華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED

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

Stock Code: 00816

ANNUAL REPORT 2014

Contents

Chairman's Statement	2
President's Statement	3
Key Operating and Financial Data	4
Corporate Profile	5
Corporate Shareholding Structure	6
Corporate Milestones in 2014	8
Directors' Report	9
Subsequent Events	25
Biographies of Directors, Supervisors and Senior Management	26
Management Discussion and Analysis	36
Human Resources	49
Social Responsibility	51
Corporate Governance Report	52
Report of the Board of Supervisors	70
Independent Auditor's Report	73
Consolidated Statement of Profit or Loss and Other Comprehensive Income	75
Consolidated Statement of Financial Position	76
Statement of Financial Position	78
Consolidated Statement of Changes in Equity	80
Consolidated Cash Flow Statement	81
Notes to the Financial Statements	83
Definition and Glossary of Technical Terms	185
Corporate Information	188

Chairman's Statement

Chairman **Fang Zheng**

Dear Shareholders,

2014 was the key year for accelerating the development of clean energy. The results of operations of the Group continued to be positive through the common efforts from our management and staff. In 2014, the Group recorded net profit attributable to equity shareholders of the Company of RMB1,867.2 million, an increase of 27.2% over the previous year, total assets of RMB85,935.1 million, an increase of 27.0% over the previous year, net assets of RMB17,658.2 million, an increase of 28.8% over the previous year, and accumulated consolidated installed capacity of 12,312.8 MW, an increase of 18.1% over the previous year. Our projects distributed in 27 provinces, cities, autonomous and overseas regions, and the industrial layout extends to 7 areas, namely hydropower, wind power, coal-fired power, nuclear energy, solar energy, distributed energy and biomass energy with the characteristics of environmentally-clean production, diversity and internationalization more and more obvious. Meanwhile, we are highly popular with the investors in the capital market, which further strengthens our confidence and resolution in building the world-class listed company known for clean energy.

In recent years, the global climate change has already been the recognized threat, and the utilization of fossil energy has been continuously constrained more and more, therefore, the development of clean energy will be the general trend of the times. In accordance with the "13rd Five-Year Plan" power development plan, the wind power and solar energy installations will achieve 200 GW and 100 GW respectively in 2020. The wind power generation will account to more than 5% to accomplish the transformation from the backup power supply to the alternative power source, which implies that in the following five years, the wind power and solar energy installed capacities will increase by 110 GW and 70 GW respectively. The clean energy industry will have a prosperous future.

Faced with the new situation and mission, we will keep a firm grip on the good opportunity of the economic structure adjustment and energy industry revolution, and will continue to play our own competitive advantages and focus on the main task of pursuing sound growth based on a strategy of diversified, clean and efficient energy business. The Company is committed to becoming a world-class listed company known for clean energy with the clear development direction, advanced profit model, scientific investment decision and reasonable industry layout to bring about the higher return for the shareholders with excellent results.

On behalf of the Board, I would like to express my sincere gratitude to all shareholders and affiliates for their trust and support.

Fang Zheng
Chairman

President's Statement

President **Jiang Bingsi**

Dear Shareholders,

The Year 2014 was a prosperous time for the Group. Under the correct leadership of the Board, we outperformed to achieve all targets.

The healthy and stable development of production and construction. In 2014, the Group recorded the newly-added consolidated installed capacity of 1,888.5 MW and a capacity under construction of 2,008.4 MW. Meanwhile, we advanced the strategic reservation of good projects and seized the high quality resources. This year, we accomplished the first overseas asset acquisition with the 28 MW BARCHIN wind power project from the Gamesa, Spain and gathered experiences for further exploring the overseas projects.

The steady improvement in profit level. The Group achieved the overall profit and the results amounted to the historic best level by comprehensively benchmark, exposing the weakness, identifying the disparity, increasing the power generation, improving the key points, continuing to exploring the potential and highlighting the interior type growth with the power generation of 36,508,131.6 MWh, an increase of 6.1% over the previous year and the revenue from electricity sales of RMB13,895.4 million, an increase of 4.9% over the previous year.

The guaranteed and reliable funding. The Company continued to obtain strong funding in respect of its rapid development by innovating the method, expanding the channel and reducing the costs in terms of the funding. The Company took advantage of the favorable timing for the successful additional issue of H shares twice during the year with the gross raised funds amounting to HK$2.896 billion, and the funding size exceeded the proceeds from the IPO to effectively decrease the funding cost.

The constant improvement in the management efficiency. The overall management and control standard of the Group has significantly improved during the year through stably promoting the system reform, continuously perfecting the internal control management system, guaranteeing the safety production, unceasingly tamping the base of safety production and focusing on the implementation of the safety production.

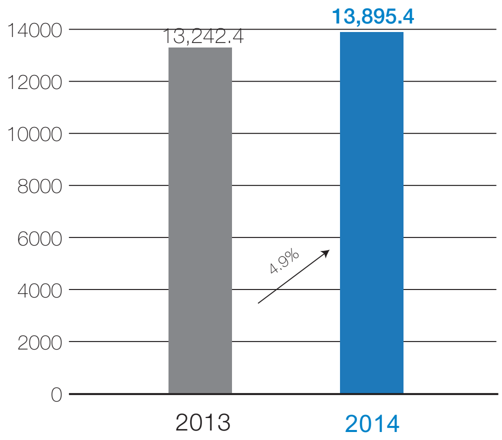
Looking forward to 2015, the Group will, under the leadership of the management team, actively adapt to the new normal of the economic development in China, pay more attention to the unification of the size, quality and achievements and the coordination of the system, talents and capital, proactively promote the corporate reform, accelerate the development scientifically and reasonably and govern the Company in accordance with the laws and regulations.

Finally, on behalf of the management team of the Group, I would like to express my sincere gratitude to the shareholders, the Board and the board of Supervisors for placing their trust and support on us. I would also like to express my respect to all staff members for their diligence and contributions.

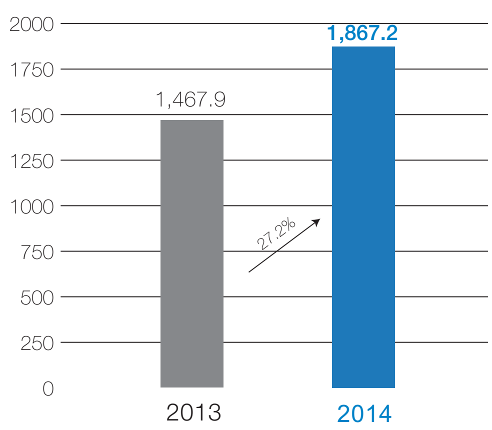
Jiang Bingsi
President

Key Operating and Financial Data

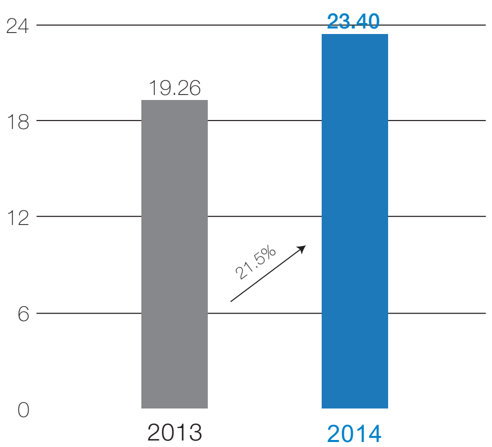
Revenue (RMB million)



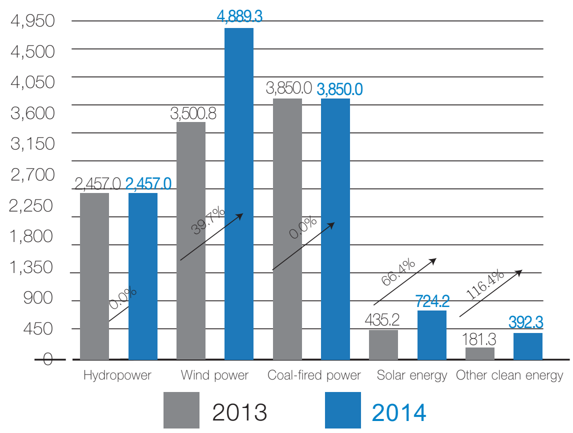
Profit attributable to equity shareholders of the Company (RMB million)



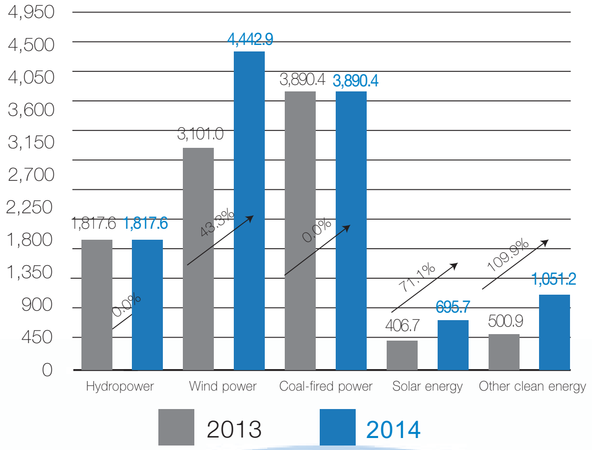
Basic and diluted earnings per share (RMB cents/share)



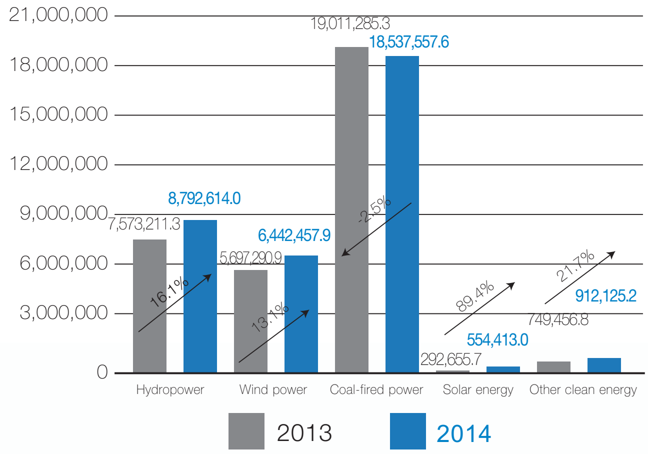
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



Total electricity sales (MWh)



Corporate Profile

Huadian Fuxin Energy Corporation Limited is the sole listed clean energy company among the members of China Huadian Corporation, one of the top five Chinese power generation groups. Since its incorporation in 2011, the Group has always been committing to the effective utilization of the clean energy and the development of the renewable energy, continuously optimizing the assets layout, fully taking advantage of the complementary advantages of the diversified industrial layout, delivering the green and clean energy, and assuming the social responsibility of environmental protection, energy conservation and emission reduction to give hand to the sustainable development of China.

Currently, the Group possesses a portfolio of power generation business covering hydropower, wind power, effective coal-fired power, solar energy, distributed energy, nuclear energy and biomass energy, and the projects and assets are distributed in 27 provinces, cities and autonomous regions within China, and also Spain. The Group has always been insisting on the development route characterized by the cleanness, diversification and internationalization.

As of 31 December 2014, our consolidated installed capacity amounted to 12,312.8 MW, consisting of 2,457.0 MW hydropower, 4,889.3 MW wind power, 3,850.0 MW coal-fired power, 724.2 MW solar energy, 367.0 MW distributed energy and 25.3 MW biomass energy.

In respect of hydropower, the Group is the largest hydropower company in eastern China, and the Group owns 7 large-scale reservoirs in Fujian Province which assume the flood scheduled tasks in their regions respectively.

In respect of wind power, the Group owns 8 industrial bases in provinces of Xinjiang and Gansu, etc. The achievement with acquisition of 28.0 MW BARCHIN wind power project from the Gamesa, Spain in 2014 has marked the first step for the overseas acquisition of China Huadian Corporation.

In respect of the coal-fired power, Fujian Huadian Kemen Power Generation Co., Ltd, a subsidiary of the Group, is one of the main electricity generation resource in Eastern China, which owns 4 supercritical coal-fired power generating units with 600.0 MW and the largest plant-owned wharf in the country. Currently, the Group is promoting Phase III expansion project with 2 supercritical coal-fired power generating units with 1,000.0 MW of Fujian Kemen Power Plant, and Phase III expansion project with 2 supercritical coal-fired power generating units with 660.0 MW of Fujian Huadian Shaowu Energy Co., Ltd.

In respect of solar energy, a number of solar electricity generation bases have been established in provinces of Gansu, Xinjiang, Inner Mongolia and Jiangsu, etc..

In respect of distributed energy, Guangzhou University Town Distributed Energy Project, is the largest natural gas distribution energy project of China, among the projects in production. Apart from it, the 2 distributed energy projects with the total consolidated installed capacity of 207.0 MW were put into the commercial operation in 2014 which located in Jiujiang and Nanning. Meanwhile, the Group has been paying more efforts on the project development in central cities like Shanghai and Guangzhou and developed regions with strong consumption to increase the share of quality resources.

As the important platform of China Huadian Corporation in terms of the development of nuclear power business, the Group holds the 39% equity interest of 4 nuclear power units with 1,080.0 MW of Fuqing Nuclear, of which, the Unit I was put into production at the end of 2014 and the remaining 3 units will be put into production from 2015 to 2017.

Corporate Shareholding Structure

- 100% Huadian New Energy Development Company Limited
  - 100% Inner Mongolia Huadian Huitengxile Wind Power Company Limited
  - 100% Inner Mongolia Huadian Guanghui Wind Power Company Limited
  - 100% Inner Mongolia Huadian Bayin Wind Power Company Limited
  - 80% Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited
  - 100% Inner Mongolia Huadian Hongnijing Wind Power Company Limited
  - 100% Inner Mongolia Huadian Jieji Wind Power Company Limited
  - 100% Inner Mongolia Huadian Wutaohai Wind Power Company Limited
  - 100% Xinjiang Huadian Xiaocaohu Wind Power Company Limited
  - 100% Xinjiang Huadian Xuehu Wind Power Company Limited
  - 100% Xinjiang Huadian Caohu Wind Power Company Limited
  - 100% Xinjiang Huadian Bu'erjin Wind Power Company Limited
  - 100% Inner Mongolia Huadian Hongtu Wind Power Company Limited
  - 100% Inner Mongolia Jiayao Wind Power Company Limited
  - 100% Gansu Huadian Guazhou Wind Power Company Limited
  - 100% Gansu Huadian Yumen Wind Power Company Limited
  - 100% Gansu Huadian Huanxian Wind Power Company Limited
  - 100% Gansu Huadian Jingtai Wind Power Company Limited
  - 100% Gansu Huadian Aksai Power Generation Company Limited
  - 100% Huadian Tangyuan Wind Power Company Limited
  - 100% Huadian Baoqing Wind Power Company Limited
  - 100% Huadian Tieling Wind Power Company Limited
  - 100% Huadian Jilin Da'an Wind Power Company Limited
  - 100% Huadian Jilin Gongzhuling Wind Power Company Limited
  - 100% Huadian Tongyu Wind Power Company Limited
  - 100% Guangdong Huadian Qianshan Wind Power Company Limited
  - 100% Zhoushan Huadian Wind Power Company Limited
  - 100% Zhoushan Huadian Xiaosha Wind Power Company Limited
  - 100% Hunan Huadian Chenzhou Wind Power Company Limited
  - 100% Yunnan Huadian Duogu Wind Power Company Limited
  - 100% Yunnan Huadian Lianhuashan Wind Power Company Limited
  - 100% Gansu Huadian Minqin Power Generation Company Limited
  - 60% Qitaihe Honghao Wind Power Company Limited
  - 100% Huachuan Biomass Cogeneration Heat Power Company Limited
  - 100% Huadian Huachuan Heat Power Company Limited
  - 65% Shanxi Huadian Yanggao Wind Power Company Limited
  - 100% Huadian Shandong Rushan New Energy Company Limited
  - 65% Huadian Hebei Qian'an New Energy Power Generation Company Limited
  - 70% Jiangxi Huadian Jiujiang Distributed Energy Company Limited
  - 100% Yunnan Huadian Weidi Solar Power Company Limited
  - 100% Huadian Golmud Solar Power Company Limited
  - 99. 62% Huadian Jilin Shuangliao Wind Power Company Limited
  - 90% Inner Mongolia Huadian Qintian Wind Power Company Limited
  - 90% Inner Mongolia Sansheng Wind Power Company Limited
  - 90% Huadian Shangde Dongtai Solar Power Company Limited
  - 100% Shanghai Huadian Min Hang Energy Company Limited
  - 82% Huadian Hulin Wind Power Company Limited
  - 80% Hubei Huadian Longgan Lake Biogas Power Company Limited
  - 80% Huadian Weihai Wind Power Company Limited
  - 100% Huadian (Fuqing) Wind Power Company Limited
  - 80% Inner Mongolia Fulida Wind Power Company Limited
  - 80% Huadian Jiayuguan New Energy Company Limited
  - 75% Inner Mongolia Huadian Meiguiying Wind Power Company Limited
  - 70% Hebei Huadian Shangyi Wind Power Company Limited
  - 67% Xinjiang Huaran New Energy Company Limited
  - 65% Shanxi Huadian Guangling Wind Power Company Limited
  - 65% Tianjin Huadian Beichen Distributed Energy Company Limited
  - 60% Qitaihe Fengrun Wind Power Company Limited
  - 55% Huadian Nanning New Energy Company Limited
  - 55% Huadian Taizhou Medical City New Energy Company Limited
  - 55% Guangzhou University Town Huadian New Energy Company Limited
  - 100% Bayannao'er Jianjizhongyan Wind Power Company Limited
  - 51% Jiangsu Huadian Guanyun Wind Power Company Limited
  - 51% Maoming Zhong'ao Wind Power Company Limited
  - 51% Shanghai Huadian Solar Power Company Limited
  - 98% Gansu Jingyuan Hangtian Wind Power Company Limited
  - 100% Beijing Yuandongtenghui Consulting Company Limited
  - 80% Heilongjiang Huafu Power Investment Company Limited
    - 100% Inner Mongolia Huolinguole Huafu Wind Power Company Limited
    - 100% Dongning Ruixin Wind Power Development Company Limited
    - 100% Harbin ChenHua Power New Technology Development Co., Ltd
    - 80% Heilongjiang Dongning Huafu Wind Power Company Limited
    - 59% Heilongjiang Huafu Wind Power Mulan Company Limited
    - 60.86% Heilongjiang Huafu Wind Power Muling Company Limited
    - 89.18% Harbin Yilan Huafu Wind Power Company Limited

Corporate Shareholding Structure

Corporate Milestones in 2014

On 5 February, the Company completed the first equity financing after its listing and raised HK$1.178 billion through the additional issue of 0.357 billion H shares in Hong Kong.

On 14 March, Huadian Fuxin International Investment Company Limited was incorporated formally as the platform of the Company in respect of the overseas clean energy investment and financing, and also the acquisition platform of clean energy projects.

On 19 March, the Company completed the subscription of 880,000,000 shares from China WindPower with the consideration of HK$378,400,000.

On 7 May, the Company successfully issued the first tranche of the one-year financing instruments totaling RMB1.5 billion in 2014.

On 28 May, the Company was awarded an AAA credit rating by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司), and the rating is with a stable outlook.

On 30 June, Huadian Fuxin Energy Corporation Limited convened the 2013 Annual General Meeting in Beijing in which the proposals such as the 2013 Directors' Report, 2013 Final Financial Accounts, Profit Sharing Plan and new Board of Directors and Board of Supervisors were considered and approved.

From 19 August to 22 August, the 17th Skills Competition (the wind power operation and maintenance) of Huadian Group was held in Inner Mongolia Huadian Huitengxile Wind Power Company Limited in which 78 players from 29 wind power companies of Huadian Group participated. The participants from the Group took the first three places for individuals and the second and third places for groups.

On 14 October, the Company successfully issued the second tranche of the one-year financing instruments totaling RMB1.5 billion in 2014.

On 6 November, the Company was awarded an AA credit rating by China Credit Rating Co., Ltd. (中債資信評估有限責任公司), and the rating is with a stable outlook.

On 22 November, the first nuclear power generation unit in Fuqing Nuclear in which the Company held 39% equity interest was put into production successfully.

On 3 December, the Company successfully completed the second placing of H shares and the raised funds amounted to HK$1.718 billion.

On 15 December, the Company completed the acquisition of 28.0 MW BARCHIN wind power project in Spain and achieved the first step of foreign acquisition.

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").

SHARE CAPITAL

As of 31 December 2014, the total issued share capital of the Company was RMB8,407,961,520 divided into 8,407,961,520 shares with a par value of RMB1.00 each.

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

The Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries purchased or sold any of its securities listed on the Hong Kong Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights for the Company under the Articles of Association or the PRC laws. As a result, the Company is not obliged to offer new shares to existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Group is principally engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power, solar energy and other clean energy projects throughout China. Details of major subsidiaries and associates and a joint venture of the Company are set out in notes 17 and 18 to the Financial Statements respectively.

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2014 and the financial position of the Company and its subsidiaries as at 31 December 2014 are set out in the audited Financial Statements on pages 75 to 184.

A discussion and analysis of the Company's performance during the year and the material factors underlying its results and financial position are set out in the Management Discussion and Analysis on pages 36 to 48 of this annual report.

PROFIT DISTRIBUTION

The Board recommended distributing a final dividend of RMB0.435 per 10 shares (tax inclusive) in cash for the year ended 31 December 2014 to shareholders. All dividends will be paid upon the approval by the shareholders in the annual general meeting of the Company.

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 14 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in note 31(a) to the Financial Statements; details of reserves distributable to the shareholders are set out in note 31(e) to the Financial Statements.

TAX CONCESSION

The Company is not aware of any tax reduction or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

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 25 to the Financial Statements.

Directors' Report

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth information concerning the Directors of the 2nd session of the Board, Supervisors of the 2nd session of the board of Supervisors and senior management of the Company for the year ended 31 December 2014.

Name	Age	Position	Date of Appointment
Mr. Fang Zheng	50	Chairman of the Board Executive Director	30 June 2014
Mr. Jiang Bingsi	45	Executive Director President	30 June 2014
Mr. Li Lixin	48	Executive Director	30 June 2014
Mr. Chen Bin	57	Non-executive Director	30 June 2014
Mr. Tao Yunpeng	44	Non-executive Director	30 June 2014
Mr. Zong Xiaolei	49	Non-executive Director	30 June 2014
Mr. Zhou Xiaoqian	73	Independent Non-executive Director	30 June 2014
Mr. Zhang Bai	54	Independent Non-executive Director	30 June 2014
Mr. Tao Zhigang	50	Independent Non-executive Director	30 June 2014
Mr. Yeung Pak Sing	65	Independent Non-executive Director	Retired on 30 June 2014
Mr. Li Changxu	53	Chairman of the Board of Supervisors	30 June 2014
Mr. Wang Kun	45	Supervisor	30 June 2014
Mr. Xie Chunwang	50	Supervisor	30 June 2014
Mr. Wang Zhijun	51	Employee Representative Supervisor	30 June 2014
Ms. Hu Xiaohong	44	Supervisor	30 June 2014
Mr. Zou Xuanyong	44	Employee Representative Supervisor	30 June 2014
Mr. Chen Wenxin	47	Employee Representative Supervisor	30 June 2014

Name	Age	Position	Date of Appointment
Mr. Yan Azhang	69	Independent Supervisor	30 June 2014
Ms. Ding Ruiling	50	Independent Supervisor	30 June 2014
Mr. Huang Chunqi	60	Employee Representative Supervisor	Retired on 30 June 2014
Mr. Xu Jin	47	Employee Representative Supervisor	Retired on 30 June 2014
Mr. Huo Guangzhao	53	Vice President	30 June 2014
Ms. Yang Yi	51	Chief Financial Officer	30 June 2014
Mr. Liu Lei	41	Vice President Board Secretary Joint Company Secretary	30 June 2014 30 June 2014 14 December 2011

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers that all 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 26 to 33 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors has entered into a service contract with our Company. The principal particulars of these service contracts are (a) for a term of three years commencing from the date of appointment as directors or not exceeding the remaining term of the current board of directors, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules or regulations.

Each of the Supervisors had entered into a contract in respect of, among others, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration with our Company.

Save as disclosed above, none of our Directors or Supervisors had any existing or proposed service contracts with us (excluding contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the remuneration of the Company's Directors and Supervisors are set out in note 9 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year 2014 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, and in which a Director and Supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2014, 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.

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

On 31 December 2014, none of the Directors, Supervisors or 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 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 recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2014, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above interest in the shares or underlying shares of the Company and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

A list of shareholders who hold 5% or more share capital:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huadian[1]	Domestic Shares	Beneficial owner/Interest of corporation controlled by the substantial shareholder	5,276,907,638 (Long position)	90.39	62.76
UBS AG	H Shares	Beneficial owner/Person having a security interest in shares/Interest of corporation controlled by the substantial shareholder	185,439,742 (Long position)	7.21	2.21
			988,000 (Short position)	0.04	0.01
UBS Group AG	H Shares	Person having a security interest in shares/Interest of corporation controlled by the substantial shareholder	185,439,742 (Long position)	7.21	2.21
			988,000 (Short position)	0.04	0.01
BlackRock, Inc.	H Shares	Interest of corporation controlled by the substantial shareholder	132,992,541 (Long position)	5.17	1.58
Credit Suisse Group AG	H Shares	Interest of corporation controlled by the substantial shareholder	128,701,642 (Long position)	5.01	1.53
			99,295,642 (Short position)	3.86	1.18

Note:

(1) Huadian had an interest in the domestic shares of the Company, with 5,008,785,336 domestic shares (long position) being held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, with 268,122,302 domestic shares (long position) being held in its capacity as interest of corporation controlled by the substantial shareholder.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions of the Group during 2014 are as follows:

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

In respect of the non-exempt continuing connected transactions (A) to (G) as set out below, upon the listing of the Company's H shares and acquisition of equity interest in Kemen II, the Hong Kong Stock Exchange approved the annual caps of these types of continuing connected transactions and granted a waiver to the Company from compliance with the relevant announcement and independent shareholders' approval requirements; in respect of the non-exempt continuing connected transactions (H) to (K) as set out below, upon the Company's entering into these connected transactions framework agreements in 2014, the Hong Kong Stock Exchange approved the annual caps of these types of continuing connected transactions and granted a waiver to the Company from compliance with independent shareholders' approval requirements.

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

	Connected Transaction	Connected Person	**Annual Cap for 2014 (RMB'000)**	Actual Transaction Amount for 2014 (RMB'000)
(A)	Property leasing framework agreement	Huadian Group	**20,500**	16,399
(B)	Coal shipping service framework agreement	Huadian Group	**68,000**	39,417
(C)	CDM services framework agreement	Huadian Group	**31,500**	–
(D)	Project contracting and equipment purchase framework agreement	Huadian Group	**1,359,000**	955,421
(E)	Deposit service agreement	Huadian Finance	**3,300,000**	3,268,542[1]
(F)	Kemen II Coal purchasing and shipping service framework agreement	Huadian Group	**2,000,000**	1,018,787
(G)	Kemen II Contractor and equipment purchase framework agreement	Huadian Group	**100,000**	271
(H)	Merchandising framework agreement	Huadian Group	**600,000**	13,530
(I)	Finance leases framework agreement	Huadian Group	**600,000**	98,664
(J)	Coal purchasing framework agreement	Huadian Group	**600,000**	148,106
(K)	Asset Acquisition framework agreement	Huadian Group	**200,000**	–

Note:

(1) The actual transaction amount is disclosed as the maximum daily balance.

