	**112,165**	101,115
Deferred tax liabilities	**106,667**	116,158
Unallocated head office and corporate liabilities	**44,263,332**	37,446,704
Elimination	**(52,858,000)**	(43,916,821)
Consolidated total liabilities	**82,668,415**	72,976,663

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB14,901,339,000 for the year ended 31 December 2014 (2013 (restated–note 40): RMB14,672,852,000). Service concession construction revenue is all from the PRC government.

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15 PROPERTY, PLANT AND EQUIPMENT

The Group

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2013						
(as previously reported)	6,087,272	64,781,577	497,152	404,049	14,783,696	86,553,746
Effect of acquisition of business						
under common control	—	—	1,766	201	217,879	219,846
At 1 January 2013 (as restated)	6,087,272	64,781,577	498,918	404,250	15,001,575	86,773,592
Additions	15,430	19,418	11,945	53,963	10,359,806	10,460,562
Transfer from construction in progress	1,144,664	12,191,294	1,737	24,986	(13,362,681)	—
Transfer from investment properties	77,422	—	—	—	—	77,422
Transfer to other assets	—	—	—	—	(16,741)	(16,741)
Acquisition of a subsidiary	5,816	293,654	392	403	195,612	495,877
Disposals	(13,177)	(151,752)	(12,862)	(2,370)	—	(180,161)
Reclassification	39,194	(40,328)	1,781	(647)	—	—
At 31 December 2013 (as restated)	7,356,621	77,093,863	501,911	480,585	12,177,571	97,610,551
At 1 January 2014 (as restated)	**7,356,621**	**77,093,863**	**501,911**	**480,585**	**12,177,571**	**97,610,551**
Additions	**8,009**	**13,458**	**9,054**	**56,301**	**12,952,039**	**13,038,861**
Transfer from construction in progress	**586,119**	**9,387,576**	**4,582**	**40,282**	**(10,018,559)**	**—**
Transfer from investment properties	**20,353**	**—**	**—**	**—**	**—**	**20,353**
Transfer to other assets	**—**	**—**	**—**	**—**	**(3,925)**	**(3,925)**
Disposals	**(4,915)**	**(149,286)**	**(3,902)**	**(4,460)**	**—**	**(162,563)**
Effect on disposal of a subsidiary	**(65,240)**	**(135,933)**	**(1,419)**	**(547)**	**—**	**(203,139)**
Reclassification	**150,818**	**(134,902)**	**162**	**(16,078)**	**—**	**—**
At 31 December 2014	**8,051,765**	**86,074,776**	**510,388**	**556,083**	**15,107,126**	**110,300,138**

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Group *(Continued)*

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2013 (as previously reported)	1,450,307	11,387,777	180,301	179,114	3,804	13,201,303
Effect of acquisition of business under common control	—	—	193	52	—	245
At 1 January 2013 (as restated)	1,450,307	11,387,777	180,494	179,166	3,804	13,201,548
Depreciation charge for the year	311,721	3,553,343	39,385	46,483	—	3,950,932
Transfer from investment properties	22,950	—	—	—	—	22,950
Provision for impairment losses *(note (iv))*	13,913	443,904	2,750	41,170	91,536	593,273
Written back on disposal	(7,441)	(122,170)	(11,619)	(1,640)	—	(142,870)
Reclassification	(3,777)	5,421	(1,217)	(427)	—	—
At 31 December 2013 (as restated)	1,787,673	15,268,275	209,793	264,752	95,340	17,625,833
At 1 January 2014 (as restated)	**1,787,673**	**15,268,275**	**209,793**	**264,752**	**95,340**	**17,625,833**
Depreciation charge for the year	**350,470**	**4,067,527**	**40,139**	**63,158**	**—**	**4,521,294**
Transfer from investment properties	**5,912**	**—**	**—**	**—**	**—**	**5,912**
Provision for impairment losses *(note (iv))*	**—**	**24,593**	**—**	**—**	**—**	**24,593**
Written back on disposal	**(1,895)**	**(127,137)**	**(3,027)**	**(3,391)**	**—**	**(135,450)**
Effect on disposal of a subsidiary	**(14,582)**	**(32,576)**	**(1,073)**	**(411)**	**—**	**(48,642)**
Reclassification	**18,329**	**(6,222)**	**162**	**(12,269)**	**—**	**—**
At 31 December 2014	**2,145,907**	**19,194,460**	**245,994**	**311,839**	**95,340**	**21,993,540**
Net book value:						
At 31 December 2013 (as restated)	5,568,948	61,825,588	292,118	215,833	12,082,231	79,984,718
At 31 December 2014	**5,905,858**	**66,880,316**	**264,394**	**244,244**	**15,011,786**	**88,306,598**

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Company

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2013	214,032	41,376	23,138	27,324	202,788	508,658
Additions	—	—	445	5,671	48,383	54,499
Transfer from construction in progress	—	361	—	—	(361)	—
Transfer from investment properties	62,818	—	—	—	—	62,818
Transfer to subsidiaries	—	—	—	—	(45,186)	(45,186)
Disposals	—	(171)	(56)	(1,079)	—	(1,306)
At 31 December 2013	276,850	41,566	23,527	31,916	205,624	579,483
At 1 January 2014	**276,850**	**41,566**	**23,527**	**31,916**	**205,624**	**579,483**
Additions	**—**	**—**	**49**	**7,498**	**15,790**	**23,337**
Transfer from investment properties	**14,857**	**—**	**—**	**—**	**—**	**14,857**
Transfer to subsidiaries	**—**	**—**	**—**	**—**	**(50,863)**	**(50,863)**
Disposals	**—**	**—**	**—**	**(685)**	**—**	**(685)**
At 31 December 2014	**291,707**	**41,566**	**23,576**	**38,729**	**170,551**	**566,129**

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Company *(Continued)*

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2013	71,072	21,303	13,644	18,828	—	124,847
Depreciation charge for the year	9,041	1,825	1,548	3,094	—	15,508
Transfer from investment properties	19,369	—	—	—	—	19,369
Provision for impairment losses	—	—	—	—	44,681	44,681
Written back on disposal	—	(50)	(15)	(97)	—	(162)
At 31 December 2013	99,482	23,078	15,177	21,825	44,681	204,243
At 1 January 2014	**99,482**	**23,078**	**15,177**	**21,825**	**44,681**	**204,243**
Depreciation charge for the year	**9,284**	**1,833**	**1,293**	**3,280**	**—**	**15,690**
Transfer from investment properties	**4,090**	**—**	**—**	**—**	**—**	**4,090**
Written back on disposal	**—**	**—**	**—**	**(351)**	**—**	**(351)**
At 31 December 2014	**112,856**	**24,911**	**16,470**	**24,754**	**44,681**	**223,672**
Net book value:						
At 31 December 2013	177,368	18,488	8,350	10,091	160,943	375,240
At 31 December 2014	**178,851**	**16,655**	**7,106**	**13,975**	**125,870**	**342,457**

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes:

(i) The Group's property, plants and buildings are mainly located in the PRC.

(ii) Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery, which had an aggregate net book value of RMB231,365,000 as at 31 December 2014 (2013: RMB248,565,000).

None of bank and other borrowings of the Company were secured by the Company's buildings and machinery.

(iii) As at 31 December 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its properties. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

(iv) Provision for impairment loss for the year ended 31 December 2014 comprises the impairment for certain assets of a coal power plant.

In December 2014, certain machines in a coal power plant were obsolete as a result of equipment upgrading. The Group assessed the recoverable amounts of those machines and as a result the carrying amount of the machines was written down to their recoverable amount of RMB886,550. An impairment loss of RMB24,593,000 was recognised in "Other operating expenses". The estimates of recoverable amount of these machines were based on these machines' fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as remaining useful lives. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

Provision for impairment loss for the year ended 31 December 2013 comprises the impairment for the two biomass power plants and impairment for certain assets of a coal power plant.

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes: (Continued)

(iv) *(Continued)*

(a) Impairment for two biomass power plants

In December 2013, the Group planned to dispose of two biomass power plants, Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. ("Qianjin Biomass") and Guodian Tangyuan Biomass Power Co., Ltd. ("Tangyuan Biomass"). The Group assessed the recoverable amounts of each power plant, each of which are considered as a cash generating unit, and wrote down the carrying amounts of non-current assets for Qianjin Biomass and Tangyuan Biomass to the recoverable amount.

The recoverable amount of Qianjin Biomass was estimated to be nil, which was based on the biomass power plant's fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

The recoverable amount of Tangyuan Biomass was estimated to be RMB87,384,000, which was based on the assets' value in use, estimating the future cash inflows and outflows to be derived from continuing use of these groups of assets and from their ultimate disposal; and applying the appropriate discount rate of 8.86%, to those future cash flows.

Total impairment losses of RMB479,555,000 for property, plant and equipment and RMB13,080,000 for lease prepayments were recognised in "Other operating expenses" for the year ended 31 December 2013.

(b) Impairment for certain machines in coal power segment

In December 2013, certain machines in a coal power plant were obsolete as a result of equipment upgrading. The Group assessed the recoverable amounts of those machines and as a result the carrying amount of the machines was written down to their recoverable amount of RMB7,815,000. An impairment loss of RMB22,182,000 was recognised in "Other operating expenses". The estimates of recoverable amount of these machines were based on these machines' fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as remaining useful lives. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

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16 LEASE PREPAYMENTS

The Group

	2014	2013
	RMB'000	*RMB'000*
Cost:		
At 1 January	**1,966,633**	1,665,531
Additions	**287,859**	301,102
Effect on disposal of a subsidiary	**(6,927)**	—
At 31 December	**2,247,565**	1,966,633
Accumulated amortisation:		
At 1 January	**309,143**	248,099
Amortisation for the year	**66,357**	47,964
Effect on disposal of a subsidiary	**(537)**	—
Provision for impairment loss *(note 15(iv))*	**—**	13,080
At 31 December	**374,963**	309,143
Net book value:	**1,872,602**	1,657,490

Notes:

(i) Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period from 20 to 50 years.