(A) Property Leasing Framework Agreement

The Company entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") on 4 June 2012, with Huadian, pursuant to which, our Group may rent properties from Huadian Group. The principal terms of the Property Leasing Framework Agreement are as follows:

- the rents (including property management fee) payable under the Property Leasing Framework Agreement shall be agreed based on arm's-length negotiations between the relevant parties with reference to market rates at the relevant location, but the annual rent per sq. m. shall not exceed 115.0% of that of the previous year;

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant leased properties according to the principles, and within the parameters, provided for under the Property Leasing Framework Agreement;

- the Company are entitled to lease the available properties owned by members of Huadian Group during the term of the Property Leasing Framework Agreement;

- either party may, at any time before the Property Leasing Framework Agreement expires, by giving not less than six months' written notice, to terminate any lease made pursuant to and contemplated under such agreement, and the rents will accordingly be reduced; and

- the term of the Property Leasing Framework Agreement is no more than three years commencing on the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB20,500,000 and the actual rent paid/payable to Huadian Group is RMB16,399,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Property Leasing Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(B) Coal Shipping Service Framework Agreement

In the ordinary course of business, the Company entered into a framework coal shipping service agreement, dated 4 June 2012, with Huadian (the "Coal Shipping Service Framework Agreement"), pursuant to which Huadian Group (for the purpose of the Coal Shipping Service Framework Agreement, including its associates) will provide coal shipping services to us. The principal terms of the Coal Shipping Service Framework Agreement are as follows:

- the service fees shall be agreed on arm's-length negotiations between the relevant parties with reference to the price, which an independent third party will charge for such coal shipping services in the ordinary course of business; and where the aforementioned pricing mechanism is not applicable, the price shall be agreed on arm's-length negotiations between the relevant parties, based on the calculation of "the actual cost and expense incurred in providing such coal shipping services plus reasonable profits";

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant coal shipping according to the principles and within the parameters provided for under the Coal Shipping Service Framework Agreement; and

- the term of the Coal Shipping Service Framework Agreement is no more than three years commencing on the Listing Date and ended on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB68,000,000 and the fees paid/payable by us to Huadian Group for the coal shipping is RMB39,417,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Coal Shipping Service Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(C) CDM Services Framework Agreement

In the ordinary course of business, the Company entered into a CDM services framework agreement dated 4 June 2012, with Huadian (the "CDM Services Framework Agreement"), pursuant to which the Company will provide clean development mechanism ("CDM") services to Huadian Group (for the purpose of the CDM Services Framework Agreement, including its associates). Our CDM services provided to Huadian Group mainly include consulting and management service, such as assistance in looking for and evaluating potential cooperative parties of the CDM projects, arrangement of the execution of cooperation agreements, registration of the managed CDM projects with Chinese governmental authority and the United Nations, and assistance in looking for an independent appraiser of the CDM projects.

The principal terms of the CDM Services Framework Agreement are as follows:

- the fees shall be agreed between the relevant parties with reference to the price, which an independent third party will charge for such CDM services in the ordinary course of business and the revenue generated by the CDM project, for which the CDM services are provided;

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of CDM service according to the principles and within the parameters provided for under the CDM Services Framework Agreement; and

- the term of the CDM Services Framework Agreement is no more than three years commencing on the Listing Date and ended on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB31,500,000, while the year ended with zero amount of such transaction.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the CDM Services Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(D) Project Contracting and Equipment Purchase Framework Agreement

In the ordinary course of business, the Company entered into a project contracting and equipment purchase framework agreement with Huadian on 4 June 2012 (the "Project Contracting and Equipment Purchase Framework Agreement"). Pursuant to the Project Contracting and Equipment Purchase Framework Agreement, Huadian Group agreed that it would undertake general contracting service (such as design, construction, installation and other relevant services) for the power generating projects of our Group and would sell power generation equipment to us. The principal terms of the Project Contracting and Equipment Purchase Framework Agreement are as follows:

- the project contracting fees together with the prices of the equipment shall be determined through a bidding process and in compliance with applicable bidding laws, regulations and rules;

- where the aforementioned pricing mechanism is not applicable, the project contracting fees together with the prices of the equipment shall be agreed on the basis of arm's-length negotiation between the relevant parties, taking into account the principle of "actual cost and expense plus reasonable profits";

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant project contracting and equipment purchase according to the principles and within the parameters provided for under the Project Contracting and Equipment Purchase Framework Agreement; and

- the term of the Project Contracting and Equipment Purchase Framework Agreement is no more than three years commencing on the 28 June 2012 and ended on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB1,359,000,000 and the fees paid/payable to Huadian Group is RMB955,421,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Project Contracting and Equipment Purchase Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(E) Deposit service contract

The Company entered into a deposit service agreement and a supplemental agreement with Huadian Finance on 28 September 2012, 19 October 2012 and 22 April 2014, pursuant to which, Huadian Finance would provide the deposit service to various departments under the Company within the agreed caps.

In 2014, the maximum daily balance of this deposit service transaction was RMB3,300,000,000, while the actual maximum daily balance was RMB3,268,542,000.

According to the Listing Rules, Huadian Finance is a subsidiary of Huadian (the controlling shareholder of the Company), and therefore Huadian Finance is a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the deposit service agreement (as revised by the supplemental agreement) constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(F) Kemen II Coal purchasing and shipping service framework agreement

Kemen II entered into a coal purchasing and shipping service framework agreement (expired on 31 December 2014) with Huadian on 20 February 2013, pursuant to which, Huadian Group agreed to provide coal purchasing and shipping service to Kemen II under the terms and conditions of this framework agreement.

The annual cap of the transaction for the year ended 31 December 2014 was RMB2,000,000,000 and the fees paid/payable by Kemen II to Huadian Group in respect of the coal purchase and shipping service is RMB1,018,787,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Kemen II is a wholly-owned subsidiary of the Company, and therefore is also a connected person of Huadian Group. Therefore, the transactions contemplated under the coal purchasing and shipping service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(G) Kemen II contractor and equipment purchase framework agreement

Kemen II entered into a contractor and equipment purchase framework agreement (expired on 31 December 2014) with Huadian on 20 February 2013, pursuant to which, Huadian Group agreed to provide contracting and equipment purchase service to Kemen II under the terms and conditions of this framework agreement.

The annual cap of the transaction for the year ended 31 December 2014 was RMB100,000,000 and the fees paid/payable by Kemen II to Huadian Group in respect of the project contracting and equipment purchase service is RMB271,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Kemen II is a wholly-owned subsidiary of the Company, and therefore is also a connected person of Huadian. Therefore, the transactions contemplated under the contractor and equipment purchase agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(H) Merchandising framework agreement

In the ordinary course of business, the Company entered into a merchandising framework agreement with Huadian on 22 April 2014 (the "merchandising framework agreement"), pursuant to which, our Group agreed to sell goods to Huadian Group. The principal terms of the merchandising framework agreement are as follows:

- The selling price of goods shall be determined by negotiation with reference to the price of the third party;

- If the third party is able to provide goods with more favorable price than the Company under the merchandising framework agreement, Huadian Group has rights to purchase goods from the third party;

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the merchandising according to the principles, and within the parameters, provided for under the merchandising framework agreement; and

- the term of the merchandising framework agreement is no more than one year commencing on 1 January 2014 and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB600,000,000 and the fees received/receivable from Huadian Group is RMB13,530,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the merchandising framework agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(I) Finance leases framework agreement

In the ordinary course of business, the Company entered into a finance leases framework agreement with Huadian on 22 April 2014 (the "Finance leases framework agreement"), pursuant to which, Huadian Group agreed to provide the finance leases service to our Group. The principal terms of the finance leases framework agreement are as follows:

- The fee of the finance leases shall be determined by negotiation with reference to the price of the third party;

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the finance leases according to the principles and within the parameters provided for under the finance leases framework agreement; and

- the term of the Finance leases framework agreement is no more than one years commencing on the 1 January 2014 and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB600,000,000 and the fees paid/payable to Huadian Group is RMB98,664,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the finance leases framework agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(J) Coal purchasing framework agreement

In the ordinary course of business, the Company entered into a coal purchasing framework agreement dated 22 April 2014 with Huadian (the "Coal purchasing framework agreement"), pursuant to which Huadian Group will provide the coal sale to us (for the purpose of the coal purchasing framework agreement, including its associates). The principal terms of the coal purchasing framework agreement are as follows:

- The price of coal purchasing shall be determined by negotiation with reference to the price of the third party; where the aforementioned pricing mechanism is not applicable, the price shall be agreed on arm's-length negotiations between the relevant parties, based on the calculation of "the actual cost and expense incurred in providing such coal purchasing plus reasonable profits";

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the coal purchasing according to the principles and within the parameters provided for under the coal purchasing framework agreement; and

- the term of the coal purchasing framework agreement is no more than one year commencing on the 1 January 2014 and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB600,000,000 and the fees paid/payable to Huadian Group in respect of the Coal purchasing is RMB148,106,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the coal purchasing framework agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(K) Asset Acquisition framework agreement

In the ordinary course of business, the Company entered into an asset acquisition framework agreement dated 22 April 2014 with Huadian (the "Asset Acquisition framework agreement"), pursuant to which Huadian Group would transfer and sell assets to us (for the purpose of the asset acquisition framework agreement, including its associates). The principal terms of the asset acquisition framework agreement are as follows:

- The price of the asset acquisition shall be determined by negotiation with reference to the price of the third party.

- the Company and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of asset acquisition according to the principles and within the parameters provided for under the asset acquisition framework agreement; and

- the term of the asset acquisition framework agreement is no more than one year commencing on the 1 January 2014 and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2014 was RMB200,000,000, while the year ended with zero amount of such transaction.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the asset acquisition framework agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2014 and confirmed that:

(a) the transactions have been entered into by the Group in the ordinary and usual course of its business;

(b) the transactions have been entered into either (i) on normal commercial terms or (ii) (where there are not sufficient comparable transactions to judge whether they are on normal commercial terms) on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) the transactions have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company, KPMG, has been appointed by the Board and the general meeting reported on the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement 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 letter has been provided by the Company to the Hong Kong Stock Exchange.

The related party transactions in 2014 that constitute "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Listing Rules were disclosed in this section and Note 35 to the Financial Statements. The Company and all Directors had reviewed all connected transactions and confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

We entered into the Non-Competition Agreement with Huadian on 4 June 2012, under which Huadian agreed not to, and to procure its unlisted subsidiaries not to, compete with us in the clean energy businesses and granted to us options for new business opportunities, options for acquisitions, and pre-emptive rights.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by Huadian and/or its subsidiaries, to exercise the option for an acquisition or to exercise our pre-emptive rights.

During the year, the independent non-executive Directors of the Company have reviewed the implementation of the Non-Competition Agreement and have confirmed that Huadian has been in full compliance with the agreement and there was no breach by Huadian.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the purchase from the Group's five largest coal suppliers in aggregate contributed 25.4% of the Group's total purchase of coal for the year, among which, the total purchase from the largest coal supplier contributed 7.6% of the Group's total purchase of coal for the year.

For the year ended 31 December 2014, the purchase from the Group's five largest equipment suppliers in aggregate contributed 34.2% of the Group's total purchase of equipment for the year, among which, the total purchase from the largest equipment supplier contributed 12.2% of the Group's total purchase of equipment for the year.

For the year ended 31 December 2014, the sales to the Group's five largest customers in aggregate contributed 83.8% of the Group's total sales for the year, among which, the sales to the largest customer contributed 66.3% of the Group's total sales for the year.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 36 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND REPORT

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and complies with the code provisions as set out in the Corporate Governance Code and Report in Appendix 14 to the Listing Rules. The Company has complied with all the other code provisions as set out in Appendix 14 of the Listing Rules for the period from 1 January 2014 to 31 December 2014.

The audit committee of the Company has reviewed the annual consolidated financial statements for the year ended 31 December 2014, and is of the view that the Group's consolidated financial statements for the year ended 31 December 2014 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditors, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

Please refer to the Corporate Governance Report as set out on pages 52 to 69 of this annual report for details.

PUBLIC FLOAT

Based on the information publicly available to the Company and so far as the Directors are aware, 30.57% of the issued share capital of the Company was held by the public as at the Latest Practicable Date, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

As at 31 December 2014, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claim are pending or threatened against the Company.

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.

AUDITOR

KPMG was appointed as the auditor for the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2014. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has retained the services of KPMG since the date of preparation of its listing.

Yours faithfully,
By order of the Board
Huadian Fuxin Energy Corporation Limited
Chairman of the Board
Fang Zheng

Beijing, the PRC, 20 March 2015

Subsequent Events

On 20 March 2015, the Board proposed a final dividend for the year ended 31 December 2014. Further details are disclosed in note 31(b) to the Financial Statements.

Biographies of Directors, Supervisors and Senior Management

I. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Fang Zheng, aged 50, has been the Chairman of the 2nd session of the Board and an Executive Director of the Company since June 2014. Mr. Fang obtained his bachelor's degree in thermal power of power generation plant from Xi'an Jiaotong University and was granted the title of professorate senior engineer with special governmental allowance (2012). He served as deputy division chief and deputy chief engineer of Southwest Electric Power Design Institute (西南電力設計院), division chief of the mechanical department of Electrical Planning and Design Institute (電力規劃設計總院), chief engineer and the vice president of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司), the division chief of the strategic planning division, the deputy director-general of the planning and development department of China Huadian Corporation, the general manager of Huadian New Energy Development Co., Ltd., the excutive Director and the President, the chairman and executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited.

Jiang Bingsi, aged 45, has been an Executive Director of the 2nd session of the Board and the President of the Company since June 2014. Mr. Jiang obtained his MBA degree from Asia International Open University (Macau) and was granted the title of senior administration engineer. He served as the deputy director-general of political work department and the secretary of Commission for Discipline Inspection Fujian Electric Power Company Limited (福建省電力有限公司), the deputy director-general of general management department and deputy secretary of the Party Committee of directly subordinate organization (division level) of Fujian branch of China Huadian Corporation, the director of Division and the deputy director of human resource department of China Huadian Corporation, the general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited, the president and the executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited.

Li Lixin, aged 48, has been an Executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Li obtained his bachelor's degree in thermal power machinery and equipment and master's degree in power equipment from Shanghai Jiao Tong University and was granted the title of senior engineer. He has become the general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited since April 2013, then the deputy chief engineer, chief engineer and general manager of Fujian No.1 Electric Power Construction Company (福建省第一電力建設公司), the director-general of the planning and infrastructure department of Fujian branch of China Huadian Corporation, the deputy general manager and general manger of Fujian Huadian Kemen Power Generation Co., Ltd., the deputy general manager of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), the deputy general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited, the deputy general manager of Huadian Fuxin Energy Corporation Limited and the executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited.

Biographies of Directors, Supervisors and Senior Management

Non-executive Directors

Chen Bin, aged 57, has been a Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Chen obtained his bachelor's degree from the department of philosophy, specializing in ideology politics from Hebei University and was granted with the title of senior engineer. Mr. Chen has become the director-general of the strategic planning department of China Huadian Corporation since April 2013, and he served as the deputy director-general of the working office of Power Bureau of Zhangjiang Province, the deputy factory manager of Hangzhou Banshan Power Plant Limited (杭州半山發電有限公司), the director-general of Zhejiang representative office of China Huadian Corporation, the general manager and the secretary of the Party committee of Hangzhou Banshan Power Generation Company Limited, the director-general of marketing department, the director-general of economic and operation coordination department of China Huadian Corporation and the non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited. Mr. Chen is currently the director of Huadian Power International Corporation Limited (stock code: 600027.SH), a company listed on the Shanghai Stock Exchange, and Huadian Power International Corporation Limited (stock code: 001071.HK), a company listed on the Hong Kong Stock Exchange.

Tao Yunpeng, aged 44, has been a Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Tao obtained his bachelor's degree in machinery design and manufacture and his master's degree in industrial engineering from Tsinghua University and was granted the title of senior accountant. Mr. Tao has become the director-general of capital operation and property management department of China Huadian Corporation since September 2012, and he served as the deputy chief accountant of Huadian Power International Corporation Limited, the deputy director of asset management department, the deputy director of capital operation and property management department of China Huadian Corporation, and the vice president of Huadian Fuxin Energy Corporation Limited, and the non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited. Mr. Tao is currently the vice chairman of Huadian Fuxin Energy Corporation Limited (stock code: 600726.SH), the director of Guodian Nanjing Automation Co., Ltd. (stock code: 600268.SH), the director of Shenyang Jinshan Energy Co., Ltd. (stock code: 600396.SH), all of which are companies listed on the Shanghai Stock Exchange, and the director of Guizhou Qianyuan Power Co., Ltd. (stock code: 002039.SZ), a company listed on the Shenzhen Stock Exchange.

Mr. Zong Xiaolei, aged 49, has been a Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Zong obtained his bachelor's degree in thermal engineering of power plant from Northeast Dianli University and his master's degree in management science and engineering from Wuhan University of Hydraulic and Electrical Engineering and was granted the title of senior engineer. Mr. Zong has served various positions in China Power Engineering Consulting Group Corporation since May 2004, including division chief, deputy director-general and deputy chief engineer and general manager of the Technology Development Company. He also served as the non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited and the deputy director and the director of China Power Construction Engineering Consulting Corporation and held various positions in Electrical Planning and Design Institute.

Independent Non-executive Directors

Zhou Xiaoqian, aged 73, has been an Independent Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Zhou graduated from Zhejiang University majoring in thermal power equipment and was granted the title of professorate senior engineer. Mr. Zhou is the vice chairman of the Fifth Council of China Energy Research Society and the chairman of the Second Council of China Power Development Promotion Committee. Currently, he is an independent non-executive director of the following companies, namely, TBEA Co., Ltd. (600089.SH), Dalian Heavy Industry Corporation (002487.SZ) and China Sunergy Co., Ltd. (NASDAQ:CSUN). He also served as an independent non-executive director of XJ Electric Co., Ltd. (000400.SZ), the assistant to general manager in State Power Corporation of China and the member of Party committee of State Power Corporation of China. He was the general manager of China Power Grid Construction Corporation, the director of China Southern Power Affiliated Company, the independent non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited, and he was also appointed as the director of Fuel Power Industry Projects Agency of State Development Planning Commission and deputy head of Infrastructure Department of Ministry of Hydropower respectively.

Zhang Bai, aged 54, has been an Independent Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Zhang obtained his bachelor's degree in accounting from Xiamen University and his master's degree in business administration (MBA) from the Open University of Hong Kong. Currently, he is professor of the school of economic and management of Fuzhou University, director of the Eighth Accounting Society of China, director of the Seventh China Commercial Accounting Institute, vice chairman of the Seventh Council of Fujian Auditing Society, and vice chairman of the Fifth Council of Fujian Business Accounting Society. He served as a teacher, director-general of department and deputy president of Fuzhou University , the director Minxing Accountants Firm of Fuzhou University as a certified public accountant himself. He is also an independent non-executive director of the 1st session of the Board of Huadian Fuxin Energy Corporation Limited. Mr. Zhang is an independent non-executive director of Thaihot Group Co., Ltd. (000732.SZ), Fujian Yong'an Forestry (Group) Joint Stock Co., Ltd. (000663.SZ), Citychamp Dartong Co., Ltd. (600067.SH), Shanghai Greattown Holdings Ltd. (600094.SH) and Fujian New Huadu Supercenter Co., Ltd. (002264.SZ).

Tao Zhigang, aged 50, has been an Independent Non-executive Director of the 2nd session of the Board of the Company since June 2014. Mr. Tao obtained his doctor's degree in economics from Princeton University. Currently, Mr. Tao is professor in strategic management and economics as well as the superintendent of Institute for China and Global Development of University of Hong Kong. He is engaged by China Centre for Economic Research and Centre for China in the World Economy of Tsinghua University as senior researcher and specially-appointed researcher, respectively, and also a specially-appointed professor of Fudan University management school. His major research fields include commercial organizations and management, competing strategies and economy restructure.

Supervisors

Li Changxu, aged 53, has been the Chairman of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Li obtained his bachelor's degree in finance and accounting through the adult higher education department from Renmin University of China and was granted the title of senior accountant. Mr. Li has been the deputy chief accountant of China Huadian Corporation since July 2014. He also served as deputy division chief of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局), the deputy division chief of the production audit department, deputy division chief of division II of the audit department and the division chief of the integration division of the audit department of State Power Corporation of China, the deputy director-general of the supervision and audit department, the deputy director-general of audit department then the director-general of audit department of China Huadian Corporation, and the chairman of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited. Currently, he is the chairman of the board of supervisors of Guodian Nanjing Automation Co., Ltd. (600268.SH) (國電南京自動化股份有限公司), a company listed on the Shanghai Stock Exchange.

Wang Kun, aged 45, has been a Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Wang obtained his master's degree in finance from Peking University and was granted the title of Chartered Financial Analyst (CFA). Mr. Wang has worked at Kunlun Trust Co., Ltd. (崑崙信託有限責任公司), a subsidiary of China National Petroleum Corporation, as manager of the asset management department since July 2009. He served as manager of the direct investment department of China National Petroleum Corporation Assets Management Co., Ltd. (中油資產管理有限公司), a subsidiary of China National Petroleum Corporation, vice president of the JRJ.com, person-in-charge of the securities project team of Ao Yier Investment Management Company (奧伊爾投資公司), a subsidiary of China National Petroleum Corporation, a fund manager of the futures and funds department of China International Futures Co., Ltd., and the supervisor of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited.

Xie Chunwang, aged 50, has been a Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Xie obtained his bachelor's degree in machinery manufacture and equipment from North China Electric Power University and was granted the title of professorate senior engineer. He has served as the deputy general manager of China Huadian Engineering Co., Ltd. (中國華電工程（集團）有限公司) since May 2004. He was manager of the material delivery department, deputy manager of the power station equipment department and manager of the coal transportation department of China Huadian Engineering Co., Ltd., the general manager of Huadian Coal Transportation Technology Company (華電輸煤技術公司), and the supervisor of the 1st session of the board of supervisors of Huadian Fuxin Energy Corporation Limited.

Wang Zhijun, aged 51, has been an Employee Representative Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Wang graduated from North China Electric Power University and obtained his master degree in Electric HVDC and was granted the title of senior engineer. Mr. Wang served as the director of the general manager working department of Beijing Electric Power Research Institute (北京電力科學研究所), the deputy director of the integration division of China Huadian Fuel Co., Ltd. (中國華電集團燃料有限公司), the deputy general manager (taking charge of works), the general manager of Shaanxi branch of Huadian Coal Industry Group Co., Ltd. (華電煤業集團有限公司), the head of preparatory group of the Yuheng coal-fired power integration projects of Huadian Coal Group, the head of the Human Resources Department of Huadian Coal Industry Group Co., Ltd., the head of the discipline inspection group of Huadian New Energy Development Co., Ltd. (華電新能源發展有限公司), and the head of the discipline inspection group and the director of the Labour Committee of Huadian Fuxin Energy Corporation Limited.

Hu Xiaohong, aged 44, has been a Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Ms. Hu obtained her bachelor's degree in accounting from Shenzhen University and was granted the title of senior accountant. Ms. Hu has been the deputy director of the assets management department of Wujiang Hydropower since July 2009. She previously held positions of deputy director of the finance office of the construction management department of the machinery expansion project, director of the finance department and deputy chief economist in Wujiangdu Hydropower Plant of Wujiang Hydropower, and the supervisor of the first session of the board of Supervisors of Huadian Fuxin Energy Corporation Limited.

Zou Xuanyong, aged 44, has been an Employee Representative Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Zou graduated from North China Electric Power University and obtained his bachelor degree in power system automation, then graduated from the college of economic management of the Party School of the Central Committee of the C.P.C (中共中央黨校) with the postgraduate degree. He is also a senior engineer and senior administration engineer. Mr. Zhou served as the deputy secretary of the CPC committee, the secretary of discipline committee, the chairman of the Labor Union of the Fujian Ansha Hydropower Plant (福建安砂水電廠), the general manager of Fujian Province Jinhu Corporation Limited (福建省金湖電力有限責任公司). Mr. Zou is currently the director of General Management Department of the Company.

Biographies of Directors, Supervisors and Senior Management

Chen Wenxin, aged 47, has been an Employee Representative Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Chen graduated from the undergraduate course of party management in the correspondence college of the Party School of the Central Committee of the C.P.C (中共中央黨校) and is a senior administration engineer. He served as the deputy secretary of the Party committee, chairman of the labor union and secretary of discipline committee of Fujian Longyan Power Plant (福建龍岩電廠), deputy secretary of the Party committee of Fujian Zhangping Power Plant (福建漳平電廠), deputy director-general of the politics work department, secretary of group discipline committee and chairman of group labor union of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), secretary of the Party committee of Fujian Ansha Hydropower Plant (福建安砂水電廠), and the director-general of the human resource department of the Company.

Yan Azhang, aged 69, has been an Independent Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Mr. Yan obtained his junior college degree in Chinese from Fujian Normal University and was granted the title of senior administration engineer. He served as division chief of retiring cadres department, director-general of human resources and education department, the member of Party committee and leader of discipline committee with Fujian Electricity Industrial Bureau ((福建省電力工業局), the name of which was changed to Fujian Electric Power Company Limited (福建省電力有限公司) in June 2006). He also served as the senior researcher of Fujian Electric Power Company Limited and deputy managing president of Fujian Electricity Power Association (福建省電力行業協會). In addition, Mr. Yan served as the special supervisor of Fujian Supervision Department (福建省監察廳) and leader of No. 4 assessment group in respect of bureaucracy in Fujian province.

Ding Ruiling, aged 50, has been an Independent Supervisor of the 2nd session of the Board of Supervisors of the Company since June 2014. Ms. Ding is the professor, doctor and dean of audit department of accounting school with Central University of Finance and Economies (中央財經大學). She has ever conducted further research and studies in Arthur Andersen (日本朝日監查法人) with focus on auditing theory and practices. Ms. Ding's major research fields include accounting, auditing, corporate internal control and auditing theory & practices, especially on the modern corporate internal control and security market.

Senior Management

For details of Mr. Jiang Bingsi's biography, please see "Executive Directors" above.

Huo Guangzhao, aged 53, has been reelected as the Vice President of the Company since June 2014. Mr. Huo obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University and was granted the title of Senior Engineer. He served as senior engineer and chief engineer with Northeast Electric Power Design Institute of Ministry of Electric Power, the project manager of North China Power Engineering Co., Ltd. of China Power, head of the initial development office of the Planning and Development Department of China Huadian Corporation, and deputy general manager of Huadian New Energy Development Co., Ltd..