(ii) As at 31 December 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its land use right. The directors are of the opinion that the Group is entitled to lawfully occupy or use these land.

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17 INTANGIBLE ASSETS

The Group

	Concession assets *(note 44)* *RMB'000*	**Software and others** *RMB'000*	**Total** *RMB'000*
Cost:			
At 1 January 2013 (as previously reported)	9,611,445	60,610	9,672,055
Exchange adjustments	—	(3,924)	(3,924)
Additions (as restated)	667,060	105,522	772,582
Acquisition of a subsidiary	—	221	221
At 31 December 2013 (as restated)	10,278,505	162,429	10,440,934
At 1 January 2014 (as restated)	10,278,505	162,429	10,440,934
Exchange adjustments	—	(9,053)	(9,053)
Additions	227,579	60,182	287,761
Effect on disposal of a subsidiary	—	(412)	(412)
Disposals	(5,861)	—	(5,861)
At 31 December 2014	10,500,223	213,146	10,713,369
Accumulated amortisation:			
At 1 January 2013 (as previously reported)	1,343,535	6,680	1,350,215
Charge for the year (as restated)	402,321	3,385	405,706
At 31 December 2013 (as restated)	1,745,856	10,065	1,755,921
At 1 January 2014 (as restated)	1,745,856	10,065	1,755,921
Charge for the year	423,002	6,829	429,831
Effect on disposal of a subsidiary	—	(172)	(172)
Written back on disposal	(2,067)	—	(2,067)
At 31 December 2014	2,166,791	16,722	2,183,513
Net book value:			
At 31 December 2013 (as restated)	8,532,649	152,364	8,685,013
At 31 December 2014	8,333,432	196,424	8,529,856

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18 GOODWILL

The Group

	2014	2013
	RMB'000	*RMB'000*
Cost and carrying amount as at 31 December	11,541	11,541

Goodwill of the Group arises from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun"). The recoverable amount of goodwill is determined based on value in use calculation. The calculation uses cash flow projection based on financial budget approved by management covering a five-year period and pre-tax discount rates of 6.70%.

Cash flows beyond the five-year period are maintained constant. Management believes any reasonably possible change in the key assumptions on which Buerjin Tianrun's recoverable amount are based would not cause the carrying amount to exceed their recoverable amount.

Key assumption used for the value in use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by related government authorities.

19 INVESTMENTS IN SUBSIDIARIES

The Company

	2014	2013
	RMB'000	*RMB'000*
Unlisted investments, at cost	22,285,028	20,804,842
Less: impairment loss	(58,891)	(58,891)
	22,226,137	20,745,951

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

The following list contains only the particulars of subsidiaries at 31 December 2014 which principally affected the results, assets or liabilities of the Group. All of these subsidiaries are limited liability companies.

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
1	Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. 福建省東山澳仔山風電開發有限公司	the PRC	RMB 256,000,000	66.15%	25%	Wind power generation
2	Gansu Jieyuan Wind Power Generation Co., Ltd. 甘肅潔源風電有限責任公司	the PRC	RMB 505,020,000	77.11%	—	Wind power generation
3	Xinjiang Tianfeng Power Generation Joint Stock Company 新疆天風發電股份有限公司	the PRC	RMB 511,016,909	59.52%	—	Wind power generation
4	Yichun Xing'anling Wind Power Generation Co., Ltd. 伊春興安嶺風力發電有限公司 *(note (ii))*	the PRC	RMB 212,041,312	32.31%	23.51%	Wind power generation
5	Jilin Longyuan Wind Power Generation Co., Ltd. 吉林龍源風力發電有限公司 *(note (ii))*	the PRC	RMB 438,200,000	56.58%	9.65%	Wind power generation
6	Jiangsu Longyuan Wind Power Generation Co., Ltd. 江蘇龍源風力發電有限公司	the PRC	RMB 333,320,000	50%	25%	Wind power generation
7	Longyuan Pingtan Wind Power Generation Co., Ltd. 龍源平潭風力發電有限公司	the PRC	RMB 170,000,000	85%	5%	Wind power generation
8	Chifeng Xinsheng Wind Power Generation Co., Ltd. 赤峰新勝風力發電有限公司 *(note (ii))*	the PRC	RMB 273,426,200	34%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
9	Shenyang Longyuan Wind Power Generation Co., Ltd. 瀋陽龍源風力發電有限公司	the PRC	RMB 432,270,000	73.62%	25%	Wind power generation
10	Tieling Longyuan Wind Power Generation Co., Ltd. 鐵嶺龍源風力發電有限公司	the PRC	RMB 281,690,000	75%	25%	Wind power generation
11	Huanan Longyuan Wind Power Generation Co., Ltd. 樺南龍源風力發電有限公司 *(note (ii))*	the PRC	RMB 414,036,016	15%	25%	Wind power generation
12	Longyuan (Bayannur) Wind Power Generation Co., Ltd. 龍源(巴彥淖爾)風力發電有限責任公司	the PRC	RMB 672,550,000	75%	25%	Wind power generation
13	Longyuan Ningxia Wind Power Generation Co., Ltd. 龍源寧夏風力發電有限公司	the PRC	RMB 62,060,000	100%	—	Wind power generation
14	Longyuan Qidong Wind Power Generation Co., Ltd. 龍源啟東風力發電有限公司	the PRC	RMB 245,760,000	30%	70%	Wind power generation
15	Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. 河北圍場龍源建投風力發電有限公司 *(note (ii))*	the PRC	RMB 209,300,000	50%	—	Wind power generation
16	Longyuan (Baotou) Wind Power Generation Co., Ltd. 龍源(包頭)風力發電有限責任公司	the PRC	RMB 394,940,000	75%	25%	Wind power generation
17	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. 龍源(張家口)風力發電有限公司	the PRC	RMB 891,925,900	75%	25%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
18	Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. 瀋陽龍源雄亞風力發電有限公司	the PRC	RMB 449,519,999	75%	25%	Wind power generation
19	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. 伊春龍源雄亞風力發電有限公司	the PRC	RMB 320,140,000	75%	25%	Wind power generation
20	Chifeng Longyuan Wind Power Generation Co., Ltd. 赤峰龍源風力發電有限公司	the PRC	RMB 468,570,000	72.01%	25%	Wind power generation
21	Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. 龍源(興安盟)風力發電有限公司	the PRC	RMB 220,330,000	75%	25%	Wind power generation
22	Longyuan Guizhou Wind Power Generation Co., Ltd. 龍源貴州風力發電有限公司	the PRC	RMB 501,853,600	100%	—	Wind power generation
23	Longyuan Dafeng Wind Power Generation Co., Ltd. 龍源大豐風力發電有限公司	the PRC	RMB 218,771,000	100%	—	Wind power generation
24	Longyuan (Changling) Wind Power Generation Co., Ltd. 龍源(長嶺)風力發電有限公司	the PRC	RMB 303,016,700	75%	25%	Wind power generation
25	Longyuan Shenyang Wind Power Generation Co., Ltd. 龍源瀋陽風力發電有限公司	the PRC	RMB 441,467,000	100%	—	Wind power generation
26	Yunnan Longyuan Wind Power Generation Co., Ltd. 雲南龍源風力發電有限公司	the PRC	RMB 437,900,000	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest: Direct	Percentage of attributable equity interest: Indirect	Principal activities
27	Gansu Longyuan Wind Power Generation Co., Ltd. 甘肅龍源風力發電有限公司	the PRC	RMB 624,530,000	75%	25%	Wind power generation
28	Longyuan Kangping Wind Power Generation Co., Ltd. 龍源康平風力發電有限公司	the PRC	RMB 409,793,000	100%	—	Wind power generation
29	Tianjing Longyuan Wind Power Generation Co., Ltd. 天津龍源風力發電有限公司	the PRC	RMB 210,773,100	100%	—	Wind power generation
30	Longyuan (Putian) Wind Power Generation Co., Ltd. 龍源(莆田)風力發電有限公司	the PRC	RMB 191,490,000	100%	—	Wind power generation
31	Fujian Longyuan Wind Power Generation Co., Ltd. 福建龍源風力發電有限公司	the PRC	RMB 254,995,200	100%	—	Wind power generation
32	Longyuan Alashankou Wind Power Generation Co., Ltd. 龍源阿拉山口風力發電有限公司	the PRC	RMB 260,320,000	100%	—	Wind power generation
33	Longyuan (Rudong) Wind Power Generation Co., Ltd. 龍源(如東)風力發電有限公司	the PRC	RMB 666,350,000	50%	50%	Wind power generation
34	Yichun Longyuan Jinshan Wind Power Generation Co., Ltd. 伊春龍源金山風力發電有限公司	the PRC	RMB 191,196,000	100%	—	Wind power generation
35	Longyuan (Kezuohouqi) Wind Power Generation Co., Ltd. 龍源(科左後旗)風力發電有限公司	the PRC	RMB 213,880,000	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Percentage of attributable equity interest Indirect	Principal activities
36	Longyuan (Jiuquan) Wind Power Generation Co., Ltd. 龍源（酒泉）風力發電有限公司	the PRC	RMB 496,407,000	100%	—	Wind power generation
37	Shanxi Longyuan Wind Power Generation Co., Ltd. 山西龍源風力發電有限公司	the PRC	RMB 361,152,000	100%	—	Wind power generation
38	Hebei Longyuan Wind Power Generation Co., Ltd. 河北龍源風力發電有限公司	the PRC	RMB 541,427,000	100%	—	Wind power generation
39	Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. 江蘇海上龍源風力發電有限公司	the PRC	RMB 768,000,000	70%	30%	Wind power generation
40	Anhui Longyuan Wind Power Generation Co., Ltd. 安徽龍源風力發電有限公司	the PRC	RMB 320,140,000	100%	—	Wind power generation
41	Longyuan (Wengniute) New Energy Co., Ltd. 龍源（翁牛特）新能源有限公司	the PRC	RMB 323,430,000	100%	—	Wind power generation
42	Longyuan Dali Wind Power Generation Co., Ltd. 龍源大理風力發電有限公司	the PRC	RMB 269,985,000	80%	—	Wind power generation
43	Heihe Longyuan Wind Power Generation Co., Ltd. 黑河龍源風力發電有限公司	the PRC	RMB 139,150,000	100%	—	Wind power generation
44	Longyuan Huanghai Rudong Offshore Wind Power Generation Co., Ltd. 龍源黃海如東海上風力發電有限公司	the PRC	RMB 500,000,000	5%	65%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
45	Jiangyin Sulong Heat and Power Generating Co., Ltd. 江陰蘇龍熱電有限公司 *(note (ii))*	the PRC	USD 144,320,000	2%	25%	Coal power generation
46	Nantong Tianshenggang Power Generation Co., Ltd. 南通天生港發電有限公司 *(note (ii))*	the PRC	USD 52,980,000	0.65%	31.29%	Coal power generation
47	Zhongneng Power-Tech Development Company Limited 中能電力科技開發有限公司	the PRC	RMB 70,000,000	100%	—	Manufacturing and sales of power Equipment
48	Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. 龍源(北京)風電工程技術有限公司	the PRC	RMB 30,000,000	100%	—	Manufacturing and sales of power Equipment
49	Longyuan Golmud New Energy Development Co., Ltd. 龍源格爾木新能源開發有限公司	the PRC	RMB 240,705,000	100%	—	Wind power generation
50	Longyuan Xizang New Energy Co., Ltd. 龍源西藏新能源有限公司	the PRC	RMB 182,466,000	100%	—	Solar power generation
51	Guodian Shanxi Jieneng Youyu Wind Power Generation Co., Ltd. 國電山西潔能右玉風電有限公司	the PRC	RMB 202,000,000	100%	—	Wind power generation
52	Longyuan Hami New Energy Co., Ltd. 龍源哈密新能源有限公司	the PRC	RMB 94,000,000	100%	—	Wind power generation
53	Longyuan Balikun Wind Power Generation Co., Ltd. 龍源巴里坤風力發電有限公司	the PRC	RMB 254,940,000	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
54	Shandong Longyuan Wind Power Generation Co., Ltd. 山東龍源風力發電有限公司	the PRC	RMB 217,880,000	100%	—	Wind power generation
55	Longyuan Jingle Wind Power Generation Co., Ltd. 龍源靜樂風力發電有限公司	the PRC	RMB 210,312,000	100%	—	Wind power generation
56	Longyuan Xuyi Wind Power Generation Co., Ltd. 龍源盱眙風力發電有限公司	the PRC	RMB 206,113,000	100%	—	Wind power generation
57	Longyuan Shanxi Wind Power Generation Co., Ltd. 龍源陝西風力發電有限公司	the PRC	RMB 140,888,000	100%	—	Wind power generation
58	Longyuan Hero Asia (Fuqing) Wind Power Generation Co.,Ltd. 龍源雄亞(福清)風力發電有限公司	the PRC	RMB 198,150,000	50.01%	49.99%	Wind power generation
59	Longyuan Power Group (Shanghai) Investment Co., Ltd. 龍源電力集團(上海)投資有限公司	the PRC	USD 100,000,000	25%	75%	Investment
60	Hainan Longyuan Wind Power Generation Co., Ltd. 海南龍源風力發電有限公司	the PRC	RMB 299,088,800	75%	25%	Wind power generation
61	Longyuan Damao Wind Power Generation Co., Ltd. 龍源達茂風力發電有限公司	the PRC	RMB 154,100,800	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest: Direct	Percentage of attributable equity interest: Indirect	Principal activities
62	Longyuan Rudong New Energy Development Co., Ltd. 龍源(如東)新能源技術開發有限公司	the PRC	RMB 650,000,000	5%	95%	Wind power generation
63	Longyuan Nongan Wind Power Generation Co., Ltd. 龍源(農安)風力發電有限公司	the PRC	RMB 146,138,900	100%	—	Wind power generation
64	Yilan Longyuan Huineng Wind Power Generation Co., Ltd. 依蘭龍源匯能風力發電有限公司	the PRC	RMB 175,120,000	92%	—	Wind power generation

Notes:

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company directly or indirectly owns less than half of equity interests in these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in the aggregate had the power to control these companies according to the articles of association. The Company or the Company's subsidiaries had signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company existed since the establishment of these entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. In addition to the concert party agreements arrangement, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore the financial statements of these companies are consolidated by the Company during the years presented.

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

Notes: (Continued)

(iii) The following table lists out the information relation to subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below presents the amounts before any inter-company elimination:

	Jiangyin Sulong Heat and Power Generating Co., Ltd. *(note 19(ii))*		Nantong Tianshenggang Power Generation Co., Ltd. *(note 19(ii))*		Huanan Longyuan Wind Power Generation Co., Ltd. *(note 19(ii))*		Xinjiang Tianfeng Power Generation Joint Stock Company	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%	**60.00%**	60.00%	**40.48%**	40.48%
Current assets	**2,220,306**	2,123,257	**332,161**	519,263	**123,721**	109,618	**289,547**	316,856
Non-curent assets	**2,313,436**	2,251,212	**3,757,687**	3,332,372	**939,326**	1,014,099	**985,081**	1,044,182
Current liabilities	**(2,523,439)**	(2,646,221)	**(1,042,014)**	(1,061,462)	**(11,558)**	(27,591)	**(577,101)**	(676,752)
Non-current liabilities	**(45,802)**	(33,975)	**(935,787)**	(931,213)	**(596,336)**	(633,690)	**(1,275)**	(31,455)
Net assets	**1,964,501**	1,694,273	**2,112,047**	1,858,960	**455,153**	462,436	**696,252**	652,831
Carrying amount of NCI	**1,434,086**	1,236,819	**1,437,459**	1,265,208	**273,092**	277,462	**281,843**	264,266
Revenue	**4,109,392**	5,131,398	**2,047,004**	2,400,248	**107,913**	127,866	**269,455**	263,125
Profit and total comprehensive income for the year	**614,009**	631,756	**387,107**	293,435	**5,647**	5,881	**112,504**	70,921
Profit allocated to NCI	**448,226**	461,182	**263,469**	199,712	**3,388**	3,529	**45,542**	28,709
Dividend paid to NCI	**441,955**	223,427	**76,269**	24,406	**7,758**	1,230	**27,958**	46,512
Cash flows from operating activities	**1,073,598**	1,147,403	**325,348**	502,077	**75,783**	181,369	**235,408**	240,143
Cash flows used in investing activities	**(675,615)**	(236,536)	**(32,772)**	(96,955)	**(1,978)**	(5,975)	**(11,688)**	(3,410)
Cash flows used in financing activities	**(557,173)**	(593,636)	**(293,693)**	(422,322)	**(74,255)**	(175,150)	**(224,130)**	(236,796)

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**—**	—	**1,046,572**	914,086
Share of net assets	**3,602,146**	2,296,788	**—**	—
	3,602,146	2,296,788	**1,046,572**	914,086
Less: impairment loss	**—**	—	**(448)**	(448)
	3,602,146	2,296,788	**1,046,124**	913,638

The following list contains only the particulars of material associates and material joint ventures at 31 December 2014, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group:

	Name of the company	Place of establishment	Particulars of registered capital *RMB'000*	Percentage of attributable equity interest Direct	Percentage of attributable equity interest Indirect	Principal activities
1	Yilan Longyuan Wind Power Co., Ltd. 依蘭龍源風力發電有限公司	the PRC	293,562	15%	25%	Wind power generation
2	Guodian United Power Technology Co., Ltd. 國電聯合動力技術有限公司	the PRC	2,137,527	30%	—	Manufacturing and sales of power equipment
3	China Guodian Financial Leasing Co., Ltd. 國電融資租賃有限公司	the PRC	1,500,000	—	49%	Financial Leasing
4	Yantai Longyuan Power Technology Co., Ltd. 煙台龍源電力技術股份有限公司	the PRC	88,000	—	18.75%	Manufacturing and sales of power equipment
5	Jiangsu Nantong Power Generation Co., Ltd. 江蘇南通發電有限公司	the PRC	1,580,000	—	50%	Coal power generation