Yang Yi, aged 51, has been reelected as the Chief Financial Officer of the Company since June 2014. Ms. Yang obtained her bachelor's degree in auditing from Shanghai University of Finance and Economics and was granted the titles of Senior Economist and Senior Auditor. She served as the chief officer and division chief of the audit department of State Power Corporation of China, division chief of the audit division and director auditor of the audit department of China Huadian Corporation, the deputy general manager of Hangzhou Banshan Power Plant Limited, and the chief accountant of Huadian New Energy Development Co., Ltd..

Liu Lei, aged 41, has been reelected as the Vice President and the Board Secretary of the Company since June 2014. Mr. Liu obtained his bachelor's degree in thermal power plant and power engineering from Xi'an Jiaotong University and his master's degree in business administration (MBA) from Baylor University's School of Business. He served as the deputy division chief of the secretariat for the general manager working department, director-general of the financing management office of the capital operation and property management department of China Huadian Corporation, and chief economist of Huadian Fuxin Energy Corporation Limited.

Joint Company Secretaries

Liu Lei is one of the Joint Company Secretaries. Mr. Liu has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. For details of Mr. Liu's biography, please see "Senior Management" above.

Mok Ming Wai, aged 43, a director of KCS Hong Kong Limited, is one of our Joint Company Secretaries. Ms. Mok has over 20 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Mo is currently company secretary of several listed companies or joint company secretary.

II. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2014

(I) Remuneration of Directors and Supervisors

Name	Position	Total remuneration received from the Company for the year ended 31 December 2014 (RMB'000)
Fang Zheng	Chairman of the Board and executive Director	800
Jiang Bingsi	Executive Director and President	800
Li Lixin	Executive Director	731
Chen Bin	Non-executive Director	–
Tao Yunpeng	Non-executive Director	–
Zong Xiaolei	Non-executive Director	–
Zhou Xiaoqian	Independent non-executive Director	100
Zhang Bai	Independent non-executive Director	100
Tao Zhigang	Independent non-executive Director	50
Yeung Pak Sing[1]	Independent non-executive Director	50
Li Changxu	Chairman of the board of Supervisors	–
Wang Kun	Supervisor	–
Xie Chunwang	Supervisor	–
Wang Zhijun	Employee representative Supervisor	366
Hu Xiaohong	Supervisor	–
Zou Xuanyong	Employee representative Supervisor	279
Chen Wenxin	Employee representative Supervisor	281
Yan Azhang	Independent Supervisor	40
Ding Ruiling	Independent Supervisor	40
Huang Chunqi[2]	Employee representative Supervisor	383
Xu Jin[3]	Employee representative Supervisor	272

Notes: 1 Mr. Yeung Pak Sing retired as the Independent non-executive Director of the Company on 30 June 2014;

2 Mr. Huang Chunqi retired as the Employee representative Supervisor of the Company on 30 June 2014;

3 Mr. Xu Jin retired as the Employee representative Supervisor of the Company on 30 June 2014.

During the year ended 31 December 2014, none of the Directors or Supervisors waived any of their remuneration.

(II) Remuneration of Senior Management

During the year ended 31 December 2014, the remuneration of the senior management of the Group falls within the following bands:

	Number of persons
RMB0.75 million to RMB0.8 million	1
RMB0.7 million to RMB0.75 million	3

In 2014, the national economic development grows constantly at a rate of medium-to-high level, the economic operation growth model and industrial structure have been further converted and adjusted to a new normal. The national electricity demand decreased, and the electric power industry has been transferred to a medium-low-level growth rate. The overall electricity consumption during the year was 5,523,300 GWh, representing an increase of 3.8% over the previous year, with the growth rate decreased by 3.7%. The proportion of clean energy has increased to 24.8% of the total power generation. In 2014, Fujian Province achieved 9.9% of gross domestic product ("GDP") growth over the previous year with growth rate of its various economic indicators above the average level of China, of which the overall electricity consumption in Fujian Province reached 185,580 GWh, representing an increase of 9.1% over the previous year with the growth rate ranking 1st in East China.

According to the forecast based on the statistical data, the growth in the domestic electricity demand will rebound, and the consumption of electricity will increase by approximately 6% in 2015 over the previous year. In the circumstance of the maintenance of the moderate growth in the economic operation within a reasonable range, the electricity demand is expected to return to the normal track.

I. BUSINESS REVIEW

In 2014, the financial statements of the Group hit a record high in profit, and each field has achieved profitability comprehensively. The Company set the core target of business strategy as diversification, intensification and differentiation, adhering to the change of the economic development environment, the situation conversion and the adjustment of the policy, complying with the development trend of the clean energy industry under the new normal, keeping the faith of being accountable to investors and benefits as the priority principle, actively promoting the content-type growth of electricity power capacity and sustainable development, and each event has accomplished further achievement.

The Group has profoundly understood the industry position of the resource-based competition. It accelerates the strategic reserve of project development and seizes the high-quality resources, and has achieved the positive progress in the offshore wind power, efficient coal-fired power, pumped storage projects and overseas mergers and acquisition of assets. Meanwhile, the Group actively demonstrated the competition advantage in Fujian Province, firmly grasped the opportunity of the establishment of the free trade area in Fujian Province and the development of "One Belt and One Road" (the Silk Road Economic Belt and the Maritime Silk Road) to further adjust the structure, optimize the layout, improve the Group's profitability and sustainable development ability while improving the efficiency of the stock assets.

In 2014, profit attributable to shareholders of the Company was RMB1,867.2 million, representing an increase of 27.2% over the previous year; consolidated installed capacity was 12,312.8 MW, representing an increase of 18.1% over the previous year; and gross power generation was 36,508,131.6 MWh, representing an increase of 6.1% over the previous year.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2014 and 2013 by type was:

Consolidated Installed Capacity (MW)

Type	2014	2013	Change percentage
Hydropower	2,457.0	2,457.0	0.0%
Wind power	4,889.3	3,500.8	39.7%
Coal-fired power	3,850.0	3,850.0	0.0%
Solar energy	724.2	435.2	66.4%
Other clean energy	392.3	181.3	116.4%
Total	12,312.8	10,424.3	18.1%

The respective attributable consolidated installed capacity of the power generating assets of the Group as of 31 December 2014 and 2013 by type was:

Attributable Consolidated Installed Capacity (MW)

Type	2014	2013	Change percentage
Hydropower	1,817.6	1,817.6	0.0%
Wind power	4,442.9	3,101.0	43.3%
Coal-fire power	3,890.4	3,890.4	0.0%
Solar energy	695.7	406.7	71.1%
Other clean energy	1,051.2	500.9	109.9%
Total	11,897.8	9,716.6	22.4%

The respective gross generation of the power generating asset of the Group in 2014 and 2013 by type was:

Gross Power Generation (MWh)

	2014	2013	Change percentage
Hydropower	8,933,550.9	7,683,251.2	16.3%
Wind power	6,764,710.7	6,170,370.6	9.6%
Coal-fire power	19,317,684.7	19,492,730.0	-0.9%
Solar energy	541,844.2	308,162.6	75.8%
Other clean energy	950,341.1	761,443.9	24.8%
Total	36,508,131.6	34,415,958.3	6.1%

1. Hydropower Business

As of 31 December 2014, the Group had a consolidated hydropower installed capacity of 2,457.0 MW and a capacity under construction of 110.0 MW, which is expected to be completed and commence production in 2015.

In 2014, there was an increase in water inflow over the previous year in Fujian Province, with the accumulated levels of precipitation in the seven key reservoirs amounted to 1,708 mm on average, which was 2.9% higher than multi-year's average level and representing an increase of 10.6% over the previous year. Leveraging upon our edges in the key reservoirs, the Group tapped on the potential of our comprehensive river dispatch, further enhancing the utilisation rate of hydropower. During the Reporting Period, the gross hydropower generation of the Group was 8,933,550.9 MWh, representing an increase of 16.3% over the previous year; the average hydropower utilisation time was 3,649 hours, which was 6.1% higher than 3,438 hours in the previous year. The average on-grid tariff (tax exclusive) was RMB276.5/MWh, representing a decrease of RMB1.5/MWh or 0.5% over the previous year.

2. Wind Power Business

As of 31 December 2014, the Group had a consolidated wind power installed capacity of 4,889.3 MW, representing an increase of 39.7% from 31 December 2013, and a wind power capacity under construction of 1,744.0 MW. In 2014, the gross wind power generation of our Group was 6,764,710.7 MWh, representing an increase of 9.6% over the previous year. The average on-grid tariff (tax exclusive) was RMB488.7/MWh, representing an increase of RMB6.3/MWh over the previous year. The average wind power utilisation time was 1,888 hours, which decreased by 7.0% over the previous year.

In 2014, the Group continued to optimize the structure of wind power projects with a focus on developing quality projects, and the proportion of the wind power projects in the southern region of China has increased over the previous year. Over the past year, 27 new projects with an aggregate capacity of 2,211.0 MW were approved. As of the end of 2014, the Group has been approved for a total reserve capacity of 2,787.0 MW.

In the construction process, the Group strengthened the management and control of its projects, arranged the progress of work in a scientific way, perfected the project design, reasonably controlled the project cost and reduced the overall cost. We controlled project costs within a reasonable range, while promoting standardised maintenance operations and enhancing equipment soundness. As a result, the utilization of wind turbines reached 97.8% and the operational maintenance costs were kept at a relatively low level.

3. Coal-fired Power Business

As at 31 December 2014, the Group had a consolidated installed coal-fired power capacity of 3,850.0 MW. During the Reporting Period, the gross coal-fired power generation of our Group was 19,317,684.7 MWh, representing a decrease of 0.9% over the previous year. The average coal-fired power utilisation time was 5,018 hours; the average on-grid tariff (tax exclusive) was RMB375.8/MWh, representing a decrease of RMB0.4/MWh or 0.1% over the previous year.

By taking the coal price reduction, the Group can better control its coal purchasing costs and reduce energy consumption of power generation unit in 2014. In the Reporting Period, the average unit price (tax exclusive) of the Group's standard coal is RMB616.8/Ton, representing a decrease of RMB49.4/Ton, or by 7.4%.

4. Solar Energy Business

In 2014, the Group actively expanded its solar energy business and took the favorable opportunities to develop projects in regions where there are rich solar energy resources and higher government financial subsidies. During the Reporting Period, the Group recorded an increase of 289.0 MW in its consolidated installed capacity commenced operation in solar power business, bringing its accumulated consolidated installed capacity commenced operation to 724.2 MW. In 2014, the Group's solar power output was 541,844.2 MWh, and the average on-grid tariff (tax exclusive) was RMB924.0/MWh. This year, the Group has obtained the approval of the Group's 29 new projects with consolidated installed capacity up to 552.8 MW. The capacity of the accumulated reserves of approved solar projects is 761.8 MW.

5. Distributed Energy and Other Clean Energy Project

As at 31 December 2014, the consolidated installed capacity commenced operation and the consolidated installed capacity under construction of distributed energy projects of the Group amounted to 367.0 MW and 154.4 MW, respectively, part of which with a capacity of 22.0 MW has already been at the commissioning phase. As at 31 December 2014, the Group had 13 distributed energy projects approved by the NDRC with an accumulated capacity of 1,338.0 MW.

As at 31 December 2014, the Group held 39.0% equity interest in four 1,080.0 MW nuclear power generating units. Considering their smooth progress in construction, the first unit of the four has been commenced operation in the fourth quarter of 2014, and the remaining units will commence operation in the subsequent years.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes.

1. Overview

The Group's profitability improved substantially in 2014. Profit before tax increased by 22.7% to RMB2,680.8 million as compared with RMB2,185.2 million in 2013, in which, the profit attributable to shareholders of the Company for the year of 2014 amounted to RMB1,867.2 million, representing an increase of 27.2% as compared with RMB1,467.9 million in 2013.

2. Revenue

The Group's revenue increased by 4.9% to RMB13,895.4 million in 2014 as compared with RMB13,242.4 million in 2013, primarily due to the increase in revenue from electricity sales of the Group's hydropower and wind power businesses.

The Group's revenue from sales of electricity increased by 5.4% to RMB13,543.7 million in 2014 as compared with RMB12,847.0 million in 2013, primarily due to an increase in the Group's electricity sales. The increase of 5.7% over the previous year in the Group's electricity sales reflected the stable business improvement of the Group during these periods.

The respective segment revenue of the Group in 2014 and 2013 is as follows:

Table of Segment Revenue

	2014 RMB in millions	2013 RMB in millions	Change percentage
Hydropower	2,404.4	2,075.2	15.9%
Wind power	3,153.3	2,766.5	14.0%
Coal-fired power	7,137.5	7,464.7	-4.4%
Solar energy	484.6	289.1	67.6%
Other clean energy	685.0	561.9	21.9%

3. Other net income

In 2014, the Group's other net income increased by 285.8% to RMB236.5 million as compared with RMB61.3 million in 2013, primarily due to: (1) the supplier compensation of RMB114.8 million this year, representing an increase of 488.7% compared with RMB19.5 million in 2013; and (2) government grants including fiscal interest subsidies during the year was RMB87.1 million, as compared with RMB35.2 million in 2013, representing an increase of 147.4%.

4. Operating expenses

The Group's operating expenses increased by 3.2% to RMB9,190.4 million in 2014 as compared with RMB8,906.9 million in 2013. This increase was mainly attributable to new generation units: the increases in (1) depreciation and amortization expenses; and (2) labor costs.

In 2014, the Group's fuel cost decreased from RMB4,362.2 million in 2013 to RMB4,217.8 million, representing a decrease of 3.3% due to a decrease in the coal purchasing price.

The Group's depreciation and amortization expenses increased by 22.6% to RMB2,667.1 million in 2014 as compared with RMB2,174.9 million in 2013. This increase was primarily due to the expansion in consolidated installed capacity of the Group.

The Group's labor costs increased by 10.1% to RMB1,051.6 million in 2014 as compared with RMB955.4 million in 2013, primarily due to additional staff required following the commencement of production of the Group's new generation units and additional staff recruited for business expansion.

The Group's repair and maintenance costs decreased by 3.3% to RMB425.5 million in 2014 as compared with RMB439.8 million in 2013 primarily due to the decrease in the repair and maintenance costs of hydropower over the previous year.

The Group's other operating expenses increased by 0.9% to RMB342.3 million in 2014 as compared with RMB339.2 million in 2013, primarily due to an increase in the number of projects and the expansion in business scale of the Group.

The Group's costs of substituted electricity decreased from RMB139.8 million in 2013 to RMB54.6 million in 2014, representing a decrease of 60.9%, primarily due to the reduction in the Group's purchasing of substituted electricity in the year.

5. Operating profit

The Group's operating profit increased by 12.4% to RMB4,941.5 million in 2014 as compared with RMB4,396.8 million in 2013, reflecting the Group's steady business growth during the year. The respective segment operating profit of the Group in 2014 and 2013 is as follows:

Table of Segment Operating Profit

	2014 RMB in millions	2013 RMB in millions	Change percentage
Hydropower	1,093.9	932.2	17.3%
Wind power	1,742.2	1,465.6	18.9%
Coal-fired power	1,898.6	1,965.5	-3.4%
Solar energy	277.0	173.3	59.8%
Other clean energy	69.0	17.3	298.8%

6. Finance income

The Group's finance income increased by 44.5% to RMB173.4 million in 2014 as compared with RMB120.0 million in 2013, mainly due to the increase in dividend income from other investments during the year.

7. Finance expenses

The Group's finance expenses increased by 3.8% to RMB2,517.8 million in 2014 as compared with RMB2,425.1 million in 2013, primarily due to an increase in the average balance of our loans as a result of the Group's business growth.

8. Share of profits of associates

The Group's share of profits of associates was RMB83.7 million in 2014 as compared with RMB93.6 million in 2013, primarily due to an decrease in earnings of the invested associates in this year.

9. Income tax

The Group's income tax increased by 10.2% to RMB533.5 million in 2014 as compared with RMB484.0 million in 2013. This increase was mainly due to an increase in operating profit of the Group.

10. Net profit for the year

The Group's net profit increased by 26.2% to RMB2,147.3 million in 2014 as compared with RMB1,701.3 million in 2013. Our net profit as a percentage of our total revenue increased to 15.5% in 2014 from 12.8% in 2013, primarily because the profit margin was significantly improved as a result of the increase in hydropower utilization hours of the Group for the year 2014, and the Group's fuel cost was reduced due to the low coal price in 2014.

11. Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company increased by 27.2% to RMB1,867.2 million in 2014 as compared with RMB1,467.9 million in 2013.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests increased by 20.0% to RMB280.1 million in 2014 as compared with RMB233.4 million in 2013.

13. Liquidity and sources of capital

The Group's cash and cash equivalents increased by 86.1% to RMB3,291.0 million as at 31 December 2014 as compared with the balance of RMB1,768.7 million as at 31 December 2013, primarily because the Company obtained the cash from the placement of shares in 2014. The main sources of the Group's operating capital include: (1) approximately RMB22,492.3 million as at 31 December 2014 of unutilized banking facilities; and (2) approximately RMB3,291.0 million of cash and cash equivalents.

As at 31 December 2014, the Group's borrowings increased by 23.6% to RMB51,827.2 million as compared with RMB41,918.0 million as at 31 December 2013, of which RMB11,996.9 million was short-term borrowings (including current portion of long-term borrowings), and RMB39,830.3 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure increased by 125.9% to RMB15,793.4 million in 2014 as compared with RMB6,991.7 million in 2013. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

15. Net gearing ratio

As at 31 December 2014, the Group's net gearing ratio (net debt (i.e., total borrowings less cash and cash equivalents) divided by total equity) was 274.9%, representing a decrease of 17.9 percentage points as compared with 292.8% as at 31 December 2013, which was mainly due to the private placement of shares by the Company during the year.

16. Material acquisitions and disposals

In 2014, the Company acquired 100% equity interests of the 28 MW BARCHIN wind power project in Spain at a consideration of Euro 3.7 million (equivalent to approximately RMB27.9 million).

17. Significant investment

The Company did not hold any significant investment in 2014.

18. Plans for material investments/acquisition of capital assets

The Company has not formulated any plans for material investments/acquisition of capital assets for the coming year.

19. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment. As at 31 December 2014, the total net book value of the pledged assets amounted to RMB15,898.3 million.

20. Contingent liabilities

As at 31 December 2014, the Group provided external guarantee over the balance of bank loans amounting to RMB30.9 million.

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects is significantly dependent on the policies and regulations that support such development in the PRC. Since 2005, the PRC government has promulgated a series of laws and regulations. The gross generation and revenue of our hydropower projects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects. Our wind power business is highly dependent on wind conditions. The total amounts of electricity and revenue generated from a wind power project are highly dependent on wind conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our distributed energy projects and other natural gas-fired power projects are fuelled by natural gas. As such, a sufficient and timely supply of natural gas is essential to our distributed energy business.

2. Competition risk

We may encounter competition from utility companies which are mainly engaged in other clean energy businesses. In particular, other clean energy technologies may become more competitive and appealing. Competition from such companies may become intense if the technology used to generate electricity from these other clean energy resources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy resources. Clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including oil and coal.

3. Risk related to power grid

In certain regions, power grids planning and construction lag behind wind power development layout. Given the insufficient consumption capacity, it is inevitable that wind power will be abandon in the short run. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross generation. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

The Group's transactions are mainly denominated in Renminbi, Euros, United States dollars and Hong Kong dollars. Therefore, the Group is exposed to foreign currency exchange rate risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

IV. OUTLOOK AND PROSPECTS

The Beijing Declaration, issued at the 11th Asia-Pacific Economic Cooperation ("APEC") meeting in Beijing in 2014, states a series of important consensus among each member of the APEC with reducing the dependence of the fossil energy, improving clean energy development and other major issues, emphasizing clean energy supply will continue to be the focus of promoting sustainable development and climate change. Each member of the APEC unanimously guaranteed the target of "the proportion of the renewable energy and clean electricity generation in the local energy structure in 2030 APEC Area will be doubled in 2010", whereby each member economy entity will continue to promote the innovation of renewable energy technologies, improving the competitiveness and sustainability of the renewable energy in the energy market. In the future, during the process of the national system and mechanism reform, the Chinese government has put the electric power system reform at top priority, established the energy supply system with multi-wheel-drive in combination with promoting the energy production and consumption revolution, and took continuous improvement of the proportion of clean energy in the power consumption as the core target of industry development. In addition, the State Grid Corporation of China has confirmed a development strategy of long-distance and large capacity transmission technology, speeding up constructing of 12 transmission channels of "West-East electricity transmission project", expanding the allocation range of electric power resources in the west area, and promoting the consumption of clean energy in a larger electric power market.

Hydropower business

The Group will strengthen the effective development in the key region with rich hydro-meteorological resources, actively carry out the preparatory work of pumped storage power station, and prepare to start the construction work at an appropriate time while steadily developing the hydropower resources in Fujian province; and it will be active in the acquisition and development of hydropower resources of major rivers by means of inter-group assets injection from Huadian Group, among others, continue its acquisition of high-quality hydropower assets, and actively seeking the rich hydropower resources in Southeast Asia, South Asia, Latin America and Africa to develop the hydropower business and future expand the development space of hydropower business.

Wind power business

The Group will adhere to accelerated good-quality growth alongside scale up development and efficiency enhancement. While strengthening resource reserves, and ensuring orderly development, improving the infrastructure management level to achieve controlling the construction costs within an intensive management; meanwhile, the Group will increase its merger and acquisition efforts and actively expand the development platform of wind power business through effectively combining capital operation, assets acquisition, equity cooperation and other means, to ensure the steady increase in profitability of wind power business. The Group also actively reserve a large number of high-quality offshore wind power resources, while it vigorously develop onshore wind power. The Group will develop reliably and orderly to explore the wind power resources along with the publishment of the policy of wind power development supported by the State and the improvement of the technologies of the offshore wind power development. The Group's offshore wind power projects totaling 300.0 MW have been listed in the approved plans of the National Energy Administration.

Coal-fired business

While developing high-efficiency and clean coal-fired business, the Group will actively participate in coal-fired power upgrading and reconstruction project, effectively expand the share of coal-fired power business market and promote the scale development of large-scale clean coal-fired projects such as Kemen power plant Phase III and Shaowu power plant Phase III stably and orderly.

Other clean energy business

In recent years, the Group actively reserve onshore solar power resources, while focusing on developing the solar energy projects in provinces and regions with rich solar energy resources, to lay a solid foundation for the later projects. At the same time, the Group will intensively follow the technologic development progress of the solar thermal power station and perform the experimental development of the solar thermal power station at an appropriate time.

In recent years, the Chinese government has proposed new requirements for the development of nuclear power, requiring the energy companies to adopt the highest standard of international safety to start new nuclear power project constructions in coastal areas under the safety guarantee. We will, based on the Fuqing nuclear power project in which we have equity interest, strengthen the research on nuclear power technology in operation and maintenance, actively cultivate and reserve nuclear technologic talents and strive to invest in more nuclear power projects.

Human Resources

1. HUMAN RESOURCES OVERVIEW

As of 31 December 2014, we had a total of 9,041 staffs. The following table sets forth a breakdown of our staffs by business types as of 31 December 2014:

Business types	Number	Percentage
General administration	131	1.45%
Hydropower	2,771	30.65%
Wind power	1,952	21.59%
Coal-fired power	3,220	35.62%
Other clean energy	967	10.69%
Total	9,041	100%

2. STAFF INCENTIVES

In order to cater for our development needs, the Group adopts a position-based accountability system and has established and perfected a staff performance appraisal mechanism. The Group has a performance appraisal system for all staff in place for appraisal of all levels with interaction between different levels, with a view to enhance the position performance management standard. By allocating the duties in our development plan to each and every position, identifying the performance target of each position and formulating a set of performance standard, the Group established a system of performance-linked remuneration package in an effort to incentivize our staff for better performance.

3. STAFF TRAINING

The Group upholds the vision of "building a leading and world-class diversified clean energy company in China" adopts a policy of rallying strength with the support from competent individuals. We are dedicated to improve our team composition, improve the overall quality of our staff, build up career path for our staff and build up a dynamic human resources training system and operation mechanism in line with our strategic development requirement.

The Group conducted multi-level trainings for senior management, middle management and staff in 2014. For leading personnel and reserve cadres, we organized 3 training programs, with a total participation headcount of 164. The Group launched a total of 8 training classes on "Fuxin Forum" for all staff members in its headquarters, in which internal teachers and external experts in the industry were invited to train the staff, and the internal leaders in the Company, director-generals of departments and staffs in the headquarters also gave their lessons. These classes had the new form and the targeted courses focusing on the development strategy, management and innovation experiences and physical work of the Company with the combination of the theories and cases and received the unanimous backing from the staffs. The external experts brought in the new concepts and ways of thinking to enable staffs to widen the vision while receiving the new knowledge and to experience the management reform caused by learning. In 2014, the Group's training headcount totaled 45,052, or 100% of its staff.

4. STAFF REMUNERATION POLICY

The staff remuneration of the Group comprises of basic salary and performance-based salary. The performance-based salary is determined by reference to the result of performance appraisal of all staff within the Group.

5. STAFF PROTECTION

The Company had made contributions to the social security fund and housing provident fund for its employees in strict compliance with the Law and Labor Contact Law. The social security fund covers basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

Social Responsibility

The Group attaches great importance to environmental protection and achieve the win-win coordinative development of economic and environmental efficiencies by comprehensively utilizing wastes like the ashes, FGD gypsum and recycled water, while reduce the emission of wastes such as sewage water, waste gas and residues all along the time. All the coal power subsidiaries have paid highly attention to the maintenance management of environmental protection facilities in respect of their production and operation, and monitor the emission data in real time to keep the relevant emission indexes of the sulfur dioxide and nitrogen oxide etc. lower than national standards. Meanwhile, the Group values the effective control on the noise pollution caused by the production and power equipments and actively applies the silencers such as sound-proof wall and curtain to minimize the noise level. The noise influence of each subsidiary on the surroundings complies with the Emission Standard for Industrial Enterprises Noise at Boundary.

The Group fully performs its social responsibility in terms of the protection of ecological resources through positively promoting the ecological civilization related to the hydropower, valuing the comprehensive treatment and ecological maintenance in the surroundings and balancing the relation between the economic efficiency and environmental protection. Each hydropower stations of the Group protect the ecological environment along the banks of rivers by reasonably maintaining the daily ecological flow, and the leading reservoirs also assume the relevant task in connection with flood control and drought relief to avoid or reduce the flood or drought in the downstream areas. At the same time, the Group focuses its efforts on protecting the natural habitats during the process of hydropower station construction to achieve the efficient conservation of biodiversity.

The Group also concerns for the people and society while striving for its own development. In 2014, the solar energy construction project in the non-electrified areas in Haibei of Qinghai Province have been aided by the Company, and many local households benefited from this. The emission reduction effects of the Group's clean energy generation projects were significant. For the year ended 31 December 2014, power generation with zero emissions amounted to 17,190.4 GWh, representing a saving of 5.4 million tons of standard coal as calculated according to the average standard coal consumption of 314.5g/kWh for power generation by the five power generation groups in China in 2013.

1. CORPORATE GOVERNANCE

The Hong Kong Stock Exchange issued the Corporate Governance Code and Report as currently set out in Appendix 14 of the Listing Rules which sets out the principles and the code provisions which listed issuers are required to apply and comply. During the Reporting Period, the Company has applied the principles as set out in the Corporate Governance Code and Report that are considered to be relevant to the Company and has complied with other code provisions of the Corporate Governance Code and Report.