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Summarised financial information of the material associates and material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Yilan Longyuan Wind Power Co., Ltd.		Guodian United Power Technology Co., Ltd.		China Guodian Financial Leasing Co., Ltd.		Yantai Longyuan Power Technology Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts of:										
Current assets	70,657	80,364	13,905,608	12,675,098	70,290	–	2,845,752	2,712,121	639,132	282,990
Non-current assets	570,839	612,069	4,700,468	4,862,891	9,099,380	–	334,984	254,452	6,917,067	6,121,932
Current liabilities	(18,084)	(2,499)	(14,620,388)	(13,604,185)	(577,880)	–	(989,332)	(899,404)	(2,109,928)	(1,695,196)
Non-current liabilities	(298,630)	(358,630)	(885,528)	(1,113,223)	(6,947,715)	–	(20,908)	(24,681)	(3,415,025)	(3,338,530)
Equity	324,782	331,304	3,100,160	2,820,581	1,644,075	–	2,170,496	2,042,488	2,031,246	1,371,196
– Attribute to non-controlling interest	–	–	160,903	474,535	–	–	21,420	20,022	–	–
– Attributable to investee's shareholders	324,782	331,304	2,939,257	2,346,046	1,644,075	–	2,149,076	2,022,466	2,031,246	1,371,196
Revenue	84,219	99,090	9,343,155	6,572,246	363,427	–	1,637,948	1,380,484	3,429,254	–
Profit and total comprehensive income for the year	8,029	15,909	148,349	88,877	144,075	–	170,774	192,049	660,050	–
– Attribute to non-controlling interest	–	–	(3,236)	12,873	–	–	1,398	430	–	–
– Attributable to investee's shareholders	8,029	15,909	151,585	76,004	144,075	–	169,376	191,619	660,050	–
Dividends declared during the year	14,551	2,718	–	–	–	–	42,766	28,512	–	–
Reconciled to the Group's interests in the associates and joint ventures:										
Group's effective interest	40.00%	40.00%	30.00%	30.00%	49.00%	–	18.75%	18.75%	50.00%	50.00%
Group's interest in net assets of investee at beginning of year	132,521	127,245	703,814	681,013	–	–	379,212	348,630	685,598	527,598
Profit and total comprehensive income attributable to the Group	3,212	6,363	45,476	22,801	70,597	–	31,759	35,929	330,025	–
Dividends declared during the year	(5,820)	(1,087)	–	–	–	–	(8,019)	(5,346)	–	–
Capital contributions	–	–	132,487	–	735,000	–	–	–	–	158,000
Group's interest in net assets of investee at end of year	129,913	132,521	881,777	703,814	805,597	–	402,952	379,213	1,015,623	685,598
Elimination of unrealised profit on downstream sales	–	–	(102,126)	(92,434)	–	–	(1,604)	(1,558)	–	–
Carrying amount of interest in investee at end of year	129,913	132,521	779,651	611,380	805,597	–	401,348	377,655	1,015,623	685,598

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Aggregate information of associates and joint ventures that are not individually material:

	2014 *RMB'000*	2013 *RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**470,014**	489,634
Aggregate amounts of the Group's share of those associates' and joint ventures' (loss)/profit and total comprehensive income for the year	**(17,569)**	5,453

21 OTHER ASSETS

	The Group		The Company	
	2014 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*	2013 *RMB'000*
Other financial assets:				
Available-for-sale investments, measured at fair value	**21,497**	11,738	**21,497**	11,738
Unquoted equity investments in non-listed companies, at cost	**711,024**	711,024	**532,214**	532,214
Loans and advances to				
— associates and joint ventures *(note (i))*	**2,103,790**	48,580	**36,790**	48,580
— subsidiaries *(note (i))*	**—**	—	**13,017,089**	18,771,259
Subtotal	**2,836,311**	771,342	**13,607,590**	19,363,791
Deductible VAT *(note (ii))*	**3,446,169**	3,710,514	**—**	—
	6,282,480	4,481,856	**13,607,590**	19,363,791
Less: allowance for doubtful debts *(note (iii))*	**—**	—	**—**	(47,341)
	6,282,480	4,481,856	**13,607,590**	19,316,450

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21 OTHER ASSETS *(CONTINUED)*

Notes:

(i) The loans to associates and joint ventures and subsidiaries are not past due as at balance sheet dates, and bear interest at the rates of 4.67% to 6.55% per annum for the year ended 31 December 2014 (2013: 3.86% to 6.55%) except for an advance to a subsidiary of RMB2,470,399,000 (2013: RMB2,470,399,000), which are non-interest bearing. The current portion is recorded in other current assets.

(ii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets.

(iii) The Company's loans to subsidiaries of RMB47,371,000 as at 31 December 2013 were individually determined to be impaired. The individually impaired loans to subsidiaries related to certain subsidiaries that were in financial and operating difficulties and management assessed that only a portion of the loans is expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Company does not hold any collateral over these balances. In 2014, as the loan balance will be due within one year, the loan balance together with the impairment provision is transferred to other current assets.

22 INVENTORIES

The Group

	2014 ***RMB'000***	2013 *RMB'000*
Coal	**346,652**	231,516
Fuel oil	**6,169**	456
Spare parts and others	**664,252**	521,145
	1,017,073	753,117

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23 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated-note40)*	***RMB'000***	*RMB'000*
Amounts due from third parties	**6,192,631**	6,814,571	**1,585**	1,297
Amounts due from fellow subsidiaries	**204,205**	35,888	**980**	980
Amounts due from associates	**19,218**	6,781	**—**	—
Amounts due from subsidiaries	**—**	—	**6,494**	6,494
	6,416,054	6,857,240	**9,059**	8,771
Less: allowance for doubtful debts	**(5,444)**	(146,906)	**—**	—
	6,410,610	6,710,334	**9,059**	8,771

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(a) Ageing analysis

The ageing analysis of trade debtors and bills receivable of the Group and the Company is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* *(restated-note40)*	***RMB'000***	*RMB'000*
Current	**6,405,554**	6,848,407	**9,059**	8,771
Past due within 1 year	**2,593**	4,255	**—**	—
Past due between 1 to 2 years	**4,248**	3,186	**—**	—
Past due between 2 to 3 years	**2,267**	1,006	**—**	—
Past due over 3 years	**1,392**	386	**—**	—
	6,416,054	6,857,240	**9,059**	8,771
Less: allowance for doubtful debts	**(5,444)**	(146,906)	**—**	—
	6,410,610	6,710,334	**9,059**	8,771

The Group's trade debtors are mainly wind power and other renewable energy electricity sales receivable from local grid companies. Generally, the debtors are due within 15–30 days from the date of billing, except for the tariff premium, representing 15% to 80% of total electricity sales collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, standardized procedures for the settlement of the tariff premium come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2014, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval.

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account.

The movement in the allowance for doubtful debts is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**146,906**	3,746	**—**	—
Impairment losses recognised	**676**	150,539	**—**	—
Reversal of impairment losses	**(259)**	(933)	**—**	—
Uncollectible amounts written off	**(141,879)**	(6,446)	**—**	—
At 31 December	**5,444**	146,906	**—**	—

As at 31 December 2014, the Group's trade debtors and bills receivable of RMB5,444,000 (2013: RMB146,906,000) were individually determined to be impaired. The individually impaired receivables related to balances that management assessed not to be recovered based on available information. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances. The written off of uncollectible receivables in 2014 mainly represented the receivables relating to CDM.

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated-note 40)		
Neither past due nor impaired	**6,403,562**	6,705,247	**9,059**	8,771
Past due within 1 year	**2,800**	2,863	**—**	—
Past due over 1 year	**4,248**	2,224	**—**	—
	6,410,610	6,710,334	**9,059**	8,771

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

All trade debtors and bills receivable are expected to be recovered within one year.

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24 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated-note 40)*	***RMB'000***	*RMB'000*
Loans and advances to *(note (i))*:				
— subsidiaries	**—**	—	**28,528,829**	18,282,391
— associates and joint ventures	**863,857**	151,720	**8,210**	8,210
— China Guodian Corporation ("Guodian Group")	**5,030**	7,452	**5,030**	6,989
— fellow subsidiaries	**508,662**	455,869	**281,309**	—
— third parties	**868,335**	129,358	**—**	—
Government grant	**111,348**	103,828	**—**	—
Dividend receivable from				
— subsidiaries	**—**	—	**3,391,357**	1,993,701
— associates	**7,092**	3,455	**3,455**	3,455
Deductible VAT *(note 21(ii))*	**1,559,472**	1,400,766	**—**	—
Prepayments and others	**200,615**	204,058	**668,911**	9,080
	4,124,411	2,456,506	**32,887,101**	20,303,826
Less: allowance for doubtful debts	**(52,217)**	(57,637)	**(1,103,911)**	(1,056,570)
	4,072,194	2,398,869	**31,783,190**	19,247,256

Note:

(i) Interest bearing loans and advances of the Group amounted to RMB118,210,000 with annum interest rates of 6.00% to 6.12% as at 31 December 2014 (2013: RMB275,210,000, 4.98% to 6.12%).

Impairment losses in respect of prepayments and other current assets are recorded using an allowance account.

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24 PREPAYMENTS AND OTHER CURRENT ASSETS *(CONTINUED)*

The movement in the allowance for doubtful debts is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* *(restated–note 40)*	***RMB'000***	*RMB'000*
At 1 January	**57,637**	57,468	**1,056,570**	2,202
Impairment losses recognised	**1,054**	13,056	**—**	1,054,368
Impairment losses reclassified from other assets	**—**	—	**47,341**	—
Reversal of impairment losses	**(1,780)**	(109)	**—**	—
Uncollectible amounts written off	**(4,694)**	(12,778)	**—**	—
At 31 December	**52,217**	57,637	**1,103,911**	1,056,570

The Group's prepayments and other current assets of RMB52,217,000 as at 31 December 2014 (2013 (restated–note 40): RMB57,637,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

The Company's prepayments and other current assets of RMB1,103,911,000 as at 31 December 2014 (2013: RMB1,056,570,000) were individually determined to be impaired. The individually impaired receivables related to the advances to certain subsidiaries that were in financial and operating difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Company does not hold any collateral over these balances.

For the other balances of prepayments and other current assets, the management of the Group and the Company is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

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25 TRADING SECURITIES

The Group

	2014	2013
	RMB'000	*RMB'000*
Listed equity securities at fair value		
— in Hong Kong	**222,639**	315,932

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for borrowings and bills payable and housing maintenance fund designated for specific purposes as requested by PRC regulations. These restricted deposits are expected to be released within one year.