The Board hereby presents to the shareholders the corporate governance report for the Reporting Period.

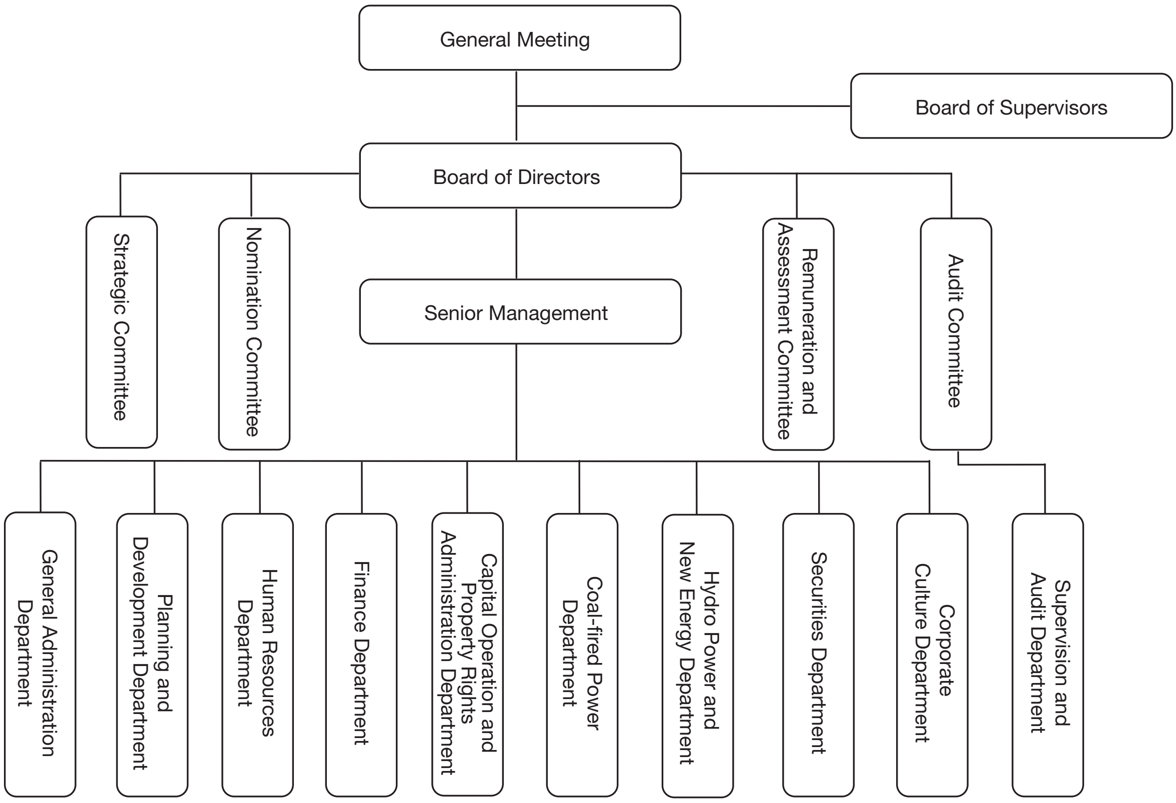
2. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry to 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 terms are no less exacting than the Model Code. The Company has not discovered 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 the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

3. CORPORATE GOVERNANCE STRUCTURE

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



4. THE BOARD

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

(1) Composition of the Board

During the Reporting Period, the Board consisted of nine Directors, including three executive Directors, three 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 26 to 28 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 requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and the qualifications of the three independent non-executive Directors of the Company are in full compliance with the requirements under Rules 3.10(1) and (2) of the Listing Rules. 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 considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules.

The composition of the Second session of Board of the Company (commenced from 30 June 2014) during the Reporting Period is set out as follows:

Name	Position
Fang Zheng	Chairman of the Board Executive Director
Jiang Bingsi	Executive Director President
Li Lixin	Executive Director
Chen Bin	Non-Executive Director
Tao Yunpeng	Non-Executive Director
Zong Xiaolei	Non-Executive Director
Zhou Xiaoqian	Independent Non-Executive Director
Zhang Bai	Independent Non-Executive Director
Tao Zhigang	Independent Non-Executive Director

(2) Board Meeting

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, to be convened and hosted by the Chairman of the Board. A notice of at least fourteen days shall be dispatched for a regular Board meeting. The notice shall state the time, venue and means by which the Board meeting will be convened.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Associations, the quorum for a Board meeting is the present of 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 of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

During the Reporting Period, six meetings were held by the Board. The attendance record of the Directors at the Board meetings is disclosed on page 63 of this report.

(3) Power Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly defined in the Articles of Association, which aims to provide an adequate check and balances 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 to the Board for implementing the resolutions approved by the Board, formulating specific rules and regulations for the Company and administering the Company's day-to-day operation and management.

(4) Directors' Training

Pursuant to code provision A.6.5 of the Corporate Governance Code and Report, all Directors should participate in continuous professional development to develop and update their knowledge and skills. With a view to ensure that their contributions to the Board remains informed and appropriate.

During the Reporting Period, the Directors are regularly briefed on the amendments or updated on the relevant laws, rules and regulations. All Directors have participated in continuous professional development by reading training materials and attending training courses on the topics related to corporate governance and regulations.

According to the records maintained by the Company, the Directors received the following trainings, focusing on the roles, functions and duties of directors of a listed company in compliance with the Corporate Governance Code and Report on continuous professional development during the Reporting Period:

Directors	Studying Material	Participation in Training Courses
Executive Directors		
Fang Zheng	1	2
Jiang Bingsi	1	2
Li Lixin	1	1
Non-Executive Directors		
Chen Bin	1	1
Tao Yunpeng	1	1
Zong Xiao lei	1	1
Independent Non-Executive Directors		
Zhou Xiaoqian	1	2
Zhang Bai	1	2
Tao Zhigang①	1	0
Yeung Pak Sing②	1	1

Notes: ① Mr. Tao Zhigang was appointed as the Company's independent non-executive directors on 30 June 2014.

② Mr Yeung Pak Sing retired as the Company's independent non-executive director on 30 June 2014.

(5) Chairman and President

The roles of the Chairman of the Board and President (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. During the Reporting Period, Mr. Fang Zheng acts as the Chairman of the Board; and Mr. Jiang Bingsi acts as the president. The Chairman and President do not have any relationships (including financial, business, family or other material or connected relationship). The rules and procedures of the Board meeting was considered and approved at the general meeting and the rules of duties and authorities specification of Directors and senior management was considered and approved at the Board meeting, which clearly defined the division of duties between the Chairman and the President.

Mr. Fang Zheng, 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. Jiang Bingsi, the President, is mainly responsible for the Company's day-to-day operation and management, including organizing the implementation of Board resolutions, making day-to-day decisions, etc.

(6) Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall subject to election at general meetings with a term of office of no more than three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, take into account the practical situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors of the Company, and record and submit the resolutions to the Board for approval. All newly nominated directors are subject to election and approval at general meetings.

Each of the executive Directors and non-executive Directors has entered into a service contract with our Company. Currently, all the non-executive Directors (including the independent non-executive Directors) have been appointed for a term of three years and subject to re-election and reappointment.

(7) Remuneration of Directors and Supervisors

The remuneration and assessment committee determines the remuneration plans or packages of Directors and Supervisors according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board with reference to Directors' experience, work performance, position and market condition and subject to approval of general meeting.

The remuneration of the senior management is determined by the Board.

(8) Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties. During the Reporting Period, the Board performed the following duties in this regard:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

5. BOARD COMMITTEE

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

(1) Audit Committee

The Company has established the audit committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the audit committee are to make recommendations to engage or replace its external auditor; to oversee the internal audit system of the Company and its implementation, to ensure that the internal audit function of the Company is adequately resourced for operation in the company, and to monitor the effectiveness of the internal audit function; to coordinate the communication between the internal audit and the external audit functions; to review the Company's financial information and respective disclosure, to examine the Company's accounting practices and policies; to review the Company's internal control system, and to provide advices and recommendations on the soundness and completeness of such system; to make comments and proposals on the appraisal and replacement of the head of the internal audit department of the Company. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the audit committee consists of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Yeung Pak Sing (independent non-executive Director) (retired as the independent non-executive Director and the member of audit committee on 30 June 2014), Mr. Zong Xiaolei (non-executive Director) and Mr. Tao Zhigang (independent non-executive Director and appointed as the member of audit committee on 30 June 2014). Mr. Zhang Bai serves as the chairman of the audit committee.

During the Reporting Period, the audit committee held two meetings, details of which are as follows:

On 21 March 2014, the fourth meeting of the audit committee of the first session of the Board was held, at which (1) the report was made by the external auditor in respect of the auditing of the Company's financial statements for the twelve months ended 31 December 2013; (2) the Company's 2013 final financial report was considered and approved; (3) the Company's 2013 annual report and results announcement were considered and approved; (4) the Company's final statements for the twelve month ended 31 December 2013 were considered and approved; (5) the Company's 2013 profit distribution scheme was approved and proposed; (6) the engagement of KPMG as the Company's 2014 international auditor was approved and proposed; and (7) the internal control functions and the obligation required under Corporate Governance Code and Report are reviewed.

On 22 August 2014, the first meeting of the audit committee of the second session of the Board was held, at which (1) the report was made by the external auditor in respect of the reviewing of the Company's financial statements for the six months ended 30 June 2014; and (2) the Company's 2014 interim report and results announcement were considered and approved.

(2) Remuneration and Assessment Committee

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the remuneration and assessment committee are: to determine remuneration plans or packages in accordance with the main scope, duties and importance of the management positions held by Directors and senior management as well as the remuneration packages of comparable positions of comparable enterprises and submit to the Board to approval; to review the performance of the Directors (other than independent Directors) and senior management of the Company and to conduct annual performance appraisal thereof; to monitor the implementation of the Company's remuneration system; to ensure that no Directors or any of their associates determine their own remunerations; and to attend to other matters as authorized by the Board. The remuneration plans or packages shall mainly include, but are not limited to, performance appraisal criteria and procedures, the main appraisal system, as well as the major proposals and system of incentives and punishment. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the remuneration and assessment committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director) and Mr. Jiang Bingsi (executive Director). Mr. Zhou Xiaoqian serves as the chairman of the remuneration and assessment committee.

During the Reporting Period, the remuneration and assessment committee held one meeting, details of which are as follows:

The second meeting of the remuneration and assessment committee of the first session of the Board was held on 21 March 2014, at which (1) the remuneration for the Company's directors and supervisors in 2013 was approved and proposed; and (2) the remuneration for the Company's senior management in 2013 was approved and proposed.

(3) Nomination Committee

The Company has established the nomination committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the nomination committee are: to review the size, structure and composition of the Board at least annually and make recommendations on any proposed changes to the Board, having regard to the operating status, asset scale and shareholding structure of the Company; to assess the independence of independent non-executive Directors; to study the criteria and procedures for selecting Directors and senior management of the Company and to make recommendations thereon to the Board; and to identify qualified candidates for Directors and senior management; and conduct review on candidates of Directors and senior management and to make recommendations to the Board on the appointment, reappointment or succession of Directors and senior management. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the nomination committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Yeung Pak Sing (retired as the independent non-executive Director and the member of nomination committee on 30 June 2014), Mr. Fang Zheng (executive Director) and Mr. Tao Zhigang (independent non-executive Director and appointed as the member of nomination committee on 30 June 2014). Mr. Zhou Xiaoqian serves as the chairman of the nomination committee.

During the Reporting Period, the nomination committee held one meeting, details of which are as follows:

The third meeting of the nomination committee of the first session of the Board was held on 21 March 2014. Given that the first session of the Board was to expire soon and in order for the normal operation of the Board, the appointment of Mr. Fang Zheng, Mr. Jiang Bingsi and Mr. Li Lixin as the candidates of executive Directors of the Company's second session of the Board, Mr. Chen Bin, Mr. Tao Yunpeng and Mr. Zong Xiaolei as the candidates of non-executive Directors of the Company's second session of the Board, and Mr. Zhou Xiaoqian, Mr. Zhang Bai and Mr. Tao Zhigang as the candidates of independent non-executive Directors of the Company's second session of the Board were proposed at the meeting.

(4) Strategic Committee

The primary responsibilities of the strategic committee are: to review the long term development strategic planning and approach of the Company and make suggestions thereon; review the material strategic investments and financing proposals which were subject to the approval of the Board in accordance with the requirement of the Articles of Association and make suggestions thereon; review the material capital operation and assets operation projects and make suggestions thereon.

During the Reporting Period, the strategic committee consists of three Directors: Mr. Fang Zheng (executive Director), Mr. Chen Bin (non-executive Director) and Mr. Zhou Xiaoqian (independent non-executive Director). Mr. Fang Zheng serves as the chairman of the strategic committee.

During the Reporting Period, the strategic committee held two meetings, details of which are as follows:

The third meeting of the strategic committee of the first session of the Board was held on 21 March 2014, at which (1) the proposed grant of the general mandate to issue new domestic shares and H shares of the Company to the Board at the general meeting was approved and proposed; (2) the 2014 annual bank line of credit of the Company was approved and proposed; (3) the general mandate to issue the debt financing instruments denominated in Renminbi was approved and proposed; (4) the establishment of branches such as Gansu Branch of Huadian Fuxin Energy Corporation Limited was approved and proposed; and (5) the establishment of Huadian Fuxin International Investment Company Limited was approved and proposed.

On 22 August 2014, the first meeting of the strategic committee of the second session of the Board was held, at which the development report on 2014 annual projects was considered and approved.

6. BOARD OF SUPERVISORS

The Board of Supervisors is the supervisory body of the Company. The number and composition of the Board of Supervisors is in compliance with the provisions and requirements of the relevant laws, regulations and the Articles of Association. During the Reporting Period, the Board of Supervisors is made up of nine members, including three employee representative Supervisors and two independent Supervisors. The Supervisors of the Company shall seriously discharge their duties, and being responsible to the shareholders, shall protect the interests of the shareholders and the Company through reviewing the Company's financial status and monitoring any acts of non-compliance of the Directors, managers and other senior management of the Company to the laws, administrative regulations or the Articles of Association when performing their duties.

7. ATTENDANCE RECORD OF DIRECTORS

During the Reporting Period, the attendance of Directors to the meetings of the Board and each Board committee as well as general meetings are as follows:

Name of Directors	Board Meetings Attended/ Held	Audit Committee Meetings Attended/ Held	Remuneration and Assessment Committee Meetings Attended/Held	Nomination Committee Meetings Attended/ Held	Strategic Committee Meetings Attended/ Held	Annual General Meeting Attended/ Held
Executive Directors						
Fang Zheng	6/6			1/1	2/2	1/1
Jiang Bingsi	6/6		1/1			1/1
Li Lixin	6/6					0/1
Non-executive Directors						
Chen Bin	6/6				1/2	0/1
Tao Yunpeng	6/6					0/1
Zong Xiaolei	6/6	1/2				0/1
Independent non-executive Directors						
Zhou Xiaoqian	6/6		1/1	1/1	2/2	1/1
Zhang Bai	6/6	2/2	1/1			1/1
Tao Zhigang①	4/4	1/1				0/0
Yeung Pak Sing②	2/2	1/1		1/1		0/1

Notes: ① Mr. Tao Zhigang was appointed as independent non-executive Director on 30 June 2014.

② Mr. Yeung Pak Sing retired independent non-executive Director on 30 June 2014.

8. AUDITOR AND REMUNERATION

KPMG was appointed as auditor for the Financial Statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2014.

During the Reporting Period, the remuneration payable by the Company to the auditor for the above audit services was RMB7 million, and the remuneration payable for the audit service related with the business acquisition was RMB0.2 million. During the Reporting Period, the remuneration payable by the Company to the auditor for the non-audit services was RMB2.5 million, and the non-audit services was for the reviewing of the Company's interim results.

The responsibility of KPMG, as the Company's external auditor to the Financial Statements, is set out on page 73 of this annual report. The Board concurs with the audit committee in respect of the matters relating to the selection, appointment, resignation and removal of the external auditor.

9. 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 Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, the 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 of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In addition, appropriate insurance coverage for Directors' liability has been arranged by the Company against possible legal proceedings to be taken against the Directors.

10. COMPANY SECRETARY

Mr. Liu Lei is one of the joint company secretaries. He is a full time employee of the Company and has an understanding of the daily operation of the Company.

Ms. Mok Ming Wai, director of KCS Hong Kong Limited, the external service provider, is our joint company secretary. Her primary contact person at the Company is Mr. Liu Lei, the vice president and secretary of the Board of the Company.

During the year ended 31 December 2014, both Mr. Liu Lei and Ms. Mok Ming Wai have taken no less than 15 hours of relevant professional trainings to update their skills and knowledge.

11. SHAREHOLDERS' RIGHTS

(1) Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall convene an extraordinary general meeting within two months where any shareholder severally or jointly holding 10% or more of the Company's issued shares carrying voting rights requests in writing for the convening of an extraordinary general meeting. Two or more than two shareholders holding, severally or jointly, 10% or more of voting shares at such proposed meeting may request the Board to convene an extraordinary general meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting shall not consider matters not included in the notice of the meeting. An extraordinary general meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid shareholding shall be calculated on the basis of the date on which the relevant shareholders submit the written request. If the Board fails to dispatch a notice of convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the board of Supervisors to convene an extraordinary general meeting, provided that such proposal shall be made in writing. The board of Supervisors may convene such a meeting within four months upon receipt of the request by the Board. If the board of Supervisors fails to convene and preside over an extraordinary general meeting, the shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as closely as practicable.

All reasonable expenses incurred by convening and holding the aforesaid meeting by shareholders or the board of Supervisors due to the failure of the Board to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have defaulted their duties.

(2) Procedures for Directing Shareholders' Enquiries to the Board

Shareholders of the Company have the right to oversee the Company's business operations, and to put forward proposals and raise enquiries and to obtain relevant information in accordance with the provisions of the Articles of Association. In addition, except for those matters in relation to business secrets of the Company which cannot be made public at the general meeting, the Board and the board of Supervisors shall respond or address to the enquiries and suggestions of the shareholders.

Shareholders requesting inspection of the relevant information or provision of the materials shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

Contact details are as follows:

Address: Room 919, Building B, Huadian Plaza, No. 2 Xuanwumennei Road, Xicheng District, Beijing, PRC
Fax: 0086-10-83567357
Email: zqb@hdfx.com.cn

(3) Procedures for Putting Forward Proposals at a General Meeting

In overseeing and monitoring the business operation of the Company, the shareholders of the Company have the right to put forward proposals and raise enquiries. Shareholders holding 3% or more of the Company's voting shares have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are within the terms of reference of general meeting.

The ad hoc proposals raised by shareholders shall satisfy the following criteria:

1. Free of non-compliant to the provisions of laws and regulations, and fall within the business scope of the Company and the terms of reference of the general meeting;

2. With definite topics to discuss and specific matters to resolve; and

3. Submitted or served to the Board in writing ten days prior to the date of the general meeting.

12. COMMUNICATIONS WITH SHAREHOLDERS

The Company highly appreciated shareholders' opinions and advice, actively organized various investor relations activities to maintain connections with shareholders and made timely response to the reasonable requests of shareholders.

The Company publishes its announcements, financial information and other relevant information on the website at www.hdfx.com.cn, as a channel to promote communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Hong Kong or the head office in the PRC. The Company will address to all enquiries in a timely and appropriate manner.

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

During the Reporting Period, the Company convened the 2013 annual general meeting on 30 June 2014, at which the resolutions regarding the following issues had been passed: (1) the Director's Report of the Company in 2013; (2) the Report of the Board of Supervisors of the Company in 2013; (3) the final financial report of the Company in 2013; (4) the audited financial statements of the Company in 2013; (5) the profit distribution scheme of the Company in 2013; (6) the engagement of KPMG as the international auditor of the Company in 2014; (7) the remuneration for the directors and supervisors of the Company in 2013; (8) election of Mr. Fang Zheng, Mr. Jiang Bingsi, Mr. Li Lixin, Mr. Chen Bin, Mr. Tao Yunpeng, Mr. Zong Xiaolei, Mr. Zhou Xiaoqian, Mr. Zhang Bai, and Mr. Tao Zhigang as Directors comprising the second session of Board of the Company with the term of three years and election of Mr. Li Changxu, Mr. Wang Kun, Mr. Xie Chunwang, Ms. Hu Xiaohong, Mr. Yan Azhang and Ms. Ding Ruiling as supervisors of the Company together with Mr. Wang Zhijun, Mr. Zou Xuanyong and Mr. Chen Wenxin who are employee representative supervisors of the Company comprising the second session of the board of supervisors of the Company; (9) Project Contracting Service and Equipment Purchasing Framework Agreement; (10) the Supplemental Agreement to the Deposit Service Agreement with Huadian Finance; (11) Coal Purchasing and Shipping Service Framework Agreement; (12) amendments to the Articles of Association; (13) the general mandate to issue the domestic and foreign debt financing instruments; and (14) the general mandate granted by the general meetings to the Board to issue new domestic shares and H shares of the Company.

Please refer to page 63 of this report for the attendance of each of the Directors at the general meeting.

Arrangement will be made for the Board to address shareholders' queries at the 2014 annual general meeting of the Company.

13. INTERNAL CONTROL

The Company attaches prime importance to internal control. A complete and prudent internal control system has been established to protect shareholders' investments and the Company's assets. The Board is responsible for the maintenance of a sound and effective internal control system of the Company and has established the Company's internal control policies and procedures for monitoring the internal control system.

In respect of rules and regulations, the Company set up systems on internal control, including information disclosure, risk management, connected transaction, financial management and management of general meeting, the Board and the board of Supervisors. Such as rules of procedures for Board meetings, rules of procedures for meetings of audit committee of the Board, rules of procedures for meetings of nomination committee under the Board, rules of procedures for meetings of remuneration and assessment committee of the Board, rules of procedures for meetings of strategic committee of the Board, the administrative rules of connected transactions, the administrative rules of information disclosure, the administration system of material transaction disclosure, the rules of duties and authorities specification of Directors and senior management, internal audit rules and anti-corruption system.

In terms of organisational structure, the Company established the financial department, capital operation and property rights management department, securities department, and supervision and audit department. Sufficient personnel were retained to take charge of the specific work such as financial operations and control, risk management, internal audit and anti-corruption. Besides, the Company arranged reasonable budgets and provided regular trainings 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 proper and 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 has the channel to submit information requests to the Board smoothly. Being the most senior point of contact to each department, the president of the Company is responsible for effectively reporting to the Board in relation to the operation conditions of each department, and coordinating and mobilising the demands of each department to promote 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 and executed accurately and timely with supervision.

During the Reporting Period, the Board reviewed the internal control systems of the Company and its subsidiaries and was not aware of any material deficiencies nor any material defaults with respect to financial, operational and compliance controls and risk management. The Board believes that the current monitoring system of the Company and its subsidiaries is effective and considers that the resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions, its training programs and budget thereof are adequate.

14. INVESTOR RELATIONS

(1) Investor Relations

The Articles of Association of the Company was amended on 30 June 2014. The amendments are mainly on the business scope of the Company. An updated version of the Articles of Association is available on both the websites of the Company and the Hong Kong Stock Exchange.

(2) Results Roadshows

The Company organised an interim results roadshow and an annual results roadshow during the Reporting Period. In March 2014, the management of the Company carried out annual results roadshow for 2013 in Hong Kong and Singapore, and held an investors' presentation, a press conference, a luncheon for stock analysts, twenty-three one-to-one meetings and three group meetings for investors. In August 2014, the management of the Company carried out interim results roadshow in Hong Kong, and held an investors' presentation, a press conference, a luncheon for stock analysts, and twenty seven one-to-one meetings for investors.

(3) Investors' Routine Visits

During the Reporting Period, the Company received seventy-six groups of investors by way of one-to-one/group/teleconference meetings and fully communicated and exchanged opinions with investors and analysts from over one hundred and twenty domestic and foreign institutions. In addition, the Company also held seven reverse roadshows.

(4) Investors Summits

During the Reporting Period, the management of the Company attended eleven investors summits organized by famous international investment banks and fully communicated with investors through holding group/one-to-one meetings.

On 30 June 2014, the second session of the board of Supervisors was established upon the approval of the annual general meeting in 2013 of the Company. The current session of the board of Supervisors is made up of nine Supervisors during the Reporting Period.

In 2014, for the Company's long term interests and Shareholders' interests, the board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and Listing Rules of the Hong Kong Stock Exchange and earnestly performed their duties of supervision as to the acts of the Directors and senior management of the Company. The main area of work of the board of Supervisors in 2014 is summarised as follows:

I. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

The board of Supervisors convened three meetings in 2014:

The sixth meeting of the first session of the board of Supervisors was held on 21 March 2014, at which (1) the report of the board of Supervisors in 2013 was considered and approved; (2) the final financial report of the Company in 2013 was considered and approved; (3) the Company's 2013 annual report and results announcement were considered and approved; (4) the audited financial statements of the Company in 2013 was considered and approved; (5) the Company's 2013 profit distribution scheme was considered and approved; and (6) Mr. Li Changxu, Mr. Wang Kun, Mr. Xie Chunwang, Ms. Hu Xiaohong, Mr. Yan Azhang and Ms. Ding Ruiling were identified and nominated as the candidates of non-employee representative supervisors of the second session of board of Supervisors of the Company.

On 30 June 2014, the first meeting of the second session of the board of Supervisors was held, at which Mr. Li Changxu was considered and elected as the chairman of the second session of board of Supervisors with the same term of the current board of Supervisors.

On 22 August 2014, the second meeting of the second session of the board of Supervisors was held, at which the Company's 2014 interim report and results announcement were considered and approved.

II. WORK OF THE BOARD OF SUPERVISORS

During the Reporting Period, the board of Supervisors, in an attitude responsible to the Company and the shareholders, fulfilled its duties in accordance with the provisions and requirements of the Company Law, the Articles of Association and the Rules of Procedures for the board of Supervisors. We exercised power legally and independently, facilitated standardized operation of the Company and protected the legal interests of the Company and shareholders.

Independent opinions of the board of Supervisors on the following matters:

1. Regulatory Compliance of the Company's Operation

During the Reporting Period, based on its supervision of the Directors and senior management, the board of Supervisors is of the view that the Company operated in accordance with law, and the major decisions of the Company were in compliance with relevant laws and regulations; the current internal control system was attuned to the management requirements for the Company; the Directors and senior management earnestly executed the resolutions of the Board and the general meetings. The Company achieved excellent results in terms of project development, engineering construction, production and operation, capital operation, cost control and internal control enhancement, with its annual plans and tasks accomplished in 2014. During the Reporting Period, The Directors, president and other members of the senior management of the Company had exercised the rights granted by the Shareholders and discharged their obligations in good faith with due diligence.

2. Examination of the Company's Financial Conditions

During the Reporting Period, members of the board of Supervisors scrutinized and examined the financial management system and financial conditions of the Company and reviewed relevant financial information of the Company. The board of Supervisors considered that the Company's financial management system was sound with proper management practices, and that the 2014 final accounts reports gave a true, accurate and fair view on the financial conditions and operating results of the Company. The board of Supervisors agrees with the 2014 unqualified financial audit report of the Company issued by KPMG.

3. Examination of the Company's Use of Proceeds

During the Reporting Period, the board of Supervisors supervised how the proceeds were used by the Company, and it considered that the proceeds were properly managed and utilized in those very projects which were in line with projects undertaken. During the Reporting Period, the Company witnessed no change in the actual use of proceeds.

4. Examination of the Company's Major Acquisitions and Disposal of Assets

Having reviewed information related to the Company's acquisitions, disposal of equity interests and assets. The board of Supervisors is of the opinion that such acquisitions and disposals were conducted in a fair and reasonable way, and the board of Supervisors is not aware of any insider trading or other matters which might impair the interests of Shareholders and cause loss of assets.

5. Connected Transactions

Having reviewed information related to the connected transactions in which the Company and/or its controlling shareholder were involved, the board of Supervisors is of the opinion that such connected transactions were conducted in an open and fair way at reasonable prices, without prejudice to the interests of the Company and minority shareholders.

6. Information Disclosure

Having reviewed the documents that the Company publicly disclosed in a serious manner, the board of Supervisors is of the opinion that the Company had disclosed the relevant information in a true and complete manner in accordance with related requirements of the Hong Kong Stock Exchange and no false information was found.

In 2015, pursuant to the related requirements of the Company Law, the Articles of Association, the Rules of Procedures for the board of Supervisors and the Listing Rules, the board of Supervisors of the Company will continue to conscientiously perform its supervisory duties to safeguard the interests of the Company and its shareholders as a whole.

Chairman of the Board of Supervisors
Li Changxu

Independent Auditor's Report

KPMG

To the shareholders of Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 75 to 184, which comprise the consolidated and company statements of financial position 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 cash flow statement 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.

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 Charter Road
Central, Hong Kong

20 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014
(Expressed in Renminbi ("RMB"))

	Note	2014 RMB'000	2013 RMB'000
Revenue	4	**13,895,445**	13,242,409
Other net income	5	**236,544**	61,324
Operating expenses			
Cost of fuel		**(4,217,832)**	(4,362,210)
Cost of substituted electricity		**(54,604)**	(139,757)
Depreciation and amortization		**(2,667,084)**	(2,174,900)
Service concession construction costs		**(26,519)**	(81,041)
Personnel costs	7(a)	**(1,051,581)**	(955,393)
Repairs and maintenance		**(425,501)**	(439,811)
Administration expenses		**(405,023)**	(414,615)
Other operating expenses		**(342,296)**	(339,203)
		(9,190,440)	(8,906,930)
Operating profit		**4,941,549**	4,396,803
Finance income		**173,389**	120,010
Finance expenses		**(2,517,826)**	(2,425,119)
Net finance expenses	6	**(2,344,437)**	(2,305,109)
Share of profits less losses of associates		**83,721**	93,553
Profit before taxation	7	**2,680,833**	2,185,247
Income tax	8	**(533,521)**	(483,967)
Profit and total comprehensive income for the year		**2,147,312**	1,701,280
Attributable to:			
Equity shareholders of the Company		**1,867,214**	1,467,888
Non-controlling interests		**280,098**	233,392
Profit and total comprehensive income for the year		**2,147,312**	1,701,280
Basic and diluted earnings per share *(RMB cents)*	12	**23.40**	19.26

The notes on pages 83 to 184 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in RMB)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	14	66,073,607	52,264,823
Lease prepayments	15	1,079,767	998,470
Intangible assets	16	1,100,009	1,096,004
Interest in associates and a joint venture	18	4,433,280	3,545,609
Other non-current assets	19	3,195,240	2,496,192
Deferred tax assets	29(b)	303,989	304,884
Total non-current assets		76,185,892	60,705,982
Current assets			
Inventories	20	426,543	411,756
Trade debtors and bills receivable	21	3,491,733	3,049,070
Prepayments and other current assets	22	1,854,416	1,473,989
Tax recoverable	29(a)	17,627	33,221
Restricted deposits	23	667,924	233,659
Cash and cash equivalents	24	3,290,987	1,768,747
Total current assets		9,749,230	6,970,442
Current liabilities			
Borrowings	25(b)	11,996,949	11,617,249
Obligations under finance leases	26	64,321	98,763
Trade creditors and bills payable	27	2,915,176	1,776,970
Other payables	28	11,245,660	8,048,832
Deferred income	30	28,412	24,644
Tax payable	29(a)	328,213	249,828
Total current liabilities		26,578,731	21,816,286
Net current liabilities		(16,829,501)	(14,845,844)
Total assets less current liabilities		59,356,391	45,860,138

The notes on pages 83 to 184 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in RMB)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current liabilities			
Borrowings	25(a)	**39,830,284**	30,300,766
Obligations under finance leases	26	**677,947**	745,868
Deferred income	30	**369,705**	321,109
Deferred tax liabilities	29 (b)	**820,210**	781,503
Total non-current liabilities		**41,698,146**	32,149,246
NET ASSETS		**17,658,245**	13,710,892
CAPITAL AND RESERVES	31		
Share capital		**8,407,962**	7,622,616
Reserves		**6,604,762**	3,588,316
Total equity attributable to equity shareholders of the Company		**15,012,724**	11,210,932
Non-controlling interests		**2,645,521**	2,499,960
TOTAL EQUITY		**17,658,245**	13,710,892

Approved and authorised for issue by the board of directors on 20 March 2015.

FANG Zheng
Chairman

JIANG Bingsi
Director

The notes on pages 83 to 184 form part of these financial statements.

Statement of Financial Position

(Expressed in RMB)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	14	1,393,683	1,286,692
Lease prepayments	15	78,317	78,443
Intangible assets		7,866	8,188
Investments in subsidiaries	17	10,113,633	9,160,919
Interest in associates and a joint venture	18	3,718,250	3,146,850
Other non-current assets	19	636,422	633,845
Total non-current assets		15,948,171	14,314,937
Current assets			
Inventories		1,521	2,015
Trade debtors and bills receivable	21	45,249	52,599
Prepayments and other current assets	22	5,862,495	3,417,323
Restricted deposits	23	54,846	3,825
Cash and cash equivalents	24	1,578,793	200,100
Total current assets		7,542,904	3,675,862
Current liabilities			
Borrowings	25(b)	6,895,500	5,562,500
Trade creditors and bills payable		5,220	4,580
Other payables	28	800,481	1,040,616
Deferred income		35	34
Total current liabilities		7,701,236	6,607,730
Net current liabilities		(158,332)	(2,931,868)
Total assets less current liabilities		15,789,839	11,383,069

The notes on pages 83 to 184 form part of these financial statements.

Statement of Financial Position

(Expressed in RMB)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current liabilities			
Borrowings	25(a)	3,935,519	2,620,294
Deferred income		1,832	1,867
Total non-current liabilities		3,937,351	2,622,161
NET ASSETS		11,852,488	8,760,908
CAPITAL AND RESERVES	31		
Share capital		8,407,962	7,622,616
Reserves		3,444,526	1,138,292
TOTAL EQUITY		11,852,488	8,760,908

Approved and authorised for issue by the board of directors on 20 March 2015.

FANG Zheng
Chairman

JIANG Bingsi
Director

The notes on pages 83 to 184 form part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 31 December 2014
(Expressed in RMB)

	Attributable to equity shareholders of the Company						
	Capital	Capital reserve	Reserve fund	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	7,622,616	956,639	43,201	1,951,727	10,574,183	2,134,631	12,708,814
Changes in equity for 2013:							
Profit and total comprehensive income for the year	–	–	–	1,467,888	1,467,888	233,392	1,701,280
Capital contributions	–	–	–	–	–	68,400	68,400
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	(163,410)	(163,410)
Dividends approved in respect of the previous year	–	–	–	(220,294)	(220,294)	–	(220,294)
Acquisition of business under common control	–	(610,845)	–	–	(610,845)	–	(610,845)
Acquisition of subsidiaries	–	–	–	–	–	226,947	226,947
Transfer to reserve fund	–	–	46,381	(46,381)	–	–	–
Balance at 31 December 2013 and 1 January 2014	7,622,616	345,794	89,582	3,152,940	11,210,932	2,499,960	13,710,892
Changes in equity for 2014:							
Profit and total comprehensive income for the year	–	–	–	1,867,214	1,867,214	280,098	2,147,312
Capital contributions	–	–	–	–	–	60,320	60,320
Issuance of shares upon placing, net of issuing expenses (note31(a))	785,346	1,458,991	–	–	2,244,337	–	2,244,337
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	(192,457)	(192,457)
Dividends approved in respect of the previous year	–	–	–	(304,820)	(304,820)	–	(304,820)
Acquisition of non-controlling interests	–	(4,939)	–	–	(4,939)	(5,490)	(10,429)
Acquisition of subsidiaries	–	–	–	–	–	3,090	3,090
Transfer to reserve fund	–	–	113,630	(113,630)	–	–	–
Balance at 31 December 2014	8,407,962	1,799,846	203,212	4,601,704	15,012,724	2,645,521	17,658,245

The notes on pages 83 to 184 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2014
(Expressed in RMB)

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Profit before taxation		**2,680,833**	2,185,247
Adjustments for:			
Depreciation and amortization		**2,667,084**	2,174,900
Impairment loss of assets		**1,055**	1,019
Amortization of deferred income		**(23,483)**	(21,429)
Net loss on disposal of property, plant and equipment		**12,724**	20,543
Interest income on financial assets		**(54,520)**	(46,249)
Interest expenses on financial liabilities		**2,495,015**	2,140,878
Foreign exchange differences, net		**(15,057)**	10,696
Dividend income		**(103,812)**	(73,761)
Share of profits less losses of associates		**(83,721)**	(93,553)
Changes in working capital:			
Increase in inventories		**(14,787)**	(70,181)
Increase in trade debtors and bills receivable		**(407,282)**	(169,969)
(Increase)/decrease in prepayments and other current assets		**(49,221)**	147,012
Increase in trade and other payables		**476,789**	644,167
Cash generated from operations		**7,581,617**	6,849,320
Income tax paid	29(a)	**(406,990)**	(227,638)
Net cash generated from operating activities		**7,174,627**	6,621,682

The notes on pages 83 to 184 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2014
(Expressed in RMB)

		2014 RMB'000	2013 RMB'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		**(12,755,039)**	(7,174,384)
Payments for acquisition of financial assets and interests in associates and a joint venture		**(891,947)**	(754,800)
Payments for acquisition of subsidiaries		**(205,459)**	(811,290)
Restricted deposits		**(405,163)**	(12,381)
Proceeds from disposal of a joint venture		**–**	24,175
Proceeds from disposal of property, plant and equipment		**228**	530
Proceeds from repayment of loans and advances		**60,754**	30,000
Dividends received		**132,916**	95,595
Interest received		**59,198**	45,594
Net cash used in investing activities		**(14,004,512)**	(8,556,961)
Cash flows from financing activities			
Net proceeds from issuance of shares upon placing		**2,244,337**	–
Capital contributions from the non-controlling shareholders		**60,320**	68,400
Proceeds from borrowings		**21,367,976**	14,752,291
Government grant received		**131,853**	100,413
Repayment of borrowings		**(12,045,651)**	(9,746,790)
Dividends paid		**(497,949)**	(377,346)
Interest paid		**(2,760,082)**	(2,216,118)
Payments of finance lease obligations		**(153,307)**	(1,441,828)
Payment for acquisition of non-controlling interests		**(10,429)**	–
Net cash generated from financing activities		**8,337,068**	1,139,022
Net increase/(decrease) in cash and cash equivalents		**1,507,183**	(796,257)
Cash and cash equivalents at 1 January		**1,768,747**	2,575,700
Effect of foreign exchange rate changes		**15,057**	(10,696)
Cash and cash equivalents at 31 December	24	**3,290,987**	1,768,747

The notes on pages 83 to 184 form part of these financial statements.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the "Company") was established in the People's Republic of China (the "PRC") on 19 August 2011 as a joint stock company with limited liability. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE") on 28 June 2012. The Company and its subsidiaries (together the "Group") are mainly engaged in the generation and sale of hydropower, wind power, coal-fired power, solar power and other clean power in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the 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 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 3 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and the Group's interest in associates and a joint venture.

The consolidated financial statements 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 RMB16,829,501,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements (see note 32(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 are stated at their fair value (see note 2(f)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 judgments 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.

Judgments 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 38.

(c) Functional and presentation currency

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

(d) 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, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized 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 the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity 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 equity 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 statement of financial position in accordance with notes 2(o) or (p) 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(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)).

(e) 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 the 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(l)). 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 profit or loss whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

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.

Unrealized 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 unrealized 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(f)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(l)).

(f) 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 fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. 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 the end of each reporting period 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(u)(v) and(u)(vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in debt and equity securities (continued)

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 at amortised cost less impairment losses (see note 2(l)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period 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. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(u)(v) and 2(u)(vi), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(g) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder 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 shareholder's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the shareholder that controls 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.

(h) Property, plant and equipment

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

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(w)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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 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:

–	Buildings and structures	8 – 55 years
–	Generators and related equipment	4 – 35 years
–	Motor vehicles	6 – 10 years
–	Furniture, fixtures and others	5 – 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.

(i) 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; over

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

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(l)).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible assets (other than goodwill)

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 amortization and impairment losses (see note 2(l)).

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

Amortization 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 amortized from the date they are available for use and their estimated useful lives are as follows:

–	Concession assets	23 years
–	Software and others	5 – 10 years

Both the period and method of amortization are reviewed annually.

(k) 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.

(i) Classification of assets leased to the Group

Assets that are held by the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 are included in property, plant and equipment 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(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). 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) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount (see note 2(l)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortized as an adjustment to the depreciation of the asset.

(iv) 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 amortized on a straight-line basis over the period of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 amortized cost or are classified as available-for-sale securities are reviewed at the end of each reporting period 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 reorganization;

– 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.

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

– For investment in associates and joint ventures accounted for under the equity method in the consolidated statement of financial position (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(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(l)(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

– For trade and other current receivables and other financial assets carried at amortized 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.

  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 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 amortization) 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 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.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within 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 debtors and bills receivable 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

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

– intangible assets;

– goodwill; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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 the 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 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)

(l) 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.

(m) Inventories

Inventories excluding spare parts are carried at the lower of cost and net realizable values. Spare parts are stated in the statement of financial position 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 realizable 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 use.

When inventories are used, 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 realizable 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.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)), 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 amortized 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.

(p) 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(t)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) 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.

(r) 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.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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 utilized, 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 utilized.

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.

The amount of deferred tax recognised is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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 utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

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 realize the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes 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 realize the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) 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 is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. 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 amortized 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(t)(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 amortization.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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 amortization where appropriate, and the amount that would be determined in accordance with note 2(t)(iii). Contingent liabilities 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(t)(iii).

(iii) Other 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.

(u) 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 and goods

Sale of electricity is recognised when electricity is supplied to the provincial grid companies. Sale of goods is recognised when goods are delivered at the customers' premises 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(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 profit or loss by reference to the stage of completion of the transaction based on the progress of work performed.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(vii) Government grants

Government grants are recognised in the statement of financial position 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 income 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 recognised initially as deferred income and consequently are recognised in profit or loss on a systematic basis over the useful life of the asset by way of reduced depreciation expense.

(viii) Certified Emission Reductions ("CERs") income

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

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

The revenue related to CERs is recognised and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB and in other receivables for the remaining volume.

(v) 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 end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Translation of foreign currencies (continued)

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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.

(w) 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 capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization 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. Capitalization 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.

(x) Related parties

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

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

(b) has significant influence over the Group; or

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties (continued)

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

(a) 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).

(b) 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).

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

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

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

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) 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.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information 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 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

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

(a) Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company and its subsidiaries do not qualify to be an investment entity.

(b) 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 these financial statements as they are consistent with the policies already adopted by the Group.

(c) 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. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 14.

(d) Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group does not have any derivatives.

(e) IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's financial statements as the guidance is consistent with the Group's existing accounting policies.

4 REVENUE

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

	2014 RMB'000	2013 RMB'000
Sales of electricity		
– Self generation	13,437,462	12,617,447
– Substituted generation (note (i))	106,217	229,503
	13,543,679	12,846,950
Service concession construction revenue (note (ii))	26,519	81,041
Others	325,247	314,418
	13,895,445	13,242,409

Notes:

(i) The substituted generation arrangement allows a coal-fired power plant to purchase the surplus generation of other coal-fired power plants and sell such generation to the local power grid based on the buyer's approved on-grid tariff.

(ii) The Group entered into several service concession agreements with local government (the "Grantor") to construct and operate wind power plants during the concession period. 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 needs to either dismantle the wind power plants or transfer the ownership of the plants at request of Grantor. Service concession construction revenue recorded during the year 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-constructed.

The Group has recognised intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity during the concession period (see note 16). 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.

5 OTHER NET INCOME

	2014 RMB'000	2013 RMB'000
Government grants	87,050	35,151
Net loss on disposal of property, plant and equipment	(12,724)	(20,543)
Penalty income from equipment suppliers (note (i))	114,810	19,523
Net income on sale of coal (note(ii))	10,633	–
Others	36,775	27,193
	236,544	61,324

Notes:

(i) Penalty income from equipment suppliers mainly represents the amounts received/receivable from the third party equipment suppliers to compensate the losses incurred by the Group due to unfavorable warranty services provided by the suppliers.

(ii) Fujian Fuxin Coal Industry Company Limited, a subsidiary of the Company, purchased and sold the coal to third parties and related parties. The sales amount for the year ended 31 December 2014 was RMB359,629,000, and the relevant cost of inventory for the year ended 31 December 2014 was RMB348,996,000.

6 FINANCE INCOME AND EXPENSES

	2014 RMB'000	2013 RMB'000
Interest income on financial assets	54,520	46,249
Dividend income from other investments	103,812	73,761
Foreign exchange gains	15,057	–
Finance income	173,389	120,010
Interest on bank and other borrowings wholly repayable within five years	715,625	635,495
Interest on other loans	2,092,549	1,706,161
Finance charges on obligations under finance leases	51,011	92,868
Less: interest expenses capitalized into property, plant and equipment	364,170	293,646
	2,495,015	2,140,878
Impairment losses on trade and other receivables	–	249,760
Bank charges and others	22,811	23,785
Foreign exchange losses	–	10,696
Finance expenses	2,517,826	2,425,119
Net finance expenses recognised in profit or loss	(2,344,437)	(2,305,109)

The borrowing costs have been capitalized at rates of 4.83% to 8.00% per annum for the year ended 31 December 2014 (2013: 4.85% to 7.86%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2014 RMB'000	2013 RMB'000
Salaries, wages and other benefits	**928,010**	842,121
Contributions to defined contribution retirement plans	**123,571**	113,272
	1,051,581	955,393

(b) Other items

	2014 RMB'000	2013 RMB'000
Amortization		
– lease prepayments	**19,207**	16,117
– intangible assets	**31,871**	18,293
Depreciation		
– property, plant and equipment	**2,616,006**	2,140,490
Impairment losses		
– property, plant and equipment	**1,055**	–
Auditors' remuneration		
– audit services	**10,600**	12,000
– other services (interim review)	**2,500**	2,500
Operating lease charges		
– hire of machinery	**6,983**	4,254
– hire of properties	**43,062**	25,052
Cost of inventory	**4,816,481**	4,622,902

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-The PRC Corporate Income Tax		
Provision for the year	498,617	384,143
Under/(over) provision in respect of prior years	1,674	(2,016)
	500,291	382,127
Deferred tax		
Origination and reversal of temporary differences	33,230	101,840
Total income tax	533,521	483,967

The provision for the PRC corporate income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2014 and 2013.

Huadian Fuxin International Investment Company Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax which is calculated at 16.5% of its assessable profit for the year. The subsidiary had no assessable profit for the year ended 31 December 2014 and 2013.

Elecdey Barchin, S.A. – Sociedad Unipersonal, a subsidiary of the Group incorporated in Spain, is subject to Spain profits tax which is calculated at 30% of its estimated assessable profit for the year. The subsidiary was acquired at the end of 2014, and there is no assessable profit for the year ended 31 December 2014 included in the Group's consolidated financial statements.

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
Profit before taxation	2,680,833	2,185,247
Applicable tax rate	25%	25%
Notional tax on profit before taxation	670,208	546,312
Tax effect of non-deductible expenses	10,020	11,149
Tax effect of non-taxable income	(50,201)	(42,956)
Tax effect of PRC tax concessions (note (i))	(151,959)	(97,258)
Tax effect of unused tax losses not recognised	84,116	76,549
Tax effect of utilization of unrecognised tax losses in prior years	(9,273)	(118)
Tax credits for purchase of environmental protection equipment	(17,077)	(7,695)
Under/(over) provision in respect of prior years	1,674	(2,016)
Others	(3,987)	–
Actual tax expenses	533,521	483,967

Notes:

(i) Pursuant to CaiShui [2011] No.58, the Group's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the relevant tax regulations, are entitled to tax holidays of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income was derived.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance 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	Deferred compensation plan RMB'000	2014 Total RMB'000
Executive directors						
Mr. Fang Zheng (Chairman) (note (iii))	–	321	393	86	–	800
Mr. Jiang Bingsi (note (iii))	–	321	393	86	–	800
Mr. Li Lixin (note (iii))	–	360	310	61	–	731
Non-executive directors						
Mr. Chen Bin (note (iii))	–	–	–	–	–	–
Mr. Tao Yunpeng (note (iii))	–	–	–	–	–	–
Mr. Zong Xiaolei (note (iii))	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian (note (iii))	100	–	–	–	–	100
Mr. Yang Baicheng (note (i))	50	–	–	–	–	50
Mr. Zhang Bai (note (iii))	100	–	–	–	–	100
Mr. Tao Zhigang (note(ii))	50	–	–	–	–	50
Supervisors						
Mr. Li Changxu (note (iii))	–	–	–	–	–	–
Mr. Huang Chunqi (note (i))	–	153	187	43	–	383
Mr.Xu Jin (note (i))	–	140	100	32	–	272
Mr.Wang Kun (note (iii))	–	–	–	–	–	–
Mr. Xie Chunwang (note (iii))	–	–	–	–	–	–
Ms. Hu Xiaohong (note (iii))	–	–	–	–	–	–
Mr.Wang Zhijun (note(ii))	–	146	179	41	–	366
Mr. Zou Xuanyong (note(ii))	–	151	100	28	–	279
Mr. Chen Wenxin (note(ii))	–	153	100	28	–	281
Mr. Yan Azhang (note(ii))	–	40	–	–	–	40
Ms. Ding Ruiling (note(ii))	–	40	–	–	–	40
	300	1,825	1,762	405	–	4,292

Notes:

(i) Mr. Yang Baicheng has resigned as independent non-executive director of the Company with effect from 30 June 2014. Mr. Huang Chunqi and Mr. Xu Jin have resigned as supervisors of the Company with effect from 30 June 2014.

(ii) Mr. Tao Zhigang has been appointed as independent non-executive director of the Company with effect from 30 June 2014. Mr. Wang Zhijun, Mr. Zou Xuanyong, Mr. Chen Wenxin, Mr. Yan Azhang and Ms. Ding Ruiling have been appointed as supervisors of the Company with effect from 30 June 2014.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Notes: (continued)

(iii) Mr. Fang Zheng, Mr. Jiang Bingsi and Mr. Li Lixin were re-appointed as executive directors of the Company with effect from 30 June 2014. Mr. Chen Bin, Mr. TaoYunpeng and Mr. Zong Xiaolei were re-appointed as non-executive directors of the Company with effect from 30 June 2014. Mr. Zhou Xiaoqian and Mr. Zhang Bai were re-appointed as independent non-executive directors of the Company with effect from 30 June 2014. Mr. Li Changxu, Mr. Wang Kun, Mr. Xie Chunwang and Ms. Hu Xiaohong were re-appointed as supervisors of the Company with effect from 30 June 2014.

	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Deferred compensation plan RMB'000	2013 Total RMB'000
Executive directors						
Mr. Fang Zheng (Chairman)	–	328	401	66	–	795
Mr. Jiang Bingsi	–	286	371	56	17	730
Mr. Li Lixin	–	271	330	60	48	709
Mr. Huang Xianpei	–	145	209	32	26	412
Mr. Huang Shaoxiong	–	–	–	–	–	–
Non-executive directors						
Mr. Chen Bin	–	–	–	–	–	–
Mr. Tao Yunpeng	–	–	–	–	–	–
Mr. Zong Xiaolei	–	–	–	–	–	–
Mr. Wang Xuxiang	–	–	–	–	–	–
Mr. Mao Xishu	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian	100	–	–	–	–	100
Mr. Yang Baicheng	100	–	–	–	–	100
Mr. Zhang Bai	100	–	–	–	–	100
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	328	401	66	–	795
Mr.Xu Jin	–	263	210	58	–	531
Mr.Wang Kun	–	–	–	–	–	–
Mr. Xie Chunwang	–	–	–	–	–	–
Ms. Hu Xiaohong	–	–	–	–	–	–
Mr.Yao Fei	–	–	–	–	–	–
Mr. Huang Yuanhong	–	–	–	–	–	–
	300	1,621	1,922	338	91	4,272

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two are directors (2013: two) and no supervisor (2013: one) whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2013: two) individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	879	598
Discretionary bonuses	1,074	730
Retirement scheme contributions	246	120
	2,199	1,448

The emoluments of the three (2013: two) individuals who are not directors or supervisors and are amongst the five individuals with the highest emoluments are within the following band:

	2014 Number of individuals	2013 Number of individuals
HK$ Nil to HK$1,000,000	3	2

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB355,058,000 (2013: a profit of RMB121,448,000) 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:

	2014 RMB'000	2013 RMB'000
Amount of consolidated profit attributable to equity shareholders dealt with in the Company's financial statements	355,058	121,448
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year, approved and paid during the year	797,005	198,471
Company's profit and total comprehensive income for the year (note 31(a))	1,152,063	319,919

Details of dividends paid and payable to equity shareholders of the Company are set out in note 31(b).

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,867,214,000 (2013: RMB1,467,888,000) and the weighted average of 7,979,396,000 ordinary shares (2013: 7,622,616,000 shares) in issue during the year, calculated as follows:

	2014 '000	2013 '000
Issued ordinary shares at 1 January	7,622,616	7,622,616
Effects of shares issued in 2014 (note 31(c))	356,780	–
Weighted average number of ordinary shares at 31 December	7,979,396	7,622,616

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

13 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments:

– Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

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

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

– Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.

– Other clean energy business: this segment mainly constructs, manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers.

With the development of solar power business, the Group presents the information of solar power business as an individual reporting segment from the year ended 31 December 2014, and the results, assets, and liabilities of which had been included into that of the reporting segment of other clean energy business in the annual financial statements for the year ended 31 December 2013. The comparative information of solar power business for the year ended 31 December 2013 has also been presented separately.