27 CASH AT BANK AND ON HAND

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated- note 40)*	***RMB'000***	*RMB'000*
Cash on hand	**405**	693	**137**	277
Cash at bank and other financial institutions	**2,388,566**	2,718,626	**1,857,855**	1,785,281
	2,388,971	2,719,319	**1,857,992**	1,785,558
Representing:				
— Cash and cash equivalents	**2,388,971**	2,719,319	**1,857,992**	1,785,558

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28 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated- note 40)*	***RMB'000***	*RMB'000*
Bank loans				
— Secured	**8,039,114**	7,553,649	**—**	—
— Unsecured	**16,194,563**	13,697,828	**4,676,910**	4,680,310
Loans from other financial institutions				
— Secured	**2,400,970**	2,400,970	**2,400,970**	2,400,970
Loans from Guodian Group				
— Unsecured	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Loans from fellow subsidiaries				
— Unsecured	**1,075,000**	1,090,000	**300,000**	300,000
Other borrowings *(note 28(e)(i))*				
— Secured	**6,976,330**	6,968,189	**6,976,330**	6,968,189
— Unsecured	**6,443,013**	4,662,037	**1,595,264**	2,590,267
	42,128,990	37,372,673	**16,949,474**	17,939,736
Less: Current portion of long-term borrowings *(note 28(b))*				
— Bank loans	**(4,775,210)**	(2,911,876)	**(2,020,000)**	(652,400)
— Other borrowings	**(3,591,601)**	(1,256,073)	**(3,591,601)**	(997,085)
	33,762,179	33,204,724	**11,337,873**	16,290,251

As at 31 December 2014 the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB9,716,586,000 (2013: RMB9,723,559,000).

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28 BORROWINGS *(CONTINUED)*

(b) The short-term interest-bearing borrowings comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* *(restated-note 40)*	***RMB'000***	*RMB'000*
Bank loans				
— Secured	**1,621,798**	2,240,220	**—**	—
— Unsecured	**13,054,204**	7,767,556	**5,800,000**	3,800,000
Loans from other financial institutions and others				
— Unsecured *(note (i))*	**71,000**	521,000	**—**	400,000
Loans from Guodian Group				
— Unsecured	**—**	4,500,000	**—**	4,500,000
Loans from fellow subsidiary				
— Unsecured	**463,000**	501,000	**—**	—
Other borrowings *(note 28(e)(ii))*				
— Unsecured	**12,491,584**	4,997,682	**12,491,584**	4,997,682
Loan from government				
— Unsecured	**1,273**	1,455	**—**	—
Current portion of long-term borrowings *(note 28(a))*				
— Bank loans	**4,775,210**	2,911,876	**2,020,000**	652,400
— Other borrowings	**3,591,601**	1,256,073	**3,591,601**	997,085
	36,069,670	24,696,862	**23,903,185**	15,347,167

Note:

(i) The Group had unpaid loans of RMB40,000,000 as at 31 December 2014 (2013: RMB40,000,000). These unpaid loans represent loans borrowed by a subsidiary, China Fulin Wind Power Engineering Co., Ltd., from third parties.

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28 BORROWINGS *(CONTINUED)*

(c) The effective interest rates per annum on borrowings are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
Long-term				
Bank loans	**3.57%–6.55%**	3.60%–6.55%	**5.76%–6.55%**	5.76%–6.55%
Other borrowings	**3.32%–5.15%**	3.61%–5.15%	**5.08%–5.15%**	4.67%–5.15%
Loans from Guodian Group	**—**	3.86%	**—**	3.86%
Loans from fellow subsidiaries	**3.86%–5.54%**	3.86%–5.54%	**5.60%**	5.40%–5.54%
Short-term				
Bank loans	**1.25%–6.15%**	1.99%–6.00%	**4.87%–6.15%**	4.90%–5.70%
Loans from other financial institutions	**5.70%**	5.60%–6.00%	**—**	6.00%
Other borrowings	**5.02%–5.72%**	4.81%–6.06%	**4.19%–5.72%**	4.81%–6.06%
Loans from Guodian Group	**3.86%**	3.75%–4.24%	**3.86%**	3.75%–4.24%
Loans from fellow subsidiaries	**5.20%–7.15%**	5.40%–6.22%	**—**	—
Loan from government	**2.55%**	2.55%	**—**	—

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28 BORROWINGS *(CONTINUED)*

(d) The long-term borrowings are repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated-note 40)		
Within 1 year or on demand	**8,366,811**	4,167,949	**5,611,601**	1,649,485
After 1 year but within 2 years	**11,343,847**	6,025,505	**4,897,420**	3,293,262
After 2 years but within 5 years	**6,382,824**	14,780,403	**20,000**	5,986,804
After 5 years	**16,035,508**	12,398,816	**6,420,453**	7,010,185
	42,128,990	37,372,673	**16,949,474**	17,939,736

(e) Significant terms of other borrowings

The Group

	2014	2013
	RMB'000	*RMB'000*
Long-term		
Corporate bonds *(note (i))*	**13,419,343**	11,630,226
Short-term		
Corporate bonds *(note (ii))*	**12,491,584**	4,997,682

28 BORROWINGS *(CONTINUED)*

(e) Significant terms of other borrowings *(Continued)*

Notes:

(i) On 9 February 2010, the Company issued unsecured corporate bonds of RMB1,600 million at par with a coupon rate of 4.52% per annum. The effective interest rate is 4.67% per annum. The bonds will be mature in seven years and are redeemable after five years of issuance at the option of the bond holders.

On 10 December 2010, the Company issued a five-year corporate bond of RMB2,000 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.15%, respectively.

On 21 January 2011, the Company issued a five-year corporate bond of RMB1,500 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.14%, respectively.

On 12 August 2013, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD300 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.61%.

On 3 October 2014, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD500 million at par with a coupon rate of 2.875% per annum. The effective interest rate is 3.32%.

(ii) In 2014, the Company issued a series of unsecured corporate bond amounting to RMB12,500 million at par, with the coupon rate from 4.05% to 5.30%. The effective interest rates of these bonds are from 4.19% to 5.72%.

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29 TRADE CREDITORS AND BILLS PAYABLE

The Group

	2014 *RMB'000*	2013 *RMB'000*
Bills payable	**576,253**	1,075,268
Creditors and accrued charges	**392,565**	446,084
Amounts due to associates	**51,805**	620,817
	1,020,623	2,142,169

As at 31 December 2014 and 2013, all trade creditors and bills payable are payable and expected to be settled within one year.

30 OTHER PAYABLES

	The Group		The Company	
	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*	2014 *RMB'000*	2013 *RMB'000*
Payables for acquisition of property, plant and equipment	**5,088,080**	5,378,933	**70,119**	167,893
Payables for staff related costs	**303,591**	242,402	**81,794**	61,667
Payables for other taxes	**131,075**	244,182	**6,353**	16,199
Dividends payable	**314,693**	517,080	**—**	—
Receipts in advance	**134,614**	78,405	**8,812**	12,870
Amounts due to subsidiaries *(note (i))*	**—**	—	**8,034,992**	4,660,241
Amounts due to associates and joint ventures *(note (i))*	**1,626,080**	1,965,138	**—**	—
Amounts due to fellow subsidiaries *(note (i))*	**248,026**	404,843	**29,026**	36,211
Amounts due to Guodian Group *(note (i))*	**35,286**	61,439	**26,960**	440
Other accruals and payables	**1,157,536**	942,616	**429,764**	532,702
	9,038,981	9,835,038	**8,687,820**	5,488,223

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30 OTHER PAYABLES *(CONTINUED)*

Notes:

(i) Amounts due to Guodian Group, subsidiaries, fellow subsidiaries, associates and joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(ii) All other payables are expected to be settled or recognised as income within one year or are repayable on demand.

31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Tax payable/(recoverable) in the consolidated balance sheet represents:

The Group

	2014	2013
	RMB'000	*RMB'000*
Net tax recoverable at 1 January	**(82,987)**	(27,023)
Provision for the year *(note 8(a))*	**457,722**	524,369
Under/(over) provision in respect of prior years *(note 8(a))*	**57,265**	(14,042)
Income tax paid	**(521,862)**	(566,291)
Net tax recoverable at 31 December	**(89,862)**	(82,987)
Representing:		
Tax payable	**112,165**	101,115
Tax recoverable	**(202,027)**	(184,102)
	(89,862)	(82,987)

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31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the years are as follows:

The Group

Deferred tax assets arising from:	Provision for impairment of assets *RMB'000*	Unrealised profits *RMB'000*	Depreciation and amortisation *RMB'000*	Tax losses *RMB'000*	Trading securities *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2013	23,021	50,115	30,839	—	46,491	43,748	194,214
Credited/(charged) to profit or loss	(4,527)	(1,573)	13,895	2,421	(46,491)	4,147	(32,128)
At 31 December 2013	18,494	48,542	44,734	2,421	—	47,895	162,086
At 1 January 2014	**18,494**	**48,542**	**44,734**	**2,421**	**—**	**47,895**	**162,086**
Credited/(charged) to profit or loss	**(3,750)**	**(1,492)**	**(2,369)**	**—**	**1,580**	**(1,327)**	**(7,358)**
At 31 December 2014	**14,744**	**47,050**	**42,365**	**2,421**	**1,580**	**46,568**	**154,728**

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31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

Deferred tax liabilities arising from:	Available-for-sale investments	Revaluation of other properties	Depreciation and amortisation	Gain on deemed disposal of an associate	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	(2,311)	(3,319)	(34,312)	(46,863)	(10,886)	(97,691)
Credited/(charged) to profit or loss	—	(9,765)	539	—	(9,264)	(18,490)
Charged to reserves	23	—	—	—	—	23
At 31 December 2013	(2,288)	(13,084)	(33,773)	(46,863)	(20,150)	(116,158)
At 1 January 2014	**(2,288)**	**(13,084)**	**(33,773)**	**(46,863)**	**(20,150)**	**(116,158)**
Credited/(charged) to profit or loss	**—**	**1,958**	**(935)**	**—**	**10,908**	**11,931**
Charged to reserves	**(2,440)**	**—**	**—**	**—**	**—**	**(2,440)**
At 31 December 2014	**(4,728)**	**(11,126)**	**(34,708)**	**(46,863)**	**(9,242)**	**(106,667)**

31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses and certain provision for impairment of assets of RMB1,910,480,000 as at 31 December 2014 (2013: RMB2,361,598,000) as it is not probable that future taxable profits against which the losses and the provisions can be utilised will be available in the relevant entity. The tax losses that will expire in the years ending 31 December 2015, 2016, 2017, 2018 and 2019 are RMB373,608,000, RMB131,587,000, RMB254,821,000, RMB407,787,000 and RMB343,834,000 respectively.