13 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 interests in associates and a joint venture, investments in financial assets, tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include tax payable, deferred tax liabilities 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 amortization of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of profits less losses of associates, net finance expenses, service concession construction revenue and cost, and unallocated head office and corporate revenue and 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 resources allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

For the year ended 31 December 2014

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers						
– Sales of electricity	2,395,274	3,131,057	6,923,491	477,772	616,085	13,543,679
– Sales of others	9,107	22,286	214,024	6,819	68,938	321,174
Reportable segment revenue	2,404,381	3,153,343	7,137,515	484,591	685,023	13,864,853
Reportable segment profit (operating profit)	1,093,870	1,742,243	1,898,633	276,956	68,986	5,080,688
Depreciation and amortization	(465,930)	(1,301,804)	(649,883)	(166,285)	(80,390)	(2,664,292)
Interest income	7,061	29,457	8,851	2,674	3,985	52,028
Interest expenses	(210,582)	(1,249,900)	(460,723)	(140,978)	(50,105)	(2,112,288)
Expenditures for reportable segment non-current assets during the year	279,855	12,094,458	372,374	1,969,805	1,055,798	15,772,290
Reportable segment assets	10,297,357	44,978,700	12,575,819	6,740,603	4,703,420	79,295,899
Reportable segment liabilities	3,926,542	37,701,186	9,191,042	5,446,506	3,511,183	59,776,459

13 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

For the year ended 31 December 2013

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers						
– Sales of electricity	2,072,559	2,744,408	7,250,219	289,111	490,653	12,846,950
– Sales of others	2,602	22,092	214,481	–	71,210	310,385
Reportable segment revenue	2,075,161	2,766,500	7,464,700	289,111	561,863	13,157,335
Reportable segment profit (operating profit)	932,180	1,465,617	1,965,513	173,310	17,323	4,553,943
Depreciation and amortization	(390,740)	(1,005,834)	(611,268)	(100,992)	(60,587)	(2,169,421)
Impairment loss on trade and other receivables	(12,929)	(236,354)	–	(769)	292	(249,760)
Interest income	3,104	22,237	11,881	4,401	1,133	42,756
Interest expenses	(233,375)	(1,025,747)	(518,355)	(89,022)	(29,325)	(1,895,824)
Expenditures for reportable segment non-current assets during the year	449,724	3,862,961	383,198	1,525,664	760,879	6,982,426
Reportable segment assets	10,101,039	32,399,745	12,886,117	3,239,883	3,165,844	61,792,628
Reportable segment liabilities	4,265,759	27,253,420	9,189,484	2,681,251	2,495,042	45,884,956

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenue	13,864,853	13,157,335
Service concession construction revenue	26,519	81,041
Unallocated head office and corporate revenue	4,073	4,033
Consolidated revenue	13,895,445	13,242,409
Profit		
Reportable segment profit	5,080,688	4,553,943
Unallocated head office and corporate revenue	4,073	4,033
Unallocated head office and corporate expenses	(143,212)	(161,173)
Share of profits less loss of associates	83,721	93,553
Net finance expenses	(2,344,437)	(2,305,109)
Consolidated profit before taxation	2,680,833	2,185,247

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities (continued)

	2014 RMB'000	2013 RMB'000
Assets		
Reportable segment assets	79,295,899	61,792,628
Inter-segment receivables	(6,983,997)	(3,870,283)
	72,311,902	57,922,345
Interest in associates and a joint venture	4,433,280	3,545,609
Other non-current assets	512,300	512,300
Deferred tax assets	303,989	304,884
Tax recoverable	17,627	33,221
Unallocated head office and corporate assets	8,356,024	5,358,065
Consolidated total assets	85,935,122	67,676,424
Liabilities		
Reportable segment liabilities	59,776,459	45,884,956
Inter-segment payables	(6,983,997)	(3,870,283)
	52,792,462	42,014,673
Tax payable	328,213	249,828
Deferred tax liabilities	820,210	781,503
Unallocated head office and corporate liabilities	14,335,992	10,919,528
Consolidated total liabilities	68,276,877	53,965,532

(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 sales of electricity to the PRC government controlled power grid companies amounted to RMB13,374,538,000 for the year ended 31 December 2014 (2013: RMB12,671,084,000). Service concession construction revenue is all from the PRC government.

14 PROPERTY, PLANT AND EQUIPMENT

(a) the Group

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	11,315,869	34,639,825	244,284	220,160	9,877,155	56,297,293
Reclassification	435,070	(443,324)	(112)	8,366	–	–
Additions	24,041	51,769	15,590	15,913	6,471,728	6,579,041
Acquired through business acquisition	858,641	275,411	828	1,708	410,543	1,547,131
Transfer from construction in progress	1,098,276	6,864,380	10,007	25,264	(7,997,927)	–
Reclassification to lease prepayment	(249,729)	–	–	–	(30,616)	(280,345)
Disposals	(23,076)	(285,310)	(10,104)	(5,389)	(4,638)	(328,517)
Reclassification to intangible assets	–	(4,836)	–	–	–	(4,836)
At 31 December 2013	13,459,092	41,097,915	260,493	266,022	8,726,245	63,809,767
At 1 January 2014	13,459,092	41,097,915	260,493	266,022	8,726,245	63,809,767
Reclassification	88,909	(87,062)	290	(2,137)	–	–
Additions	10,687	25,311	21,110	17,156	15,659,317	15,733,581
Acquired through business acquisition	65,907	749,282	–	–	–	815,189
Transfer from construction in progress	663,767	8,974,070	8,230	50,421	(9,696,488)	–
Reclassification to lease prepayment	(3,751)	–	–	–	(64,945)	(68,696)
Disposals	(88,812)	(1,225,235)	(12,151)	(15,249)	–	(1,341,447)
Transfer to intangible assets	–	–	–	–	(1,617)	(1,617)
At 31 December 2014	14,195,799	49,534,281	277,972	316,213	14,622,512	78,946,777

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) the Group (continued)

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment losses						
At 1 January 2013	2,986,536	6,436,827	116,494	112,671	5,531	9,658,059
Reclassification	(19,446)	7,259	5,993	6,194	–	–
Depreciation charge for the year	351,585	1,735,226	28,146	24,278	–	2,139,235
Reclassification to lease prepayment	(47,152)	–	–	–	–	(47,152)
Written back on disposal	(19,625)	(162,526)	(9,856)	(5,384)	(4,638)	(202,029)
Reclassification to intangible assets	–	(3,169)	–	–	–	(3,169)
At 31 December 2013	3,251,898	8,013,617	140,777	137,759	893	11,544,944
At 1 January 2014	3,251,898	8,013,617	140,777	137,759	893	11,544,944
Reclassification	28,612	(28,182)	150	(580)	–	–
Depreciation charge for the year	362,921	2,175,778	28,922	33,050	–	2,600,671
Reclassification to lease prepayment	(156)	–	–	–	–	(156)
Written back on disposal	(76,861)	(1,172,539)	(11,279)	(12,665)	–	(1,273,344)
Impairment losses (note(iv))	–	299	–	–	756	1,055
At 31 December 2014	3,566,414	8,988,973	158,570	157,564	1,649	12,873,170
Net book value:						
At 31 December 2013	10,207,194	33,084,298	119,716	128,263	8,725,352	52,264,823
At 31 December 2014	10,629,385	40,545,308	119,402	158,649	14,620,863	66,073,607

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) the Company

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	783,535	835,252	43,306	25,472	408,326	2,095,891
Additions	849	10,292	821	596	351,032	363,590
Transfer from construction in progress	426,042	203,039	2,108	2,595	(633,784)	–
Disposals	–	(11,741)	(3,189)	(790)	–	(15,720)
Transfer to lease prepayments	–	–	–	–	(3,958)	(3,958)
At 31 December 2013	1,210,426	1,036,842	43,046	27,873	121,616	2,439,803
At 1 January 2014	1,210,426	1,036,842	43,046	27,873	121,616	2,439,803
Additions	–	16,443	1,872	1,649	155,384	175,348
Transfer from construction in progress	70,623	3,823	–	–	(74,446)	–
Disposals	(289)	(16,188)	(1,440)	(2,834)	–	(20,751)
At 31 December 2014	1,280,760	1,040,920	43,478	26,688	202,554	2,594,400
Accumulated depreciation and impairment losses						
At 1 January 2013	558,311	504,955	29,817	19,942	893	1,113,918
Depreciation charge for the year	13,085	36,313	3,870	1,329	–	54,597
Written back on disposal	–	(11,468)	(3,148)	(788)	–	(15,404)
At 31 December 2013	571,396	529,800	30,539	20,483	893	1,153,111
At 1 January 2014	571,396	529,800	30,539	20,483	893	1,153,111
Depreciation charge for the year	19,293	43,502	3,613	1,599	–	68,007
Written back on disposal	(236)	(15,919)	(1,412)	(2,834)	–	(20,401)
At 31 December 2014	590,453	557,383	32,740	19,248	893	1,200,717
Net book value:						
At 31 December 2013	639,030	507,042	12,507	7,390	120,723	1,286,692
At 31 December 2014	690,307	483,537	10,738	7,440	201,661	1,393,683

14 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 borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB15,898,328,000 as at 31 December 2014 (31 December 2013: RMB15,330,586,000).

(iii) Property, plant and equipment held under finance lease

Certain properties and equipments of the Group with an aggregate net book value of RMB811,390,000 as at 31 December 2014 (31 December 2013: RMB1,020,579,000) are accounted for as finance leases with maturity periods of 7 to 14 years.

(iv) The recoverable amounts of the project and the equipments have been estimated based on their value in use. The impairment losses have been included in other operating expenses.

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

(vi) The analysis of net book value of the Group's properties is as follows:

	2014 RMB'000	2013 RMB'000
In the PRC:		
Long-term leases	7,600,476	7,514,243
Medium-term leases	3,028,487	2,692,951
Total	10,628,963	10,207,194

15 LEASE PREPAYMENTS

	The Group RMB'000	The Company RMB'000
Cost:		
At 1 January 2013	792,864	74,958
Additions	22,125	–
Acquired through business acquisition	2,818	–
Reclassification from property, plant and equipment	280,345	3,958
At 31 December 2013	1,098,152	78,916
At 1 January 2014	**1,098,152**	**78,916**
Additions	**33,977**	**–**
Reclassification from property, plant and equipment	**68,696**	**–**
At 31 December 2014	**1,200,825**	**78,916**
Accumulated amortization:		
At 1 January 2013	31,017	376
Charge for the year	21,513	97
Reclassification from property, plant and equipment	47,152	–
At 31 December 2013	99,682	473
At 1 January 2014	**99,682**	**473**
Charge for the year	**21,220**	**126**
Reclassification from property, plant and equipment	**156**	**–**
At 31 December 2014	**121,058**	**599**
Net book value:		
At 31 December 2013	998,470	78,443
At 31 December 2014	**1,079,767**	**78,317**

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 of 20 – 70 years.

16 INTANGIBLE ASSETS

	The Group			
	Concession assets RMB'000	Software and others RMB'000	Goodwill RMB'000	Total RMB'000
Cost:				
At 1 January 2013	516,042	38,207	449,433	1,003,682
Additions	81,041	13,996	46,967	142,004
Reclassification from property, plant and equipment	–	4,836	–	4,836
At 31 December 2013	597,083	57,039	496,400	1,150,522
At 1 January 2014	**597,083**	**57,039**	**496,400**	**1,150,522**
Additions	**26,519**	**7,764**	**247**	**34,530**
Transfer from property, plant and equipment	**–**	**1,617**	**–**	**1,617**
Disposals	**–**	**(1,386)**	**–**	**(1,386)**
At 31 December 2014	**623,602**	**65,034**	**496,647**	**1,185,283**
Accumulated amortization:				
Balance at 1 January 2013	17,848	15,363	–	33,211
Charge for the year	14,409	3,729	–	18,138
Reclassification from property, plant and equipment	–	3,169	–	3,169
At 31 December 2013	32,257	22,261	–	54,518
Balance at 1 January 2014	**32,257**	**22,261**	**–**	**54,518**
Charge for the year	**25,434**	**6,679**	**–**	**32,113**
Written back on disposal	**–**	**(1,357)**	**–**	**(1,357)**
At 31 December 2014	**57,691**	**27,583**	**–**	**85,274**
Net book value:				
At 31 December 2013	564,826	34,778	496,400	1,096,004
At 31 December 2014	**565,911**	**37,451**	**496,647**	**1,100,009**

The amortization charge for the year is included in "depreciation and amortization" in the consolidated statement of profit or loss and other comprehensive income.

16 INTANGIBLE ASSETS (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	2014 RMB'000	2013 RMB'000
Hydro power	**230,135**	229,888
Wind power	**266,512**	266,512
	496,647	496,400

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using discount rates of 9%-11%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. 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.

17 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 RMB'000	2013 RMB'000
Unlisted investments, at cost	**10,113,633**	9,160,919

17 INVESTMENTS IN SUBSIDIARIES (continued)

As at 31 December 2014, the subsidiaries of the Company are listed as follows:

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Huadian Electric Power Engineering Co., Ltd. 福建華電電力工程有限公司	the PRC 12 July 1999	276,314	100%	100%	–	Power development and investment
Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC 18 September 2003	900,000	100%	100%	–	Coal-fired power generation
Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司 (note ii)	the PRC 17 November 1995	800,000	60%	60%	–	Hydropower generation
Mindong Hydropower Development Company Limited 閩東水電開發有限公司 (note ii)	the PRC 7 March 1997	250,405	51%	51%	–	Hydropower generation
Fujian Huadian Shaowu Power Generation Company Limited 福建華電邵武發電有限公司 (note ii)	the PRC 29 March 2000	10,000	60%	60%	–	Coal-fired power generation
Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC 23 October 1989	663,000	100%	100%	–	Coal-fired power generation
Fujian Huadian Zhangping Coal-fired Power Co., Ltd. 福建華電漳平火電有限公司	the PRC 18 November 1991	610,000	100%	100%	–	Coal-fired power generation
Fujian Huadian Zhangping Power Company Limited 福建華電漳平發電有限公司	the PRC 6 November 1992	80,000	100%	100%	–	Coal-fired power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Fujian Quanzhou Power Generation Company Limited 華電福建泉州發電有限公司	the PRC 28 August 2007	20,000	51%	51%	–	Power development and investment
Fujian Jinhu Power Generation Company Limited 福建省金湖電力有限責任公司 (note ii)	the PRC 3 October 1996	100,000	48%	–	50%	Hydropower generation
Fujian Gaosha Hydropower Company Limited 福建省高砂水電有限公司 (note ii)	the PRC 18 September 1997	66,000	62%	–	62%	Hydropower generation
Fujian Shaxian Chengguan Hydropower Company Limited 福建省沙縣城關水電有限公司 (note ii)	the PRC 3 September 1997	66,000	40%	–	40%	Hydropower generation
Fujian Longyan Wan'anxi Hydropower Company Limited 福建省龍岩萬安溪水力發電有限責任公司 (note ii)	the PRC 4 March 1998	40,000	41%	–	41%	Hydropower generation
Fujian Minxing Hydropower Company Limited 福建閩興水電有限公司	the PRC 13 January 2000	81,000	100%	31%	69%	Hydropower generation
Fujian Yong'an Gongchuan Hydropower Company Limited 福建省永安貢川水電站有限公司	the PRC 12 March 1998	50,000	61%	–	61%	Hydropower generation
Fujian Huatou Ximen Power Generation Company Limited 福建華投西門發電有限公司	the PRC 16 June 2005	49,000	100%	–	100%	Hydropower generation
Huadian New Energy Development Company Limited 華電新能源發展有限公司	the PRC 17 September 2007	3,691,513	100%	100%	–	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activity
Gansu Huadian Guazhou Wind Power Company Limited 甘肅華電瓜州風力發電有限公司	the PRC 6 January 2009	100,000	100%	–	100%	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC 9 November 2009	360,000	100%	–	100%	Wind power generation
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC 4 March 2009	169,020	100%	–	100%	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC 6 September 2005	547,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC 19 December 2008	239,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongnijing Wind Power Company Limited 內蒙古華電紅泥井風力發電有限公司	the PRC 7 July 2009	128,750	100%	–	100%	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC 29 April 2009	160,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Jieji Wind Power Company Limited 內蒙古華電街基風電有限公司	the PRC 19 May 2009	110,000	100%	–	100%	Wind power generation
Xinjiang Huadian Xiaocaohu Wind Power Company Limited 新疆華電小草湖風力發電有限責任公司	the PRC 31 March 2007	130,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Xinjiang Huadian Bu'erjin Wind Power Company Limited 新疆華電布爾津風電有限公司	the PRC 8 May 2009	98,000	100%	–	100%	Wind power generation
Xinjiang Huadian Caohu Wind Power Company Limited 新疆華電草湖風電有限公司	the PRC 13 May 2009	100,000	100%	–	100%	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC 9 March 2009	183,500	100%	–	100%	Wind power generation
Huadian Tangyuan Wind Power Company Limited 華電湯原風力發電有限公司	the PRC 17 June 2009	75,000	100%	–	100%	Wind power generation
Hunan Huadian Chenzhou Wind Power Company Limited 湖南華電郴州風力發電有限公司	the PRC 11 June 2009	60,000	100%	–	100%	Wind power generation
Zhoushan Huadian Wind Power Company Limited 舟山華電風力發電有限公司	the PRC 21 January 2010	25,000	100%	–	100%	Wind power generation
Huadian (Fuqing) Wind Power Company Limited 華電（福清）風電有限公司	the PRC 18 August 2009	140,000	100%	–	100%	Wind power generation
Huadian Jilin Shuangliao Wind Power Company Limited 華電吉林雙遼風力發電有限公司	the PRC 25 August 2009	39,650	99.62%	–	99.62%	Wind power generation
Huadian Jiayuguan New Energy Company Limited 華電嘉峪關新能源有限公司	the PRC 14 May 2010	200,000	80%	–	80%	Solar power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC 19 May 2009	173,310	70%	–	70%	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC 23 July 2009	335,250	75%	–	75%	Wind power generation
Inner Mongolia Huadian Qintian Wind Power Company Limited 內蒙古華電秦天風電有限公司	the PRC 9 December 2009	66,000	90%	–	90%	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 (note ii)	the PRC 26 May 2009	230,000	65%	–	65%	Wind power generation
Huadian Hulin Wind Power Company Limited 華電虎林風力發電有限公司	the PRC 30 May 2008	87,400	82%	–	82%	Wind power generation
Shanghai Huadian Solar Power Company Limited 上海華電太陽能發展有限公司	the PRC 5 June 2009	8,000	51%	–	51%	Solar power generation
Huadian Shangde Dongtai Solar Power Company Limited 華電尚德東台太陽能發電有限公司	the PRC 26 November 2009	112,222	90%	–	90%	Solar power generation
Hubei Huadian Longgan Lake Biogas Power Company Limited 湖北華電龍感湖沼氣發電有限公司	the PRC 13 July 2009	8,000	80%	–	80%	Biogas power generation
Huadian Baoqing Wind Power Company Limited 華電寶清風力發電有限公司	the PRC 8 March 2010	5,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Jilin Gongzhuling Wind Power Company Limited 華電吉林公主嶺風力發電有限公司	the PRC 25 March 2010	1,000	100%	–	100%	Wind power generation
Gansu Huadian Jingtai Wind Power Company Limited 甘肅華電景泰風力發電有限公司	the PRC 9 July 2010	85,000	100%	–	100%	Wind power generation
Huadian Weihai Wind Power Company Limited 華電威海風力發電有限公司	the PRC 25 February 2010	5,000	80%	–	80%	Wind power generation
Guangdong Huadian Qianshan Wind Power Company Limited 廣東華電前山風力發電有限公司	the PRC 20 April 2010	100,000	100%	–	100%	Wind power generation
Jiangsu Huadian Guanyun Wind Power Company Limited 江蘇華電灌雲風力發電有限公司	the PRC 16 February 2006	176,000	51%	–	51%	Wind power generation
Inner Mongolia Sansheng Wind Power Company Limited 內蒙古三勝風電有限公司	the PRC 24 August 2009	90,000	90%	–	90%	Wind power generation
Taining Jinhu Holiday Hotel Company Limited 福建省泰寧大金湖假日酒店有限公司	the PRC 16 April 1998	3,000	44%	–	90%	Hotel management
Huadian (Xiamen) Energy Company Limited 華電（廈門）能源有限公司	the PRC 24 November 2003	166,258	100%	100%	–	Investment holding
Fujian Gutian Shuangkoudu Hydropower Generation Company Limited 福建古田雙口渡水電有限公司	the PRC 18 October 2002	49,008	100%	–	100%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Zhouningxian Houlongxi Hydropower Generation Company Limited 周寧縣後壟溪水電有限公司 (note ii)	the PRC 30 September 2002	60,000	70%	–	70%	Hydropower generation
Yong'an Fenghai Power Generation Company Limited 永安豐海發電有限公司	the PRC 7 June 2002	43,000	95%	–	95%	Hydropower generation
Yong'an Yinhe Power Generation Company Limited 永安銀河電力有限公司	the PRC 29 September 1998	40,000	100%	100%	–	Hydropower generation
Fujian Jinxi Investment Company Limited 福建省金溪投資有限公司	the PRC 8 February 1996	11,487	100%	–	100%	Hydropower generation
Nanjing Hengying Power Generation Company Limited 南靖恒盈電力有限公司	the PRC 26 February 2003	3,000	100%	–	100%	Hydropower generation
Huaan Huashun Power Generation Company Limited 華安華順電力有限公司	the PRC 4 November 2010	500	100%	–	100%	Hydropower generation
Longyan Wanye Investment Company Limited 龍岩萬業投資有限公司	the PRC 19 February 2004	10,000	99%	99%	–	Investment holding
Xiamen Gaoleike Investment Company Limited 廈門高雷克投資有限責任公司	the PRC 14 May 2002	36,000	87%	87%	–	Investment holding
Sanming Boyuan Investment Company Limited 三明博源投資有限公司	the PRC 27 April 2004	15,000	100%	100%	–	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Gansu Huadian Aksai Power Generation Company Limited 甘肅華電阿克塞發電有限公司	the PRC 20 August 2010	89,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited 內蒙古巴音杭蓋風力發電有限公司	the PRC 29 October 2010	5,000	80%	–	80%	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 (note ii)	the PRC 18 August 2010	80,000	65%	–	65%	Wind power generation
Huadian Tongyu Wind Power Company Limited 華電通榆風力發電有限公司	the PRC 14 September 2010	10,000	100%	–	100%	Wind power generation
Huadian Huachuan Heat Power Company Limited 華電樺川熱力有限公司	the PRC 25 October 2010	21,000	100%	–	100%	Heat generation and sales
Huadian Golmud Solar Power Company Limited 華電格爾木太陽能發電有限公司	the PRC 8 October 2010	47,500	100%	–	100%	Solar power generation
Gansu Huadian Minqin Power Generation Company Limited 甘肅華電民勤發電有限公司	the PRC 3 November 2010	75,000	100%	–	100%	Solar power generation
Heilongjiang Huafu Power Investment Company Limited 黑龍江省華富電力投資有限公司	the PRC 19 July 1996	260,000	80%	–	80%	Investment holding
Harbin ChenHua Power New Technology Development Co., Ltd 哈爾濱辰華電力新技術開發有限責任公司	the PRC 24 August 2000	2,000	80%	–	100%	Provision of wind power technology

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Heilongjiang Huafu Wind Power Mulan Company Limited 黑龍江華富風力發電木蘭有限責任公司	the PRC 1 April 2003	30,000	47%	–	59%	Wind power generation
Heilongjiang Huafu Wind Power Muling Company Limited 黑龍江華富風力發電穆棱有限責任公司	the PRC 9 September 2003	186,000	49%	–	61%	Wind power generation
Heilongjiang Dongning Huafu Wind Power Company Limited 黑龍江東寧華富風力發電有限責任公司	the PRC 18 November 2005	126,000	64%	–	80%	Wind power generation
Harbin Yilan Huafu Wind Power Company Limited 哈爾濱依蘭華富風力發電有限公司	the PRC 21 March 2007	185,000	71%	–	89%	Wind power generation
Inner Mongolia Huolinguole Huafu Wind Power Company Limited 內蒙古霍林郭勒市華富風電有限公司	the PRC 17 September 2010	10,000	80%	–	100%	Wind power generation
Bayannao'er Jianjizhongyan Wind Power Company Limited 巴彥淖爾市建技中研風力發電有限責任公司	the PRC 3 December 2010	21,000	100%	–	100%	Wind power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 (note ii)	the PRC 11 July 2005	83,288	51%	–	51%	Wind power generation
Inner Mongolia Fulida Wind Power Company Limited 內蒙古富麗達風力發電有限公司	the PRC 15 September 2010	100,000	80%	–	80%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huachuan Biomass Cogeneration Heat Power Company Limited 樺川協聯生物質能熱電有限公司	the PRC 29 November 2007	60,130	100%	–	100%	Biomass power generation
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 (note ii)	the PRC 24 May 2010	33,333	60%	–	60%	Wind power generation
Qitaihe Fengrun Wind Power Company Limited 七台河豐潤風力發電有限公司	the PRC 16 August 2010	67,000	60%	–	60%	Wind power generation
Huadian Nanning New Energy Company Limited 華電南寧新能源有限公司	the PRC 26 April 2011	140,223	55%	–	55%	Distributed energy power generation
Huadian Shandong Rushan New Energy Company Limited 華電山東乳山新能源有限公司	the PRC 17 May 2011	40,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongtu Wind Power Company Limited 內蒙古華電宏圖風力發電有限公司	the PRC 19 May 2011	58,000	100%	–	100%	Wind power generation
Zhoushan Huadian Xiaosha Wind Power Company Limited 舟山華電小沙風力發電有限公司	the PRC 21 March 2011	7,000	100%	–	100%	Wind power generation
Yunnan Huadian Lianhuashan Wind Power Company Limited 雲南華電蓮花山風力發電有限公司	the PRC 24 May 2011	57,000	100%	–	100%	Wind power generation
Yunnan Huadian Duogu Wind Power Company Limited 雲南華電朵古風力發電有限公司	the PRC 29 March 2011	50,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Jiangxi Huadian Jiujiang Distributed Energy Company Limited 江西華電九江分佈式能源有限公司	the PRC 25 March 2011	90,000	70%	–	70%	Distributed energy power generation
Inner Mongolia Huadian Guanghui Wind Power Company Limited 內蒙古華電光輝風電有限公司	the PRC 10 August 2011	3,000	100%	–	100%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC 9 August 2011	454,000	100%	–	100%	Wind power generation
Huadian Hebei Qian'an New Energy Power Generation Company Limited 華電河北遷安新能源發電有限公司	the PRC 2 August 2011	10,000	65%	–	65%	Distributed energy power generation
Tianjin Huadian Beichen Distributed Energy Company Limited 天津華電北宸分佈式能源有限公司	the PRC 4 August 2011	10,000	65%	–	65%	Distributed energy power generation
Zhangping Yongfu Hydropower Development Company Limited 漳平市永福水電發展有限公司	the PRC 17 July 2002	54,064	60%	–	100%	Hydropower generation
Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC 23 November 2011	150,000	100%	–	100%	Distributed energy power generation
Huadian Xiamen Distributed Energy Power Company Limited 華電（廈門）分佈式能源有限公司	the PRC 8 November 2011	50,000	100%	–	100%	Distributed energy power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司	the PRC 17 January 2012	153,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Yunnan Huadian Weidi Solar Power Company Limited 雲南華電維的太陽能發電有限公司	the PRC 29 March 2012	44,000	100%	–	100%	Solar power generation
Huadian Taizhou Medical City New Energy Company Limited 華電泰州醫藥城新能源有限公司	the PRC 19 April 2012	8,000	55%	–	55%	Distributed energy power generation
Guangzhou University Town Huadian New Energy Company Limited 廣州大學城華電新能源有限公司 (note ii)	the PRC 5 February 2008	294,360	55%	–	55%	Distributed energy power generation
Beijing Yuandongtenghui Consulting Company Limited 北京遠東騰輝管理顧問有限公司	the PRC 18 July 2011	1,000	100%	–	100%	Investment holding
Inner Mongolia Jiayao Wind Power Company Limited 內蒙古嘉耀風電有限公司	the PRC 10 January 2008	53,000	100%	–	100%	Wind power generation
Dongning Ruixin Wind Power Development Company Limited 東寧瑞信風力發電開發有限公司	the PRC 14 January 2011	90,000	100%	–	100%	Wind power generation
Huadian (Fujian) Wind Power Company Limited 華電（福建）風電有限公司	the PRC 23 August 2012	40,000	100%	100%	–	Wind power generation and investment
Fujian Huadian Kemen II Power Generation Company Limited 福建華電可門二期發電有限公司	the PRC 28 January 2011	250,000	100%	–	100%	Coal-fired power generation
Xinjiang Huaran New Energy Company Limited 新疆華冉新能源有限公司	the PRC 8 December 2008	100,000	67%	–	67%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Yunnan Huadian Daheishan Wind Power Company Limited 雲南華電大黑山風力發電有限公司	the PRC 24 April 2013	85,000	100%	100%	–	Wind power generation
Huadian Fuxin Jiangmen Energy Company Limited 華電福新江門能源有限公司	the PRC 27 April 2013	40,000	70%	70%	–	Distributed energy power generation
Hubei Huadian Chuangyi Tiandi New Energy Company Limited 湖北華電創意天地新能源有限公司	the PRC 20 May 2013	26,000	80%	80%	–	Distributed energy power generation
Huadian Xinghua Solar Power Company Limited 華電興化太陽能發電有限公司	the PRC 21 August 2013	10,000	100%	100%	–	Solar power generation
Huadian Fuxin Qingyuan Energy Company Limited 華電福新清遠能源有限公司	the PRC 15 July 2013	20,000	100%	100%	–	Distributed energy power generation
Huasheng Jiangyan Solar Power Company Limited 華盛薑堰太陽能發電有限公司	the PRC 23 August 2013	10,000	100%	100%	–	Solar power generation
Hunan Huadian Fuxin Taipingli Wind Power Company Limited 湖南華電福新太平裡風力發電有限公司	the PRC 3 September 2013	58,000	100%	100%	–	Wind power generation
Longyan Hexi Hydropower Company Limited 龍岩市合溪水電有限公司	the PRC 4 December 2003	20,000	60%	–	100%	Hydropower generation
Fujian Huadian Quanhui Energy Company Limited 福建華電泉惠能源有限公司	the PRC 17 December 2013	100,000	90%	90%	–	Coal-fired power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Fuxin Coal Industry Company Limited 福建福新煤業有限公司	the PRC 5 August 2013	50,000	100%	100%	–	Coal purchases and sales
Fujian Fuxin Zhejiang Changxing Wind Power Company Limited 華電福新浙江長興風力發電有限公司	the PRC 18 December 2013	25,000	100%	100%	–	Wind power generation
Gansu Minle Huadian Fuxin Solar Power Company Limited 甘肅民樂華電福新太陽能發電有限公司	the PRC 22 November 2013	55,000	100%	100%	–	Solar power generation
Gansu Dunhuang Huadian Fuxin Solar Power Company Limited 甘肅敦煌華電福新太陽能發電有限公司	the PRC 28 November 2013	30,000	100%	100%	–	Solar power generation
Fujian Taiyu Investment (Group) Company Limited 福建太禹投資（集團）有限公司	the PRC 21 January 2001	161,553	100%	100%	–	Investment holding
Fujian Shunchang Yangkou Hydropower Company Limited 福建省順昌洋口水電有限公司 (note ii)	the PRC 11 July 2003	66,000	55%	–	55%	Hydropower generation
Nanping Xingyang Hydropower Company Limited 南平市興洋水電有限公司	the PRC 29 April 2002	1,000	55%	–	55%	Hydropower generation
Nanping Lanxi Hydropower Company Limited 南平市蘭溪水力發電有限公司	the PRC 13 February 2001	2,200	60%	–	60%	Hydropower generation
Nanping Xingfeng Hydropower Company Limited 南平興峰水電有限公司	the PRC 7 November 2002	5,000	65%	–	65%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Jian'ou Xingdi Hydropower Development Company Limited 建甌市興迪水電發展有限責任公司	the PRC 18 June 2001	15,000	60%	–	60%	Hydropower generation
Fujian Jian'ou Xingguang Hydropower Development Company Limited 福建省建甌市興光水電開發有限公司	the PRC 1 January 1997	35,000	57%	–	57%	Hydropower generation
Jianyang Xingtan Hydropower Company Limited 建陽市興潭水電有限公司	the PRC 27 June 2003	8,000	51%	–	51%	Hydropower generation
Jianyang Xinghu Hydropower Company Limited 建陽市興湖水電有限公司	the PRC 28 August 2003	25,000	86%	–	86%	Hydropower generation
Jianyang Xingxin Hydropower Company Limited 建陽市興鑫水電有限公司	the PRC 14 August 2003	6,000	54%	–	54%	Hydropower generation
Jianyang Xingda Hydropower Development Company Limited 建陽市興達水電開發有限公司	the PRC 8 November 2004	12,000	52%	–	100%	Hydropower generation
Zhenghexian Jinhe Hydropower Company Limited 政和縣金和水電有限公司	the PRC 20 March 2003	28,500	88%	–	88%	Hydropower generation
Fujian Songxixian Jinxing Hydropower Company Limited 福建省松溪縣金星水電有限公司 (note ii)	the PRC 18 September 2003	13,000	45%	–	45%	Hydropower generation
Gutianxian Xingpu Hydropower Company Limited 古田縣興埔水電有限公司	the PRC 3 January 2003	6,000	68%	–	68%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Jiangsu Huadian Binhai Wind Power Company Limited 江蘇華電濱海風電有限公司	the PRC 21 January 2014	25,000	100%	100%	–	Wind power generation
Urumqi Longyuan Jiafeng New Energy Investment Company Limited 烏魯木齊龍源佳風新能源投資有限公司	the PRC 27 August 2013	90,000	100%	100%	–	Investment holding
Bu'erjin Jiyuan Wind Power Company Limited 布爾津吉源風電有限責任公司	the PRC 29 March 2013	53,710	98%	–	98%	Wind power generation
Habahe Jiyuan Wind Power Company Limited 哈巴河吉源風電有限責任公司	the PRC 27 March 2013	13,142	97%	–	97%	Wind power generation
Huadian Fuxin Xinjiang Power Company Limited 華電福新新疆能源有限公司	the PRC 25 February 2014	5,000	100%	100%	–	Power generation
Huadian Fuxin Xinjiang Mulei Power Company Limited 華電福新新疆木壘能源有限公司	the PRC 20 August 2014	5,000	100%	100%	–	Wind power generation
Qitaixian Xinte Power Company Limited 奇台縣新特能源有限責任公司	the PRC 15 November 2012	1,000	100%	100%	–	Solar power generation
Shanghai Huadian Fuxin Jiading Power Company Limited 上海華電福新嘉定能源有限公司	the PRC 27 March 2014	5,000	90%	90%	–	Distributed energy power generation
Shanghai Huadian Fuxin Power Company Limited 上海華電福新能源有限公司	the PRC 27 March 2014	48,000	51%	51%	–	Distributed energy power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Siziwangqi Xiehe Xiari Wind Power Company Limited 四子王旗協合夏日風力發電有限公司	the PRC 14 April 2011	40,000	100%	100%	–	Wind power generation
Wulatezhongqi Xiehe Wind Power Company Limited 烏拉特中旗協合風力發電有限公司	the PRC 6 March 2012	40,000	100%	100%	–	Wind power generation
Damaoqi Xiehe Wind Power Company Limited 達茂旗協合風力發電有限公司	the PRC 6 March 2012	40,000	100%	100%	–	Wind power generation
Guyuan Xiehe Wind Power Company Limited 沽源協合風力發電有限公司	the PRC 16 October 2009	5,000	100%	100%	–	Wind power generation
Kangbao Xiehe Wind Power Company Limited 康保協合風力發電有限公司	the PRC 6 August 2009	10,000	100%	100%	–	Wind power generation
Yiyang Xiehe Wind Power Company Limited 宜陽協合風力發電有限公司	the PRC 29 March 2013	23,000	51%	51%	–	Wind power generation
Gansu Jingyuan Hangtian Wind Power Company Limited 甘肅靖遠航天風力發電有限公司	the PRC 8 August 2012	60,278	98%	–	98%	Wind power generation
Fujian Huadian Shaowu Power Company Limited 福建華電邵武能源有限公司	the PRC 4 August 2014	500,000	100%	100%	–	Coal-fired power generation
Huadian Fuxin Guangdong Power Company Limited 華電福新廣東能源有限公司	the PRC 8 April 2014	10,000	100%	100%	–	Distributed energy power generation
Huadian Fuxin Anhui New Energy Company Limited 華電福新安徽新能源有限公司	the PRC 22 April 2014	75,000	100%	100%	–	Wind power generation
Wuweishi Tianhe Solar Power Company Limited 武威市天合光能發電有限公司	the PRC 23 July 2012	161,180	100%	100%	–	Solar power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital ('000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Fuxin International Investment Company Limited 華電福新國際投資有限公司	Hong Kong 14 March 2014	HK$ 390,000	100%	100%	–	Investment holding
Elecdey Barchin, S.A. – Sociedad Unipersonal (note iii)	Spain 29 October 2009	EURO 200	100%	–	100%	Wind power generation

Notes:

(i) The English translation of the names is for reference only, except for the subsidiaries incorporate outside the PRC. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the rights to variable returns from its involvement with these entities and have the ability to affect those returns through its power over these entities according to the articles of association of these entities. However, the Company or its subsidiaries is the biggest shareholder of these entities and no other shareholders individually or in aggregate have the power to control these entities according to the articles of association. Historically, the Company controlled these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. The Company or its 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 or its subsidiaries. Such equity owners have also confirmed that the voting in unison with the Company or its subsidiaries existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore the financial information of these companies is consolidated by the Company during the years presented.

(iii) Elecdey Barchin S.A – Sociedad Unipersonal was established in Spain and its principal activity is wind power generation. The Group acquired 100% equity interests in this company at the end of 2014 (see note 37).

17 INVESTMENTS IN SUBSIDIARIES (continued)

The following table lists out the information relating to Fujian Mianhuatan Hydropower Development Company Limited (the "Mianhuatan Hydropower"), Mindong Hydropower Development Company Limited (the "Mindong Hydropower"), Guangzhou University Town Huadian New Energy Company Limited (the "Guangzhou New Energy") and Fujian Jinhu Power Generation Company Limited (the "Jinhu Power"), the four subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Mianhuatan Hydropower		Mindong Hydropower		Guangzhou New Energy		Jinhu Power	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
NCI percentage	40%	40%	49%	49%	45%	45%	50%	50%
Current assets	67,650	216,760	52,248	33,709	91,290	81,801	61,523	32,017
Non-current assets	3,353,576	3,478,330	1,062,351	1,089,635	492,990	527,933	771,540	795,245
Current liabilities	592,974	1,449,856	197,680	234,256	65,995	74,157	173,591	132,283
Non-current liabilities	1,035,452	465,219	420,431	440,378	142,720	163,626	326,022	406,504
Net assets	1,792,800	1,780,015	496,488	448,710	375,565	371,951	333,450	288,475
Carrying amount of NCI	717,120	712,006	243,279	219,868	169,004	167,378	165,466	142,910
Revenue	516,290	667,085	329,891	222,642	423,512	421,295	239,394	190,723
Profit and total comprehensives income for the year	172,788	255,835	137,777	54,171	44,614	46,218	50,626	10,742
Profit allocated to NCI	69,115	102,334	67,511	26,544	20,076	20,798	25,353	5,369
Dividends paid to NCI	64,001	59,703	44,100	22,050	18,450	18,900	2,797	10,511
Cash flows from operating activities	372,316	565,903	245,473	199,834	96,684	102,739	141,669	134,399
Cash flows from investing activities	(5,688)	(5,243)	(16,120)	(10,582)	(14,091)	(2,929)	(51,385)	(7,101)
Cash flows from financing activities	(411,649)	(540,252)	(205,331)	(181,155)	(81,604)	(102,135)	(84,117)	(159,133)

18 INTEREST IN ASSOCIATES AND A JOINT VENTURE

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Share of net assets				
– Listed shares in Hong Kong	316,947	–	–	–
– Unlisted investments	4,116,333	3,545,609	–	–
Unlisted investments, at cost	–	–	3,797,106	3,225,706
Less: impairment loss	–	–	(78,856)	(78,856)
	4,433,280	3,545,609	3,718,250	3,146,850
Market value of listed shares	288,095	–	–	–

All of the associates and the joint venture are limited liability companies. The following list contains only the particulars of material associates and the joint venture, which principally affected the results or assets of the Group. Except for China WindPower Group Limited, all of the other associates and the joint venture are unlisted corporate entities whose quoted market prices are not available:

			Proportion of ownership interest			
Name of associate	Place of establishment/ Business	Particulars of registered/ issued capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	RMB 8,920,000,000	39%	39%	–	Nuclear Power generation
China WindPower Group Limited (中國風電集團有限公司) (note(i))	Bermuda/ the PRC	HK$ 880,000,000	9.84%	–	9.84%	Construction of power plants
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	RMB 777,000,000	25%	25%	–	Gas power generation
Pingnanxian Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司)	the PRC	RMB 86,000,000	45%	5%	40%	Hydropower generation

			Proportion of ownership interest			
Name of joint venture	Place of establishment and Business	Particulars of registered/ issued capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Inner Mongolia Jiahua Wind Power Company Limited (內蒙古嘉華風力發電有限公司) (note(ii))	the PRC	RMB 9,800,000	49%	49%	–	Wind Power generation

18 INTEREST IN ASSOCIATES AND A JOINT VENTURE (continued)

Notes:

(i) According to the agreement between the Group and China WindPower Group Limited ("China WindPower"), the Group made a total payment of HK$378,400,000 (equivalent to RMB298,948,000) on 19 March 2014 for the subscription of 880,000,000 new shares issued and allotted by China WindPower to the Group. After completion of the subscription, the Group held 9.84% shares of China WindPower over which the Group has significant influence.

(ii) Inner Mongolia Jiahua Wind Power Company Limited was established in May 2014, and was jointly controlled by the Company and a third party.

All of the above associates and joint venture are accounted for using the equity method in the consolidated financial statements.

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

	Fujian Fuqing Nuclear Power Company Limited		China WindPower Group Limited (Note(i))	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Gross amounts of the associates				
Current assets	**2,754,558**	1,383,331	**3,322,550**	–
Non-current assets	**44,422,630**	34,611,232	**3,870,003**	–
Current liabilities	**1,679,054**	448,553	**2,755,067**	–
Non-current liabilities	**36,483,831**	28,066,010	**1,216,475**	–
Equity	**9,014,303**	7,480,000	**3,221,011**	–
Revenue	**332,724**	–	**2,812,557**	–
Profit and total comprehensive income	**94,303**	–	**242,195**	–
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associate	**9,014,303**	7,480,000	**3,221,011**	–
Group's effective interest	**39%**	39%	**9.84%**	–
Group's share of net assets of the associate	**3,515,578**	2,917,200	**316,947**	–
Carrying amount in the consolidated financial statements	**3,515,578**	2,917,200	**316,947**	–

18 INTEREST IN ASSOCIATES AND A JOINT VENTURE (continued)

	Zhonghai Fujian Gas Power Generation Company Limited		Pingnanxian Houlongxi Hydropower Company Limited	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Gross amounts of the associates				
Current assets	294,332	679,498	20,913	22,700
Non-current assets	2,971,946	3,164,137	377,588	393,156
Current liabilities	1,052,702	1,357,150	63,640	62,924
Non-current liabilities	1,289,000	1,289,000	103,150	125,280
Equity	924,576	1,197,485	231,711	227,652
Revenue	1,845,206	2,445,428	50,652	38,426
Profit/(loss) and total comprehensive income	67,178	377,944	4,059	(8,006)
Dividend received from the associate	85,022	48,242	–	–
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associate	924,576	1,197,485	231,711	227,652
Group's effective interest	25%	25%	45%	45%
Group's share of net assets of the associate	231,144	299,371	104,270	102,443
Carrying amount in the consolidated financial statements	231,144	299,371	104,270	102,443

Note:

(i) As the Group has invested in China WindPower since 19 March 2014, the financial information of China WindPower in 2013 is not disclosed in the financial statements.

Aggregate information of associates that are not individually material:

	2014 RMB'000	2013 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	265,341	226,595
Aggregate amounts of the Group's share of those associates Profit and total comprehensive income	10,323	2,670

19 OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible Value Added Tax ("VAT") (note (i))	2,273,590	1,549,454	–	–
Unquoted equity investments in non-listed companies, at cost (note(ii))	512,300	512,300	133,845	133,845
Deferred differences arising from sales and leaseback resulting in a finance lease	235,438	265,803	–	–
Loan to an associate (note(iii))	28,179	28,179	–	–
Loans to subsidiaries	–	–	500,000	500,000
Others	145,733	140,456	2,577	–
	3,195,240	2,496,192	636,422	633,845

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventory, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (see note 22).

(ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC and whose quoted market prices are not available.

(iii) Loan to an associate is unsecured, interest bearing at a rate of 6.60% per annum and will be recovered in 2018.

20 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	The Group	
	2014	2013
	RMB'000	RMB'000
Coal	301,037	300,344
Fuel oil	4,722	6,042
Spare parts and others	120,784	105,370
	426,543	411,756

(b) The analysis of the amount of inventories recognised as expenses and included in profit or loss is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Cost of coal and fuel used	4,217,832	4,362,210
Cost of coal sold (note 5(ii))	348,996	–
Cost of spare parts and others used	249,653	260,692
	4,816,481	4,622,902

21 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from third parties	3,526,222	3,082,678	45,249	52,599
Less: allowance for doubtful accounts	34,489	33,608	–	–
	3,491,733	3,049,070	45,249	52,599

21 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

(a) Ageing analysis

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current	**3,526,222**	3,082,678	**45,249**	52,599
Less: allowance for doubtful accounts	**34,489**	33,608	**–**	–
	3,491,733	3,049,070	**45,249**	52,599

The Group's trade debtors are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally the debtors are due within 15 – 30 days from the date of invoice, except for the tariff premium of renewable energy, representing approximately 20% to 89% of total electricity sales, collected by certain renewable energy projects, such as wind power projects and solar 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.

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 2 (l)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
At 1 January	**33,608**	138
Impairment losses recognised	**881**	33,470
At 31 December	**34,489**	33,608

21 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

(b) Impairment of trade debtors and bills receivable (continued)

The Group's trade debtors and bills receivable of RMB34,489,000 as at 31 December 2014 (31 December 2013: RMB33,608,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

(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 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	3,491,733	3,049,070	45,249	52,599

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, a set of new standardized procedures for the settlement of the aforementioned renewable energy tariff premium has 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 Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and these trade and bills receivable from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

Trade debtors and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables from local grid companies for whom there was no recent history of default. All trade debtors and bills receivable are expected to be recovered within one year.

22 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
CERs receivable	166,784	179,292	–	–
Staff advance and other deposits	47,705	40,117	279	220
Amounts due from related parties				
– due from subsidiaries (note(i))	–	–	5,743,950	3,360,000
– due from fellow subsidiaries	111,924	70,707	84,503	26,408
– due from associates	60,236	36,374	14,757	–
Loan to a third party (note(ii))	140,518	205,516	–	–
Deductible VAT (note19(i))	1,052,491	873,798	967	6,069
Prepayments for the coal and spare parts supply	159,818	61,640	–	–
Other prepayments and debtors	296,910	202,709	24,727	31,296
	2,036,386	1,670,153	5,869,183	3,423,993
Less: allowance for doubtful debts	181,970	196,164	6,688	6,670
	1,854,416	1,473,989	5,862,495	3,417,323

Notes:

(i) Loans to subsidiaries were at the rates of 6.00% to 8.00% per annum as at 31 December 2014 (2013: 6.00% to 6.33%) which are expected to be recovered within one year. Advances to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(ii) Loan to a third party was unsecured and interest bearing at a rate of 6.00% per annum as at 31 December 2014 (31 December 2013: 6.00%).

All of the prepayments and other current assets are expected to be recovered or recognized as expenses within one year.

Impairment losses in respect of prepayments and other current assets are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against prepayments and other current assets directly (see note 2 (l)(i)).

22 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	**RMB'000**	RMB'000
At 1 January	**196,164**	60,992	**6,670**	6,670
Impairment losses recognised	**412**	216,290	**18**	–
Reversal of impairment losses	**(1,707)**	–	**–**	–
Uncollectible amounts written off	**(12,899)**	(81,118)	**–**	–
At 31 December	**181,970**	196,164	**6,688**	6,670

The Group's prepayments and other current assets of RMB181,970,000 as at 31 December 2014 (31 December 2013: RMB196,164,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

For the other balances of prepayments and other current assets for the Group and the Company, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

23 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for bills payable, tender bonds and housing maintenance fund designated for specific purposes as requested by the PRC regulations.

24 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash on hand	**741**	607	**18**	10
Cash at bank	**733,810**	448,051	**437,597**	26,580
Deposits with a fellow subsidiary (note(i))	**2,556,436**	1,320,089	**1,141,178**	173,510
	3,290,987	1,768,747	**1,578,793**	200,100

Note:

(i) Deposits with a fellow subsidiary mainly represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance").

25 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans and loans from financial institutions				
– Secured	**18,775,466**	13,166,920	**–**	–
– Unsecured (note(i))	**19,568,637**	17,246,719	**1,046,000**	855,000
Loans from China Huadian Corporation ("Huadian")				
– Unsecured	**3,246,447**	2,246,447	**1,000,000**	–
Loans from fellow subsidiaries				
– Secured	**98,664**	–	**–**	–
– Unsecured	**254,000**	–	**200,000**	–
Other borrowings (note(e)(i))				
– Unsecured	**1,991,519**	1,989,794	**1,991,519**	1,989,794
	43,934,733	34,649,880	**4,237,519**	2,844,794
Less: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	**4,090,449**	4,349,114	**292,000**	224,500
– Loans from fellow subsidiaries	**14,000**	–	**10,000**	–
	39,830,284	30,300,766	**3,935,519**	2,620,294

Note:

All of the long-term interest-bearing borrowings are carried at amortised cost. None of the long-term interest-bearing borrowings is expected to be settled within one year.

25 BORROWINGS (continued)

(a) The long-term interest-bearing borrowings comprise: (continued)

(i) Certain unsecured borrowings were guaranteed by the below entities:

	The Group	
	2014 RMB'000	2013 RMB'000
Guarantor		
– Huadian	2,291,800	3,682,500
– Non-controlling interests shareholders	209,000	242,000
	2,500,800	3,924,500

(b) The short-term interest-bearing borrowings comprise:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Bank loans and loans from financial institutions				
– Secured	163,000	580,000	–	–
– Unsecured	3,876,000	4,250,135	2,900,000	3,540,000
Loans from a fellow subsidiary				
– Unsecured	860,000	940,000	700,000	300,000
Other borrowings (note(e)(ii))				
– Unsecured	2,993,500	1,498,000	2,993,500	1,498,000
	7,892,500	7,268,135	6,593,500	5,338,000
Add: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	4,090,449	4,349,114	292,000	224,500
– Loans from fellow subsidiaries	14,000	–	10,000	–
	11,996,949	11,617,249	6,895,500	5,562,500

25 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 and loans from financial institutions	**2.27%-7.86%**	4.85%-7.86%	**5.40%-6.55%**	5.90%-7.21%
Loans from Huadian	**4.15%-6.46%**	4.15%-6.00%	**6.46%**	–
Loans from fellow subsidiaries	**6.00%-6.55%**	–	**6.00%**	–
Other borrowings	**5.13%-5.38%**	5.13%-5.38%	**5.13%-5.38%**	5.13%-5.38%
Short-term				
Bank loans and loans from financial institutions	**5.04%-8.00%**	5.04%-6.66%	**5.32%-6.24%**	5.40%-6.00%
Loans from a fellow subsidiary	**5.60%-6.00%**	5.04%-6.00%	**6.00%**	–
Other borrowings	**5.06%-5.62%**	4.49%	**5.06%-5.62%**	4.49%

(d) The borrowings are repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year or on demand	**11,996,949**	11,617,249	**6,895,500**	5,562,500
After 1 year but within 2 years	**4,700,464**	3,436,033	**73,900**	268,000
After 2 years but within 5 years	**14,506,734**	10,487,781	**1,523,460**	1,117,897
After 5 years	**20,623,086**	16,376,952	**2,338,159**	1,234,397
	39,830,284	30,300,766	**3,935,519**	2,620,294
	51,827,233	41,918,015	**10,831,019**	8,182,794

25 BORROWINGS (continued)

(e) Significant terms of other borrowings:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Long-term				
Corporate bonds (note(i))	1,991,519	1,989,794	1,991,519	1,989,794
Short-term				
Financing instruments (note(ii))	2,993,500	1,498,000	2,993,500	1,498,000

Notes:

(i) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.00% per annum and a ten-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.30% per annum. The effective interest rates of above bonds are 5.13% and 5.38% per annum respectively.

(ii) On 13 May 2014, the Company issued a one-year unsecured short-term financing instruments of RMB1,500,000,000 at par with a coupon rate of 5.20% per annum and on 14 October 2014, the Company issued another one-year unsecured short-term financing instruments of RMB1,500,000,000 at par with a coupon rate of 4.64% per annum in the PRC inter-bank debenture market. The effective interest rates of the financing instruments are 5.62% and 5.06% respectively.

26 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	The Group			
	2014		2013	
	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000
Within 1 year	64,321	100,970	98,763	143,592
After 1 year but within 2 years	72,946	111,284	69,269	114,908
After 2 years but within 5 years	228,397	315,832	216,856	326,017
After 5 years	376,604	448,976	459,743	544,227
	677,947	876,092	745,868	985,152
	742,268	977,062	844,631	1,128,744
Less: total future interest expenses		234,794		284,113
Present value of finance lease obligations		742,268		844,631

At inception, the lease periods of the above finance lease obligations are approximately 7 – 14 years.

27 TRADE CREDITORS AND BILLS PAYABLE

	The Group	
	2014	2013
	RMB'000	RMB'000
Trade creditors to third parties	520,291	663,680
Bills payable to third parties	2,129,883	947,308
Amounts due to fellow subsidiaries	117,103	164,055
Bills payable to fellow subsidiaries	147,899	1,927
	2,915,176	1,776,970

The aging analysis for the trade creditors and bills payable, based on due date, is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Due within 3 months or on demand	1,179,878	1,033,383
Due after 3 months but within 6 months	1,268,248	332,208
Due after 6 months but within 1 year	467,050	411,379
	2,915,176	1,776,970

All of the trade creditors and bill payable are expected to be settled within one year or are repayable on demand.