The cumulative tax losses and provision for impairment of assets of the Company not recognised as deferred tax asset are RMB519,262,000 as at 31 December 2014 (2013: RMB718,194,000). The tax losses that will expire in the year ending 31 December 2015, 2016, 2017, 2018 and 2019 are RMB291,021,000, RMB nil, RMB70,232,000, RMB36,658,000 and RMB121,351,000, respectively.

(d) Deferred tax liability not recognised

At 31 December 2014, taxable temporary differences relating to undistributed profits and surplus reserves of subsidiaries and associates and joint ventures amounted to RMB6,084,009,000 (2013: RMB5,185,678,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates and joint ventures are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

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32 EMPLOYEE BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 16% to 20% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by Guodian Group to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and supplementary retirement plan other than the annual contributions described above.

33 DEFERRED INCOME

The Group

	2014 *RMB'000*	2013 *RMB'000* *(restated-note40)*
At 1 January	**1,876,906**	1,903,165
Additions	**40,827**	111,215
Credited to profit or loss	**(127,677)**	(137,474)
At 31 December	**1,790,056**	1,876,906

Deferred income mainly represents VAT refund granted by the government relating to the purchase of domestic equipment and other subsidies relating to the construction of property, plant and equipment, which would be recognised as income on a straight-line basis over the expected useful life of the relevant assets.

34 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly represent long-term retention payables for purchase of wind turbines, among which RMB227,853,000 (2013: RMB334,516,000) is due to an associate of the Group and two fellow subsidiaries.

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35 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000* *(note 35(c))*	Capital reserve *RMB'000* *(note 35(d)(i))*	Statutory surplus reserve *RMB'000* *(note 35 (d)(ii))*	Fair value reserve *RMB'000* *(note 35 (d)(iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2013	8,036,389	13,956,328	275,153	(5,181)	2,650,927	24,913,616
Change in equity for 2013:						
Profit for the year	—	—	—	—	952,159	952,159
Other comprehensive income	—	—	—	(69)	—	(69)
Total comprehensive income for the year	—	—	—	(69)	952,159	952,090
Appropriation	—	—	177,642	—	(177,642)	—
Dividends to shareholders of the Company	—	—	—	—	(511,918)	(511,918)
At 31 December 2013	8,036,389	13,956,328	452,795	(5,250)	2,913,526	25,353,788
At 1 January 2014	**8,036,389**	**13,956,328**	**452,795**	**(5,250)**	**2,913,526**	**25,353,788**
Change in equity for 2014:						
Profit for the year	**—**	**—**	**—**	**—**	**2,045,579**	**2,045,579**
Other comprehensive income	**—**	**—**	**—**	**7,319**	**—**	**7,319**
Total comprehensive income for the year	**—**	**—**	**—**	**7,319**	**2,045,579**	**2,052,898**
Appropriation	**—**	**—**	**121,627**	**—**	**(121,627)**	**—**
Dividends to shareholders of the Company	**—**	**—**	**—**	**—**	**(381,728)**	**(381,728)**
At 31 December 2014	**8,036,389**	**13,956,328**	**574,422**	**2,069**	**4,455,750**	**27,024,958**

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35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Dividends

(i) Dividends payable to shareholders of the Company attributable to the year

	2014	2013
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0597 per share (2013: RMB0.0475)	**479,772**	381,728

The directors of the Company resolved on 24 March 2015 that a dividend of RMB0.0597 per share is to be distributed to the shareholders for 2014, subject to approval of the shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2013, approved during the year, of RMB0.0475 per share (year ended 31 December 2012: RMB0.0637 per share)	**381,728**	511,918

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35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Share capital

	The Group and the Company	
	2014	2013
	RMB'000	*RMB'000*
Issued and fully paid:		
4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each	**4,696,360**	4,696,360
3,340,029,000 H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,036,389	8,036,389

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the IPO in December 2009 and the placing of new H shares in December 2012.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by Guodian Group and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of acquisition of businesses under common control.

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(iii) Exchange reserve

The Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB and the foreign exchange difference on the net investment in foreign operations of the Group which are dealt with in accordance with the accounting policies as set out in note 2(y).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in notes 2(i) and 2(v).

35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company is RMB4,455,750,000 (2013: RMB2,913,526,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.0597 per share (2013: RMB0.0475), amounting to RMB479,772,000 (2013: RMB381,728,000) (note 35(b)(i)). The dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of net gearing ratio, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by sum of net debt and total equity. The net gearing ratio of the Group as at 31 December 2014 is 62% (2013: 59%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities, and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable and prepayments and other current assets.

Substantially all of the Group's cash and cash equivalents are deposited in the stated-owned/controlled PRC banks which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 89% of the Group's total trade debtor and bills receivable as at 31 December 2014 (2013: 88%). For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group provided financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 38, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 38.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2014, the Group has unutilised banking facilities of RMB674,500,000. The Group also signed several strategic cooperative framework agreements with PRC banks with unutilised credit lines of RMB158,624,967,000 as at 31 December 2014. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and capital expenditure requirements of the Group.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

The Group

	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	more than 5 years *RMB'000*
31 December 2014						
Long-term borrowings *(note 28(a))*	33,762,179	42,062,668	1,752,564	13,027,974	12,195,322	15,086,808
Short-term borrowings *(note 28(b))*	36,069,670	36,889,083	36,889,083	—	—	—
Trade creditors and bills payable *(note 29)*	1,020,623	1,020,623	1,020,623	—	—	—
Other payables *(note 30)*	8,904,367	8,904,367	8,904,367	—	—	—
	79,756,839	88,876,741	48,566,637	13,027,974	12,195,322	15,086,808
31 December 2013 *(restated-note 40)*						
Long-term borrowings *(note 28(a))*	33,204,724	41,807,911	1,732,247	7,726,403	17,767,450	14,581,811
Short-term borrowings *(note 28(b))*	24,696,862	25,160,371	25,160,371	—	—	—
Trade creditors and bills payable *(note 29)*	2,142,169	2,142,169	2,142,169	—	—	—
Other payables *(note 30)*	9,756,633	9,756,633	9,756,633	—	—	—
	69,800,388	78,867,084	38,791,420	7,726,403	17,767,450	14,581,811

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk *(Continued)*

The Company

	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1–2 years *RMB'000*	2–5 years *RMB'000*	more than 5 years *RMB'000*
31 December 2014						
Long-term borrowings *(note 28(a))*	**11,337,873**	**14,253,408**	**645,317**	**5,022,332**	**2,152,640**	**6,433,119**
Short-term borrowings *(note 28(b))*	**23,903,185**	**24,514,398**	**24,514,398**	**—**	**—**	**—**
Trade creditors and bills payable	**4,494**	**4,494**	**4,494**	**—**	**—**	**—**
Other payables *(note 30)*	**8,679,008**	**8,679,008**	**8,679,008**	**—**	**—**	**—**
	43,924,560	**47,451,308**	**33,843,217**	**5,022,332**	**2,152,640**	**6,433,119**
31 December 2013						
Long-term borrowings *(note 28(a))*	16,290,251	20,123,149	872,621	4,805,389	7,931,970	6,513,169
Short-term borrowings *(note 28(b))*	15,347,167	15,624,951	15,624,951	—	—	—
Trade creditors and bills payable	5,570	5,570	5,570	—	—	—
Other payables *(note 30)*	5,475,353	5,475,353	5,475,353	—	—	—
	37,118,341	41,229,023	21,978,495	4,805,389	7,931,970	6,513,169

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2014 and 2013, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The detailed interest rates and maturity information of the Group's and the Company's borrowings are disclosed in note 28.

The Group

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Net fixed rate borrowings/(lendings):		
Borrowings	35,730,951	29,638,323
Less: Loans and advances *(note 24(i))*	(118,210)	(275,210)
Bank deposits (including restricted deposits)	(17,672)	(198,919)
	35,595,069	29,164,194
Net floating rate borrowings/(lendings):		
Borrowings	34,100,898	28,263,263
Less: Other financial assets *(note 21(i))*	(2,103,790)	(48,580)
Bank deposits (including restricted deposits)	(2,810,406)	(3,245,132)
	29,186,702	24,969,551
Total net borrowings	64,781,771	54,133,745

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

The Company

	2014 *RMB'000*	2013 *RMB'000*
Net fixed rate borrowings/(lendings):		
Borrowings	**27,763,178**	23,056,138
Less: Loans and advances	**(17,023,620)**	(7,052,000)
Designated loans *(note 21(i))*	**(6,465,000)**	(12,838,000)
	4,274,558	3,166,138
Net floating rate borrowings/(lending):		
Borrowings	**7,477,880**	8,581,280
Less: Loans and advances	**(8,718,210)**	(9,501,640)
Designated loans *(note 21(i))*	**(4,118,480)**	(3,511,440)
Bank deposits (including restricted deposits)	**(1,871,209)**	(1,797,587)
	(7,230,019)	(6,229,387)
Total net lendings	**(2,955,461)**	(3,063,249)

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB222,701,000 (2013 (restated-note 40): RMB192,680,000).

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the years.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars, Euros and United States dollars. The Group manages this risk as follows:

(i) Recognised assets and liabilities

Except for foreign operations of two subsidiaries which were denominated in foreign currencies, all other revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in Hong Kong dollars and United States dollars. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its shareholders.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies *(expressed in RMB)*							
	2014				2013			
	HKD	*USD*	*EUR*	*RMB*	*HKD*	*USD*	*EUR*	*RMB*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	44,754	19,569	8	19,101	46,054	123,402	91	46,096
Trade debtors	—	—	—	183,958	—	—	4,552	—
Other current assets	—	—	—	3,071,478	—	—	—	1,647,048
Other assets	—	—	—	6,347,000	—	—	—	4,700,628
Short-term borrowings	—	(4,575,944)	—	—	—	(1,577,189)	(1,849)	(258,988)
Long-term borrowings	—	(375,097)	(9,826)	—	—	(362,412)	(11,096)	—
Net exposure	44,754	(4,931,472)	(9,818)	9,621,537	46,054	(1,816,199)	(8,302)	6,134,784

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

The Company

	Exposure to foreign currencies *(expressed in RMB)*					
	2014			2013		
	HKD	*USD*	*EUR*	*HKD*	*USD*	*EUR*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents/ net exposure	38,514	—	8	46,031	26	91

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of United States dollar against other currencies.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

The Group

	2014		2013	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*
HKD	5%	1,678	5%	1,727
	(5)%	(1,678)	(5)%	(1,727)
USD	5%	(184,903)	5%	(68,309)
	(5)%	184,903	(5)%	68,309
EUR	5%	(368)	5%	(254)
	(5)%	368	(5)%	254
RMB	5%	360,808	5%	230,054
	(5)%	(360,808)	(5)%	(230,054)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in respective functional currencies, translated into RMB at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender and the borrower. The analysis is performed on the same basis for 2013.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(e) Equity price risk

The Group and the Company are exposed to equity price changes arising from equity investments classified as available-for-sale equity securities and trading securities (note 21 and note 25). The Group's and the Company's listed investments are listed on Shanghai Stock Exchange and Shenzhen Stock Exchange in the PRC and on HKSE. Listed and unlisted investments held in the available-for-sale portfolio are held for long term purpose. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's and the Company's exposure to equity price risk is insignificant.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

At 31 December 2014 and 2013, the financial instruments of the Group and the Company carried at fair value were trading securities, derivative financial instruments and available-for-sale investments. These instruments fall into Level 1 of the fair value hierarchy described above.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

(a) Fair value hierarchy

The Group

		Fair value measurements as at 31 December 2014 categorised into		
	Fair value at 31 December 2014 *RMB'000*	Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities				
— listed	21,497	21,497	—	—
Trading securities	222,639	222,639	—	—
Financial liabilities:				
Derivative financial instruments				
— Forward exchange contracts	6,319	—	6,319	—

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

(a) Fair value hierarchy *(Continued)*

		Fair value measurements as at 31 December 2013 categorised into		
	Fair value at 31 December 2013	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities				
— listed	11,738	11,738	—	—
Trading securities	315,932	315,932	—	—

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013 except as follows:

The Group

	Carrying amounts at 31 December 2014	Fair value at 31 December 2014	Fair value measurements as at 31 December 2014 categorised into		
			Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds *(note 28(a))*	9,827,742	10,076,689	10,076,689	—	—
Fixed rate long-term loans	3,892,923	3,739,940	—	3,739,940	—
	13,720,665	13,816,629	10,076,689	3,739,940	—

	Carrying amounts at 31 December 2013	Fair value at 31December 2013	Fair value measurements as at 31 December 2013 categorised into		
			Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds *(note 28(a))*	10,374,153	10,424,096	10,424,096	—	—
Fixed rate long-term loans	4,154,578	3,949,366	—	3,949,366	—
	14,528,731	14,373,462	10,424,096	3,949,366	—

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(ii) Fair values of financial instruments carried at other than fair value *(Continued)*

The Company

	Carrying amounts at 31 December 2014	Fair value at 31 December 2014	Fair value measurements as at 31 December 2014 categorised into		
			Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds *(note 28(a))*	4,979,993	5,149,700	5,149,700	—	—
Fixed rate long-term loans	3,400,970	3,341,703	—	3,341,703	—
	8,380,963	8,491,403	5,149,700	3,341,703	—

	Carrying amounts at 31 December 2013	Fair value at 31December 2013	Fair value measurements as at 31 December 2013 categorised into		
			Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds *(note 28(a))*	8,561,371	8,584,600	8,584,600	—	—
Fixed rate long-term loans	3,400,970	3,345,919	—	3,345,919	—
	11,962,341	11,930,519	8,584,600	3,345,919	—

The fair values of the fixed rate long-term loans are estimated as being the present values of future cash flows, discounted at interest rates based on the market interest rates of comparable bank loans as at 31 December 2014.

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37 COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Contracted for	**14,359,291**	15,688,011	**35,893**	73,919
Authorised but not contracted for	**70,064,042**	50,799,732	**3,977,058**	8,190,470
	84,423,333	66,487,743	**4,012,951**	8,264,389

(b) At the year end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,475**	1,545	**—**	—
After 1 year but within 5 years	**7,546**	5,254	**—**	—
After 5 years	**2,907**	3,876	**—**	—
	12,928	10,675	**—**	—

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

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38 CONTINGENT LIABILITIES

At 31 December, the Group issued the following guarantees:

(i) Guarantees to banks in respect of the bank loans granted to certain third parties or related parties are set forth below:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Subsidiaries	**—**	—	**—**	733,481
Associates and joint ventures	**52,290**	62,232	**52,290**	62,232
	52,290	62,232	**52,290**	795,713

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 31 December 2014, the balance counter-guaranteed by the Company amounted to RMB15,958,000 (2013: RMB21,600,000). The directors of the Company are of the opinion that the likelihood of the bank loans repayment default by Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) is remote.

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39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Guodian Group and has significant transactions and relationships with the subsidiaries of Guodian Group.

The principal transactions which were carried out in the ordinary course of business are as follows:

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Sales of goods and provide service to		
Fellow subsidiaries	321,415	494,469
Associates and joint ventures	24,422	8,446
Purchase of goods and receive service from		
Fellow subsidiaries	544,937	650,406
Associates and joint ventures	2,853,325	2,056,772

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39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(Continued)*

	2014 RMB'000	2013 RMB'000 (restated-note 40)
Working capital received from/(provided to)		
Guodian Group	**1,234**	22,000
Fellow subsidiaries	**12,184**	(23,479)
Associates and joint ventures	**(20,665)**	21,868
Loan guarantees revoked by		
Guodian Group	**(6,973)**	(28,249)
Loan guarantees revoked to		
Associates and joint ventures	**(9,942)**	(6,942)
Loans provided to/(repayment from)		
Fellow subsidiaries	**(200,000)**	200,000
Associates and joint ventures	**2,098,210**	(10,000)
Loans repayment to/(received from)		
Guodian Group	**4,500,000**	(1,000,000)
Fellow subsidiaries	**53,000**	860,000
Interest expenses		
Guodian Group	**38,600**	213,846
Fellow subsidiaries	**66,465**	133,914
Interest income		
Fellow subsidiaries	**4,914**	11,624
Associates and joint ventures	**55,039**	7,033
Deposits placed with		
Fellow subsidiaries	**687,554**	1,042,698
Acquisition of businesses from		
Guodian Group	**58,954**	—
Investments in		
Fellow subsidiaries (unquoted equity investment)	**735,000**	11,690
Associates and joint ventures	**132,487**	158,678

In 2014, the Group disposed its entire 52% equity interests in Guodian Liaocheng Biomass Power Co., Ltd. to Guodian Liaocheng Power Generation, a fellow subsidiary of the Group, at consideration of RMB1.

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB1,873,017,000 as at 31 December 2014 (2013 (restated-note 40): RMB1,185,463,000). Details of the other outstanding balances with related parties are set out in notes 21, 23, 24, 28, 29, 30, and 34.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities included but are not limited to the following:

— Sales of electricity;

— Depositing and borrowing money;

— Purchase of materials and receiving construction work services; and

— Service concession arrangements.

The tariff of electricity is regulated by relevant government. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(c) Transactions with other state-controlled entities in the PRC *(Continued)*

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as other state-controlled entities transactions:

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Sales of electricity	**14,896,134**	15,043,382
Sales of other products	**471,518**	367,262
Interest income	**34,787**	37,215
Interest expenses	**1,952,199**	2,424,576
Loans received	**14,479,736**	1,671,024
Deposits withdraw from	**(886,383)**	(2,995,095)
Purchase of materials and receiving construction service	**3,189,435**	3,975,484
Service concession construction revenue	**227,579**	667,060

The balances with other state-controlled entities transactions are as follows:

	2014 *RMB'000*	2013 *RMB'000* *(restated-note 40)*
Receivables from sales of electricity	**5,756,271**	5,921,583
Receivables from sales of other products	**205,778**	38,999
Bank deposits (including restricted deposits)	**426,858**	1,313,241
Borrowings	**51,786,960**	37,307,224
Payable for purchase of materials and receiving construction work service	**1,239,447**	1,322,142

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9, and certain of the highest paid employees as disclosed in note 10, is as follows:

	2014 *RMB'000*	2013 *RMB'000*
Salaries and other emoluments	**1,681**	1,538
Discretionary bonus	**4,370**	4,414
Retirement scheme contributions	**630**	564
	6,681	6,516

(e) Commitment with related parties

	2014 *RMB'000*	2013 *RMB'000*
Sales commitment with		
Fellow subsidiaries	**1,050**	1,003
Associates and joint ventures	**650**	3,140
Capital commitment with		
Associates and joint ventures	**648,397**	754,981

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the sales and purchase of goods, provide and receive service to and from Guodian Group and its subsidiaries, loans from and deposits placed with Guodain Group and its subsidiaries in note 39(a) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section connected transactions of the Director's Report of the Group for the year ended 31 December 2014.