28 OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	**8,319,008**	5,969,192	**46,241**	63,225
Provision for Mianhuatan resettlement compensation (note (i))	**40,000**	40,000	**–**	–
Retention payable (note(ii))	**1,196,455**	704,626	**14,642**	1,393
Dividends payable	**17,929**	19,794	**–**	–
Payable for acquisition of subsidiaries	**81,152**	108,909	**63,381**	97,870
Payables for staff related costs	**76,414**	90,400	**7,059**	4,331
Payables for other taxes	**163,822**	140,468	**34,395**	24,299
Interest payable	**268,168**	215,266	**156,411**	126,023
Amounts due to the subsidiaries (note(iii))	**–**	–	**452,814**	666,156
Amounts due to the fellow subsidiaries (note(iii))	**577,695**	432,619	**6,739**	476
Amounts due to the associates (note(iii))	**149,531**	–	**–**	–
Amounts due to Huadian (note(iii))	**12,000**	12,000	**12,000**	12,000
Other accruals and payables	**343,486**	315,558	**6,799**	44,843
	11,245,660	8,048,832	**800,481**	1,040,616

Notes:

(i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation required and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principal and prepaid to the local government additional compensation of RMB15 million, RMB15 million, and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million in advance payments. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute as at 31 December 2011. The advance payments of RMB390 million and the provision of RMB40 million have been capitalised in the property, plant and equipment in the historical financial information. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower will be responsible.

28 OTHER PAYABLES (continued)

Notes: (continued)

(ii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

(iii) These amounts are all unsecured, interest-free and have no fixed terms of repayment.

Except for the retention payable, all of the other payables are expected to be settled within one year or are repayable on demand.

29 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Tax payable/(recoverable) in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	RMB'000	RMB'000
Net tax payable at 1 January	216,607	57,407
Provision for the year (see note 8(a))	498,617	384,143
Acquired from business acquisition	678	4,711
Under/(over) provision in respect of prior years (see note 8(a))	1,674	(2,016)
Income tax paid	(406,990)	(227,638)
Net tax payable at 31 December	310,586	216,607
Representing:		
Tax payable	328,213	249,828
Tax recoverable	(17,627)	(33,221)
	310,586	216,607

29 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on payment basis	Revaluation surplus	Depreciation of property plant and equipment	Tax credits for purchase of environmental protection equipment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	59,663	66,511	37,584	113,513	32,425	23,326	(186,230)	(446,868)	35,478	4,293	(260,305)
(Charged)/credited to profit or loss (note 8(a))	(53,669)	(3,759)	7,188	29,502	10,538	(12,730)	6,405	(69,358)	(22,689)	6,732	(101,840)
Acquisition of subsidiaries	–	–	–	–	–	–	(114,474)	–	–	–	(114,474)
At 31 December 2013	5,994	62,752	44,772	143,015	42,963	10,596	(294,299)	(516,226)	12,789	11,025	(476,619)
At 1 January 2014	5,994	62,752	44,772	143,015	42,963	10,596	(294,299)	(516,226)	12,789	11,025	(476,619)
(Charged)/credited to profit or loss (note 8(a))	(1,245)	(3,759)	(5,349)	(2,996)	7,613	1,336	8,985	(34,085)	(12,789)	9,059	(33,230)
Acquisition of subsidiaries	-	-	-	-	-	-	(7,660)	1,288	-	-	(6,372)
At 31 December 2014	4,749	58,993	39,423	140,019	50,576	11,932	(292,974)	(549,023)	-	20,084	(516,221)

29 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (continued)

(b) Deferred tax assets and liabilities recognised: (continued)

Reconciliation to the statement of financial position

	The Group	
	2014	2013
	RMB'000	RMB'000
Net deferred tax asset recognized in the statement of financial position	**303,989**	304,884
Net deferred tax liability recognized in the statement of financial position	**(820,210)**	(781,503)
	(516,221)	(476,619)

(c) Deferred tax assets not recognised:

In according with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB717,913,000 as at 31 December 2014 (31 December 2013: RMB688,346,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 31 December 2014, RMB36,287,000, RMB39,345,000, RMB171,393,000, RMB342,466,000, and RMB128,422,000, if unused, will expire at the end of year 2015, 2016, 2017, 2018 and 2019, respectively. Furthermore, the Group has not recognised deferred tax assets in respect of unused tax credit for purchase of environmental protection equipments of RMB14,698,000 as at 31 December 2014 (31 December 2013: RMB28,422,000) which will expire at the end of year 2016.

(d) Deferred tax liability not recognised:

At 31 December 2014, taxable temporary differences relating to undistributed profits and PRC statutory surplus reserve of subsidiaries and associates amounted to RMB4,294,520,000 (31 December 2013: RMB3,515,657,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

30 DEFERRED INCOME

	The Group RMB'000
At 1 January 2013	253,230
Additions	116,439
Credited to profit or loss	(23,916)
At 31 December 2013	345,753
Less: current portion of deferred income	24,644
	321,109
At 1 January 2014	**345,753**
Additions	**77,855**
Credited to profit or loss	**(25,491)**
At 31 December 2014	**398,117**
Less: current portion of deferred income	**28,412**
	369,705

Deferred income mainly represents subsidies relating to the construction of property, plant and equipment and deferred differences arising from the sales and leaseback arrangement resulting in finance lease, which would be recognised as income or an adjustment to the depreciation of the asset on a straight-line basis over the expected useful life of the relevant assets.

31 CAPITAL AND RESERVES

(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:

	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2013	7,622,616	1,059,565	43,201	87,034	8,812,416
Changes in equity for 2013:					
Profit and total comprehensive income for the year	–	–	–	319,919	319,919
Impact of acquisition of business under common control	–	(151,133)	–	–	(151,133)
Dividends	–	–	–	(220,294)	(220,294)
Transfer to reserve fund	–	–	46,381	(46,381)	–
Balance at 31 December 2013 and 1 January 2014	7,622,616	908,432	89,582	140,278	8,760,908
Changes in equity for 2014:					
Profit and total comprehensive income for the year	–	–	–	1,152,063	1,152,063
Issuance of shares upon public offering, net of issuing expenses(note 31(c))	785,346	1,458,991	–	–	2,244,337
Dividends approved in respect of the previous year (note 31(b))	–	–	–	(304,820)	(304,820)
Transfer to reserve fund	–	–	113,630	(113,630)	–
Balance at 31 December 2014	8,407,962	2,367,423	203,212	873,891	11,852,488

31 CAPITAL AND RESERVES (continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2014 RMB'000	2013 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.0435 per share (2013: 0.0382 per share)	365,746	304,820

The Board resolved on 20 March 2015 that RMB0.0435 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 equity shareholders of the Company attributable to the previous financial year approved and paid during the year

	2014 RMB'000	2013 RMB'000
Final dividend in respect of the previous year approved and paid during the year of RMB0.0382 per share (2013: 0.0289 per share)	304,820	220,294

(c) Share capital

	The Group and the Company	
	2014 RMB'000	2013 RMB'000
Ordinary shares, issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	5,837,738	5,837,738
2,570,223,120 (2013: 1,784,877,600) H shares of RMB1.00 each	2,570,224	1,784,878
	8,407,962	7,622,616

31 CAPITAL AND RESERVES (continued)

(c) Share capital (continued)

In June and July 2012, the Company issued an aggregation of 1,622,616,000 H shares after exercise of overallotment option with a nominal value of RMB1.00 each, at a price of HK$1.65 per H share by way of an initial public offering (the "IPO) to Hong Kong and overseas investors. In connection with the IPO, 162,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. ("CPECG"), Kunlun Trust Co., Ltd. ("Kunlun Trust"), Guizhou Wujiang Hydropower Development Co., Ltd. ("Wujiang Hydropower"), China Huadian Engineering (Group) Co., Ltd. ("Huadian Engineering"), Industrial Innovation Capital Management Co., Ltd. ("Xingye Capital") and Fujian Datong Chuangye Capital Co., Ltd. ("Datong Capital") were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "NSSF").

On 5 February 2014, the Company issued 356,975,520 H shares with a par value of RMB1.00, at the placing price of HK$3.30 per H share. The net proceeds from the placing after deduction of issuing expenses amount to approximately HK$1,155,617,000 (equivalent to RMB908,605,000).

On 3 December 2014, the Company issued 428,370,000 H shares with a par value of RMB1.00, at the placing price of HK$4.01 per H share. The net proceeds from the placing after deduction of issuing expenses amount to approximately HK$1,687,703,000 (equivalent to RMB1,335,732,000).

After the issuances of shares upon placing, 8,407,962,000 ordinary shares, with par value of RMB1.00 each, were in issue.

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.

(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 2012 and the placing of new H shares in 2014 (Note 31(c)).

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 Huadian and cash injection in excess of the nominal value of shares issued to Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital upon the establishment of the Company.

31 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves (continued)

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit 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.

(e) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB873,891,000 (31 December 2013: RMB140,278,000). After the end of the reporting period the directors proposed a final dividend of RMB4.35 cents per ordinary share (2013: RMB3.82 cents) amounting to RMB365,746,000 (2013: RMB304,820,000) (note 31(b)). This 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 liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at 31 December 2014 are 79% (31 December 2013: 80%).

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.

32 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'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, prepayments and other current assets, and other financial assets.

Substantially all of the Group's cash and cash equivalents as at 31 December 2014 and 2013 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 has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 95.67% of total trade debtor and bills receivable as at 31 December 2014 (31 December 2013: 92.25%). For other trade debtors 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 statement of financial position after deducting any impairment allowance.

The Group provided financial guarantees to related parties. Except for the financial guarantees extended by the Group as set out in note 34(a), the Group did 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 end of the reporting period is disclosed in note 34(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivable, and prepayments and other current assets are set out in Note 21 and 22.

(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 unutilized banking facilities of RMB22,492,305,000. 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 expenditure requirements of the Group.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of the reporting period 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 end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group	2014					
	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
Long-term borrowings (note25(a))	43,934,733	57,591,627	6,778,493	7,115,222	19,689,751	24,008,161
Short-term borrowings (note 25(b))	7,892,500	8,272,559	8,272,559	–	–	–
Obligations under finance leases (note 26)	742,268	977,061	100,970	111,284	315,832	448,975
Trade creditors and bills payable (note 27)	2,915,176	2,915,176	2,915,176	–	–	–
Other payables (note 28)	11,245,660	11,245,660	11,245,660	–	–	–
	66,730,337	81,002,083	29,312,858	7,226,506	20,005,583	24,457,136

The Group	2013					
	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
Long-term borrowings (note25(a))	34,649,880	45,576,983	6,443,786	5,261,730	14,732,070	19,139,397
Short-term borrowings (note 25(b))	7,268,135	7,549,335	7,549,335	–	–	–
Obligations under finance leases (note 26)	844,631	1,128,744	143,592	114,908	326,017	544,227
Trade creditors and bills payable (note 27)	1,776,970	1,776,970	1,776,970	–	–	–
Other payables (note 28)	8,048,832	8,048,832	8,048,832	–	–	–
	52,588,448	64,080,864	23,962,515	5,376,638	15,058,087	19,683,624

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Company	2014					
	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
Long-term borrowings (note 25(a))	4,237,519	5,294,274	545,631	300,481	1,877,355	2,570,807
Short-term borrowings (note 25(b))	6,593,500	6,724,713	6,724,713	–	–	–
Trade creditors and bills payable	5,220	5,220	5,220	–	–	–
Other payables (note 28)	800,481	800,481	800,481	–	–	–
	11,636,720	12,824,688	8,076,045	300,481	1,877,355	2,570,807

The Company	2013					
	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
Long-term borrowings (note 25(a))	2,844,794	3,824,185	381,406	407,716	1,492,865	1,542,198
Short-term borrowings (note 25(b))	5,338,000	5,558,550	5,558,550	–	–	–
Trade creditors and bills payable	4,580	4,580	4,580	–	–	–
Other payables (note 28)	1,040,616	1,040,616	1,040,616	–	–	–
	9,227,990	10,427,931	6,985,152	407,716	1,492,865	1,542,198

(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, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

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 end of the reporting period. The interest rate and maturity information of the Group's and the Company's borrowings are disclosed in note 25.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

	The Group	
	2014 RMB'000	2013 RMB'000
Fixed rate borrowings:		
Borrowings (note 25)	10,178,645	9,819,827
Obligations under finance leases (note 26)	108,739	114,410
	10,287,384	9,934,237
Net variable rate borrowings:		
Borrowings (note 25)	41,648,588	32,098,188
Obligations under finance leases (note 26)	633,529	730,221
Less: Deposits with banks and a fellow subsidiary (including restricted deposits)	3,958,170	2,001,799
	38,323,947	30,826,610
Total net borrowings	48,611,331	40,760,847

	The Company	
	2014 RMB'000	2013 RMB'000
Fixed rate borrowings:		
Borrowings (note 25)	6,735,019	5,037,794
	6,735,019	5,037,794
Net variable rate borrowings:		
Borrowings (note 25)	4,096,000	3,145,000
Less: Deposits with banks and a fellow subsidiary (including restricted deposits)	1,633,621	203,915
	2,462,379	2,941,085
Total net borrowings	9,197,398	7,978,879

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB250,064,000 (2013: RMB203,456,000).

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates with all other variables held constant, would have decreased/increased the Company's profit after tax and the total equity by approximately RMB18,283,000 (2013: RMB21,176,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

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 end of the reporting period. The sensitivity analysis is performed on the same basis for the years of 2014 and 2013.

(d) Currency risk

The Group is exposed to currency risk primarily through the business which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros, United States dollars and Hong Kong dollars.

(i) Recognised assets and liabilities

Except for the operation in Spain, all of the other revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars ("US$") and Euros. 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.

32 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 end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

The Group	2014			2013		
	US$	EUR	HK$	US$	EUR	HK$
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	12	16,597	405,492	1	2,090	8,548
Long-term borrowings	(342,909)	(268,402)	–	(342,347)	–	–
Net exposure	(342,897)	(251,805)	405,492	(342,346)	2,090	8,548

The Company	2014	2013
	HK$	HK$
	RMB'000	RMB'000
Cash and cash equivalents	396,341	8,548

The followings are US$, EUR and HK$ exchange rates to RMB during the year ended 31 December 2014 and 2013:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
US$	6.1415	6.1970	6.1190	6.0969
EUR	8.1481	8.2456	7.4556	8.4189
HK$	0.7919	0.7989	0.7889	0.7862

(Expressed in RMB unless otherwise indicated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

A 5% strengthening of RMB against the following currencies as at 31 December 2014 and 2013 would have increased/(decreased) the Group's and the Company's profit after tax and the total equity by the amounts shown below.

	The Group		The Company	
	2014	2013	**2014**	2013
US$	**12,859**	12,838	**–**	–
EUR	**9,443**	(78)	**–**	–
HK$	**(15,206)**	(321)	**(14,863)**	(321)
	7,096	12,439	**(14,863)**	(321)

A 5% weakening of RMB against the above currencies as at 31 December 2014 and 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for the years of 2014 and 2013.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorized 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 Company and the Group did not have any assets and liabilities measured at fair values.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013.

As at 31 December 2014, the investments in unquoted equity securities (see note 19) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose these investments.

33 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2014 and 2013 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	**8,321,848**	3,060,921	**78,710**	151,853
Authorized but not contracted for	**12,257,226**	8,529,785	**163,560**	–
	20,579,074	11,590,706	**242,270**	151,853

(b) At 31 December 2014 and 2013, 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	**54,681**	14,019	**18,661**	12,182
After 1 year but within 5 years	**196,440**	42,310	**35,144**	38,256
More than 5 years	**329,657**	96,964	**81,270**	91,311
	580,778	153,293	**135,075**	141,749

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

34 CONTINGENT LIABILITIES

(a) Financial guarantees issued

The Group issued following financial guarantees to banks in respect of the bank loans granted to an associate:

	The Group	
	2014	2013
	RMB'000	RMB'000
Financial guarantees to banks for:		
– An associate	**30,878**	26,426
	30,878	26,426

As at 31 December 2014, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

As at 31 December 2014 and 2013, the Company did not issue any financial guarantees to other entities out of the Group.

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 28(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuantan Hydropower has prepaid aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed the RMB40 million.

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows:

	2014 RMB'000	2013 RMB'000
Purchase of coal shipping service from		
Fellow subsidiaries	108,879	71,777
An associate	5,714	–
Purchase of construction service and construction materials from		
Fellow subsidiaries	955,692	796,886
An associate	706,916	–
Office rental and property management service provided by		
Fellow subsidiaries	16,399	16,713
Sale of goods and providing service to		
Fellow subsidiaries	13,530	3,517
Purchases of coal from		
Fellow subsidiaries	1,097,431	911,222
Working capital got back from Huadian	–	28,000
Loan guarantees provided to		
An associate	4,452	8,646
Loan guarantees (revoked)/provided by		
Huadian	(1,390,700)	2,682,500
Loans received from		
Fellow subsidiaries	272,664	360,000
Huadian	1,000,000	–
Net deposit change in		
Huadian Finance	1,236,347	1,037,183
Interest expenses		
Fellow subsidiaries	52,744	23,138
Huadian	154,346	123,762
Interest income		
Huadian Finance	17,463	13,383
Associates	5,005	5,005
Purchase of a subsidiary from		
Huadian	–	610,845

35 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 22, 25, 27, 28, and 34 (a).

(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 "government-related entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related 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 authorities. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the year ended 31 December 2014, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 98.75% of total revenue from the sales of electricity (2013: 98.63%). As at 31 December 2014, the trade debtors and bills receivable due from these power grid companies accounted for 95.67% of total trade and bills receivable (31 December 2013: 92.25%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and materials purchases, and property, plant and equipment construction services received, and the service concession arrangements.

35 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors 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	2,704	2,517
Discretionary bonus	2,834	3,017
Retirement scheme contributions	651	513
Deferred compensation plan	–	91
	6,189	6,138

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and Huadian for its staff. As at 31 December 2014 and 2013, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitment with related parties

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Capital commitment	3,170,965	581,925
Commitment for office rental and property management fee	135,075	140,850

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions with Huadian and its subsidiaries in respect of the sales and purchase of goods, providing and receiving service, borrowing loans, and purchase of interest in associate, as disclosed in note 35(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.

36 RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 14% to 22% of the total staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group and its staff participate in a retirement plan managed by Huadian to supplement the above mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

37 ACQUISITION OF SUBSIDIARIES

The Group obtained control of Wuweishi Tianhe Solar Power Company Limited ("Wuwei Tianhe"), Elecdey Barchin, S.A. – Sociedad Unipersonal ("Elecdey Barchin") and another subsidiary during the year ended 31 December 2014. The newly acquired subsidiaries are principally engaged in the solar power and wind power generation and sale.

	At the acquisition date			
	Wuwei Tianhe RMB'000	Elecdey Barchin RMB'000	Other RMB'000	Total RMB'000
Consideration:				
Cash paid in 2014	180,000	27,919	1,000	208,919
Consideration to be paid	10,358	–	–	10,358
Total	190,358	27,919	1,000	219,277
Identifiable net assets				
Property, plant and equipment	416,658	228,001	170,530	815,189
Deferred tax assets	–	1,288	–	1,288
Other non-current assets	42,770	16,645	–	59,415
Trade debtors and bills receivable	24,980	10,401	–	35,381
Prepayments and other current assets	220	2,687	894	3,801
Cash and cash equivalents	33,150	8,622	49	41,821
Borrowings	(300,000)	(234,155)	–	(534,155)
Trade creditors and bills payable	–	(5,570)	–	(5,570)
Other payables	(19,082)	–	(170,473)	(189,555)
Tax payable	(678)	–	–	(678)
Deferred tax liabilities	(7,660)	–	–	(7,660)
Total identifiable net assets	190,358	27,919	1,000	219,277

37 ACQUISITION OF SUBSIDIARIES (continued)

All acquisition-related costs have been charged to other operating expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

The acquired businesses in aggregate contributed revenues of RMB38,100,000 and loss of RMB246,000 to the Group since their respective acquisition dates to 31 December 2014. Had these acquired businesses been consolidated from 1 January 2014, the management estimates that consolidated revenue of the Group for the year would have increased by RMB88,629,000 and consolidated profit after taxation of the Group for the year would have increased by RMB17,185,000. In determining these amounts, the management has assumed that the fair value adjustments arose on the dates of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

38 CRITICAL ACCOUNTING JUDGMENTS 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 judgments 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 judgments and other uncertainties affecting application of those polices 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 judgments and estimates used in the preparation of the financial statements.

(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 aging 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 by 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, lease prepayments and intangible assets, 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 judgment 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.

38 CRITICAL ACCOUNTING JUDGMENTS 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 deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax 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 judgment exercised by the directors. Any change in such assumptions and judgment 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 with a number of tax authorities. Judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the periods in which the final tax outcomes became available.

(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.

39 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the directors consider the immediate parent and ultimate controlling party of the Group to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statements available for public use.

(Expressed in RMB unless otherwise indicated)

40 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
Amendments to IAS19, *Defined benefit plans: Employee contributions*	1 July 2014
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 IAS16 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 Group'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.

41 SUBSEQUENT EVENTS

On 20 March 2015, the Board proposed a final dividend. Further details are disclosed in note 31(b).

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"Board"	the board of Directors of the Company
"Directors"	the director(s) of the Company
"Supervisors"	the supervisor(s) of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"availability factor"	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
"average utilization hours"	the gross generation in specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"West-East electricity transmission project"	Development of the electric power resources in western provinces such as Guizhou, Yunnan, Guangxi, Sichuan, Gansu, Inner Mongolia and Shanxi and transmission into eastern provinces of Guangdong, Shanghai, Jiangsu, Zhejiang and Beijing-Tianjin-Hebei region with highly demand of electricity
"Free Trade Area"	the free trade area in China, being the multi-functional special economic zones established in the areas inside the national border but outside the customs territory which take the preferential tax and special customs supervision policies as the main measure, and the trade liberalization and facilitation as the major purpose
"One Belt and One Road"	the strategic proposal on building "the Silk Road Economic Belt" and "the 21st Maritime Silk Road" raised by Chinese President Xi Jinping on September and October in 2013 respectively. The strategy of "the Silk Road Economic Belt" covers the economic integration of the Southeast Asia and Northeast Asia, merges them and finally forms the main trend of the economic integration through the Eurasia; the strategy of "the 21st Maritime Silk Road" economic belt connects the three continents (being the Europe, Asia and Africa) by sea and constitutes a closed loop together with the strategy of "the Silk Road Economic Belt" economic belt
"13rd Five-Year Plan"	"13rd Five-Year Plan" with the full name being the Outline of the 13rd Five-Year Plan for National Economic and Social Development of the People's Republic of China, and the term of the "13rd Five-Year Plan" starts in 2016 and ends in 2020

Definition and Glossary of Technical Terms

"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
"Corporate Governance Code and Report"	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"GW"	gigawatt, a unit of power, 1 GW = 1,000 MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huadian"	China Huadian Corporation
"Huadian Engineering"	China Huadian Engineering (Group) Co., Ltd. (中國華電工程（集團）有限公司), a subsidiary of Huadian
"Huadian Finance"	China Huadian Finance Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian
"Huadian Group"	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian New Energy"	Huadian New Energy Development Co., Ltd. (華電新能源發展有限公司), a wholly-owned subsidiary of the Company
"China WindPower"	the original China WindPower Group Limited, which was renamed as "Concord New Energy Group Limited" on February 9, 2015
"Kemen II"	Fujian Huadian Kemen II Power Generation Co., Ltd
"Kemen III"	the Phase III expansion project of Fujian Huadian Kemen Power Generation Company Limited
"Shaowu III"	the Phase III expansion project of Fujian Huadian Shaowu Power Generation Company Limited
"Fuqing Nuclear"	Fujian Fuqing Nuclear Power Company Limited
"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"kWh"	kilowatt-hour, a unit of energy. 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 power generator producing one thousand watts for one hour

Definition and Glossary of Technical Terms

"Listing Date"	28 June 2012, being the date on which the Company's shares were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NDRC"	National Development and Reform Commission of the People's Republic of China
"NSSF"	National Council for Social Security Fund of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"PRC" or "China"	the People's Republic of China
"Party"	the Communist Party of China
"Reporting Period"	the period from the 1 January 2014 to 31 December 2014
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

25th Floor, Yifa Plaza,
No. 111 Wusi Road,
Gulou District,
Fuzhou,
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

919, Building B,
Huadian Plaza,
No. 2 Xuanwumennei Road,
Xicheng District,
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Fang Zheng *(Chairman of the Board)*
Mr. Jiang Bingsi *(President)*
Mr. Li Lixin

Non-executive Directors

Mr. Chen Bin
Mr. Tao Yunpeng
Mr. Zong Xiaolei

Independent non-executive Directors

Mr. Zhou Xiaoqian
Mr. Zhang Bai
Mr. Tao Zhigang

Corporate Information

COMMITTEES OF THE BOARD

Audit Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Zong Xiaolei *(Non-executive Director)*

Nomination Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Fang Zheng *(Executive Director and Chairman of the Board)*
Mr. Tao Zhigang *(Independent Non-executive Director)*

Remuneration and Assessment Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Directors)*
Mr. Jiang Bingsi *(Executive Director and President)*

Strategic Committee

Mr. Fang Zheng *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Chen Bin *(Non-executive Director)*
Mr. Zhou Xiaoqian *(Independent Non-executive Director)*

SUPERVISORS

Mr. Li Changxu
Mr. Wang Kun
Mr. Xie Chunwang
Mr. Wang Zhijun
Ms. Hu Xiaohong
Mr. Zou Xuanyong
Mr. Chen Wenxin
Mr. Yan Azhang
Ms. Ding Ruiling

JOINT COMPANY SECRETARIES

Mr. Liu Lei
Ms. Mok Ming Wai

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Fang Zheng

AUTHORIZED REPRESENTATIVES

Mr. Fang Zheng
Ms. Mok Ming Wai

AUDITOR

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

LEGAL ADVISORS

As to Hong Kong law

Paul Hastings
21-22/F, Bank of China Tower, 1 Garden Road,
Central, Hong Kong

As to PRC law

Jia Yuan Law Offices
F407-F408, Yuanyang Building,
158 Fuxingmennei Avenue,
Beijing, the PRC

PRINCIPAL BANKS

China Development Bank Corporation (Headquarters)
No. 29 Fuchengmenwai Avenue, Xicheng District,
Beijing, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District,
Beijing, the PRC

China Construction Bank Corporation (Fuzhou Chengbei Branch)
No. 18 Guping Road,
Gulou District, Fuzhou,
Fujian Province, the PRC

China Merchants Bank Corporation Limited (Beijing Branch)
Building A, No. 156 Fuxingmennei Avenue, Xicheng District,
Beijing, the PRC

H SHARE REGISTRAR

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

COMPANY'S WEBSITE

www.hdfx.com.cn

STOCK CODE

00816