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in thousands of Renminbi unless otherwise stated)

40 ACQUISITION OF BUSINESS

On 29 December 2014, the Company entered into an equity transfer agreement with Guodian Group. Pursuant to the equity transfer agreement, the Company acquired equity interest held by Guodian Group in the wind power business at a cash consideration of RMB58,954,000. Details are as follows:

Business name	**Acquisition date**	**Percentage of interest acquired**
Guodian Chongqing Wind Power Generation Co., Ltd.	29 December 2014	51%

(i) Details of the restatement of the Group's consolidated financial statements are as follows:

	The Group (as previously reported)	**Acquired Business**	**Elimination**	**The Group (as restated)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Results of operations for the year ended 31 December 2013:				
Operating profit	6,000,130	11,006	—	6,011,136
Profit for the year	2,968,147	4,154	—	2,972,301
Profit attributable to:				
— Shareholders of the Company	2,049,465	4,154	(2,035)	2,051,584
— Non-controlling interests	918,682	—	2,035	920,717
Basic and diluted earnings per share *(RMB cents)*	25.50	0.03	—	25.53
Balance sheet as at 31 December 2013:				
Non-current assets	96,907,503	391,585	—	97,299,088
Current assets	13,766,271	40,827	—	13,807,098
Current liabilities	36,676,231	98,953	—	36,775,184
Non-current liabilities	35,957,174	244,305	—	36,201,479
Total equity attributable to the shareholders of the Company	30,908,033	89,154	(43,685)	30,953,502
Non-controlling interests	7,132,336	—	43,685	7,176,021

FOR THE YEAR ENDED 31 DECEMBER 2014 (Expressed in thousands of Renminbi unless otherwise stated)

40 ACQUISITION OF BUSINESS *(CONTINUED)*

(ii) The carrying amount of aggregate assets and liabilities at the date of acquisition are as follows:

	Acquiree *RMB'000*
Net assets as at the acquisition date	
Non-current assets	472,509
Current assets	16,002
Current liabilities	(32,724)
Non-current liabilities	(341,117)
Net assets	114,670

At the date of acquisition, the cash and cash equivalents held by the acquiree amounted to RMB4,577,000.

41 SENIOR PERPETUAL SECURITIES

On 7 December 2012, a subsidiary of the Company (the "Issuer") issued USD400,000,000 senior perpetual securities at initial interest rate of 5.25% ("Senior Perpetual Securities"). The Senior Perpetual Securities were issued for general corporate funding purposes to develop and expand the Group's new energy businesses and for the Group's working capital needs. Coupon payments of 5.25% per annum on the Senior Perpetual Securities are paid semi-annually in arrears from 7 June 2013 and may be deferred at the discretion of the Group. The Senior Perpetual Securities have no fixed maturity and are callable at the Group's option on or after 7 December 2015 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 7 December 2015, the coupon rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 4.912 per cent., (b) the U.S. Treasury Rate and (c) a margin of 5.00 per cent. per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

The Company and Guodian Group each issued a Company Keepwell Deed and a Company Equity Interest Purchase Undertaking to the trustee of the Senior Perpetual Securities. Under the Company Keepwell Deed, the Company and Guodian Group will undertake to cause the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any payment in respect of the Senior Perpetual Securities. Under the Company Equity Interest Purchase Undertaking, the Company and Guodian Group agrees that, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorisations from the relevant approval authorities, the Company and Guodian Group will purchase the equity interests in certain of the direct or indirect owned PRC-established subsidiaries of the Issuer upon receiving a purchase notice from the trustee.

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42 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be Guodian Group, which is a state-owned enterprise established in the PRC. Guodian Group does not produce financial statement available for public use.

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirement of Part 9, "Account and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the company's first financial year commencing after 3 March 2014 (i.e. the company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

44 SERVICE CONCESSION ARRANGEMENT

In recent years, the Group entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22–25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue *(note 4)* recorded during the years represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognised intangible assets *(note 17)* related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

45 SUBSEQUENT EVENTS

Since February 2015, the Company and some subsidiaries of the Company each received arbitration acceptance notices from China International Economic and Trade Arbitration Commission in relation to the submission of arbitration applications by Sinovel Wind Group Co., Ltd. ("Sinovel") to request arbitration on the dispute arising from certain equipment purchase contracts and relevant agreements entered into between Sinovel and the Group. Sinovel requested the Group to pay a total of RMB415 million (excluding interests and attorneys' fees), which has been recorded as payable as at 31 December 2014, in respect of the dispute. As the arbitration is still in the preliminary stage, the Company has yet to estimate the time of final settlement and the final results of the arbitration.

GLOSSARY OF TERMS

"Articles of Association"	articles of association of the Company
"attributable installed capacity" or "attributable installed capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"average utilisation hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"Board"	the board of directors of the Company
"BVI"	Hero Asia (BVI) Company Limited (雄亞(維爾京)有限公司), a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialised countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits

"CER"	certified emission reductions, which are carbon credits issued by CDM Executive Board for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol
"Chongqing Wind Power"	Guodian Chongqing Wind Power Development Co., Ltd. (國電重慶風電開發有限公司), a limited liability company incorporated in the PRC
"CIETAC"	China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)
"our Company", "Company", "we" or "us" or "Longyuan Power"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"consolidated power generation"	the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies

"Director(s)"	the directors of the Company
"electricity sale"	the actual amount of electricity sold by a power plant in a particular period of time, which is equivalent to gross power generation less comprehensive auxiliary electricity
"Financial Services Agreement"	the financial services agreement entered into between Guodian Finance and the Company on 6 September 2010
"GDPD"	GD Power Development Co., Ltd (國電電力發展股份有限公司)
"Group"	China Longyuan Power Group Co., Ltd. and its subsidiaries
"Guodian Capital"	China Guodian Capital Holdings Ltd. (中國國電資本控股有限公司), a limited company incorporated in the PRC and a wholly-owned subsidiary of Guodian Group
"Guodian Finance"	Guodian Finance Co., Ltd. (國電財務有限公司)
"Guodian Financial Leasing"	China Guodian Financial Leasing Company Ltd. (國電融資租賃有限公司),a Sino-foreign joint venture incorporated in the PRC and is held by BVI and Guodian Capital as to 49% and 51% of its equity interest, respectively
"Guodian Group"	China Guodian Corporation (中國國電集團公司)
"Guodian Guangdong"	Guodian Guangdong Power Co., Ltd. (國電廣東電力有限公司), a limited company incorporated in the PRC and a wholly-owned subsidiary of Guodian Group

"Guodian Liaocheng Biomass Power"	Guodian Liaocheng Biomass Power Co., Ltd. (國電聊城生物質發電有限公司), a limited liability company established in the PRC and is owned as to 52% by the Company, 30% by Liaocheng Huiyuan Fly Ash Beads Co., Ltd. (聊城慧源粉煤灰微珠有限公司) and 18% by Liaocheng Xinpengyuan Metal Manufacture Co., Ltd. (聊城鑫鵬源金屬製造有限公司); it is a subsidiary of the Company
"Guodian North China"	Guodian North China Power Co., Ltd. (國電華北電力有限公司)
"Guodian Shaanxi"	Guodian Shaanxi Electric Power Co., Ltd. (國電陝西電力有限公司)
"GW"	unit of energy, gigawatt. 1GW = 1,000MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Jiangyong Wind Power"	Guodian Longyuan Jiangyong Wind Power Co., Ltd. (國電龍源江永風力發電有限公司), a joint venture formed by the Company and Guodian Group
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

"Liaocheng Power"	Guodian Liaocheng Power Generation Co., Ltd. (國電聊城發電有限公司), a limited company incorporated in the PRC and is owned as to 52% by Guodian Shandong Electric Power Co., Ltd.; it's a subsidiary of Guodian since Guodian Shandong Electric Power Co., Ltd. is owned as to 100% by Guodian Group
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"load factor"	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
"Longyuan Longchuan Wind Power"	Guodian Longyuan Longchuan Wind Power Co., Ltd. (國電龍源龍川風力發電有限公司)
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"New Financial Services Agreement"	the financial services agreement entered into between Guodian Finance and the Company on 13 December 2012
"PRC"	People's Republic of China, and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan

"regions not subject to grid curtailment"	Regions excluding Heilongjiang Province, Jilin Province, Liaoning Province, Inner Mongolia Autonomous Region and Gansu
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"RMB"	Renminbi, the official currency of the PRC
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Shareholder(s)"	holder(s) of shares of the Company
"Shenchi Wind Power"	Guodian Longyuan Shenchi Wind Power Co., Ltd. (國電龍源神池風力發電有限公司), a joint venture formed by the Company and Guodian North China
"Southbound Trading"	Investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"VERs" or "VER"	Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organisation's desire to take active part in climate change mitigation efforts
"Wuqi New Energy"	Guodian Longyuan Wuqi New Energy Co., Ltd. (國電龍源吳起新能源有限公司), a joint venture formed by the Company and Guodian Shaanxi

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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BOARD

Non-executive Directors

Mr. Qiao Baoping *(Chairman of the Board)*
Mr. Wang Baole
Mr. Shao Guoyong
Mr. Chen Jingdong

Executive Directors

Mr. Li Enyi *(President)*
Mr. Huang Qun

Independent Non-executive Directors

Mr. Zhang Songyi
Mr. Meng Yan
Mr. Han Dechang

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Qiao Baoping

AUTHORISED REPRESENTATIVES

Mr. Li Enyi
Mr. Jia Nansong
Mr. Zhang Songyi
(as Mr. Li Enyi's alternate)
Ms. Soon Yuk Tai
(as Mr. Jia Nansong's alternate)

* *For identification purpose only*

JOINT COMPANY SECRETARIES

Mr. Jia Nansong
Ms. Soon Yuk Tai

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(special general partner)
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China Longyuan Power Group Corporation Limited*

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