China Power New Energy Development Company Limited

中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability

Stock Code : 0735

Green Innovation

Annual Report 2014

*For identification purpose only

Wind Power

Hydro Power

Waste-to-energy Power

About CPNE

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

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Corporate Information

CHAIRMAN OF THE BOARD

Ms. Li Xiaolin

VICE CHAIRMAN OF THE BOARD

Mr. Bi Yaxiong

CHIEF EXECUTIVE OFFICER

Mr. He Hongxin

EXECUTIVE DIRECTORS

Ms. Li Xiaolin
Mr. Zhao Xinyan
Mr. He Hongxin
Mr. Qi Tengyun
Mr. Wang Hao (resigned on 20 March 2015)

NON-EXECUTIVE DIRECTORS

Mr. Bi Yaxiong
Mr. An Luming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum

EXECUTIVE COMMITTEE

Ms. Li Xiaolin *(Chairman)*
Mr. Zhao Xinyan
Mr. He Hongxin
Mr. Qi Tengyun
Mr. Wang Hao (resigned on 20 March 2015)

AUDIT COMMITTEE

Mr. Chu Kar Wing *(Chairman)*
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum

REMUNERATION COMMITTEE

Mr. Chu Kar Wing *(Chairman)*
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum

NOMINATION COMMITTEE

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

INVESTMENT AND BUDGET MANAGEMENT COMMITTEE

Mr. Zhao Xinyan *(Chairman)*
Dr. Li Fang
Mr. He Hongxin
Mr. Wang Zhiying
Mr. Huang Yuanwang
Mr. Chen Xuezhi

COMPANY SECRETARY

Mr. Fung Chun Nam

AUDITOR

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.cpne.com.hk

STOCK CODE

735

INVESTOR RELATIONS

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Distribution of Projects

* as at 31 December 2014

WELL-ESTABLISHED PLATFORMS WITH VARIOUS RENEWABLE PROJECTS

Wind Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
1	Phase I of the Gansu Wind Power Project	100.50	100	100.50
2	Phase II of the Gansu Wind Power Project	49.50	100	49.50
3	Phase III of the Gansu Wind Power Project	201.00	100	201.00
4	Phase IV of the Gansu Wind Power Project	100.50	100	100.50
5	Phase V of the Gansu Wind Power Project	20.00	100	20.00
6	Heilongjiang Hongqi Wind Power Project	49.50	100	49.50
7	Heilongjiang Hailang Wind Power Project	49.75	100	49.75
8	China Power Dafeng Wind Power Project	200.25	100	200.25
9	Inner Mongolia Chayou Zhongqi Wind Power Project	49.50	100	49.50
10	Shanghai Sea Wind Power Project	102.00	13.18	13.44
11	Chongming Beiyan Wind Power Project	48.00	20	9.60
12	German Bönen Wind Power Project	8.00	100	8.00
13	No. 2 Gansu Anbei Wind Power Project*1	400.00	100	400.00
14	No. 6 Gansu Anbei Wind Power Project*1	154.50	100	154.50
	Sub-total*2	**1,383.00**		**1,406.04**

Notes:

*1 At the end of 2014, No. 2 Gansu Anbei Wind Power Project of 400MW began a trial run of 400MW. At the end of 2014, No. 6 Gansu Anbei Wind Power Project of 201MW began a trial run of 154.5MW.

*2 The above data of installed capacity did not include Shanghai Sea Wind Power Project and Chongming Beiyan Wind Power Project.

Hydro Power

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

Natural Gas Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
21	Dongguan China Power New Energy Heat and Power Plant	360.00	100	360.00
	Sub-total	**360.00**		**360.00**

Waste-to-energy Power

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

Photovoltaic Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
24	Phase I of Gansu Wuwei Photovoltaic Power Project	20.00	100	20.00
25	Phase II of Gansu Wuwei Photovoltaic Power Project	30.00	100	30.00
26	Phase I of Gansu Baiyin Photovoltaic Power Project	20.00	100	20.00
27	Phase II of Gansu Baiyin Photovoltaic Power Project	30.00	100	30.00
	Sub-total	**100.00**		**100.00**

Other Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
28	Zhongdian Hongze Reproductive Substance Thermal Power Plant	15.00	100	15.00
29	Zhongdian Hongze Thermal Plant	6.00	60	3.60
	Sub-total	**21.00**		**18.60**
	Total	**2,569.00**		**2,534.44**

Milestone

2014

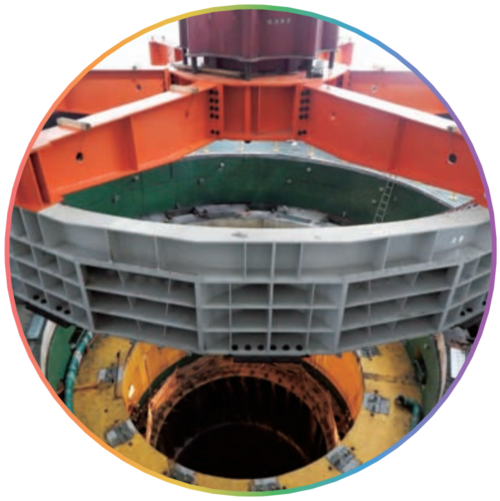
- Completed the issuance of shares to China Energy Engineering Group Guangdong Electric Power Design Institute
- Increased to 100% equity interest in Dongguan China Power New Energy Heat and Power Company Limited
- 2 Waste-to-energy Power Projects in Anhui Wuhu with 12MW, with total daily waste treatment amounted to 1,200 tonnes, won the open tender
- Macheng Chunyang Wind Power Project of 80MW won the open tender
- 2 Waste-to-energy Power Projects in Guiyang Huaxi with 12MW, with total daily waste treatment amounted to 1,200 tonnes, entered into Concession Right Agreement
- For the Wind Power Project in Gansu Anbei of 600MW, 554.5MW of which successfully commenced operation of a trial run
- Commenced construction of Photovoltaic Power Project in Yunnan Yuanjiang of 20MW
- Commenced construction of Photovoltaic Power Project in Hainan Changjiang of 20MW

2013

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

2012

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



2011

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

2010

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

2009

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

2008

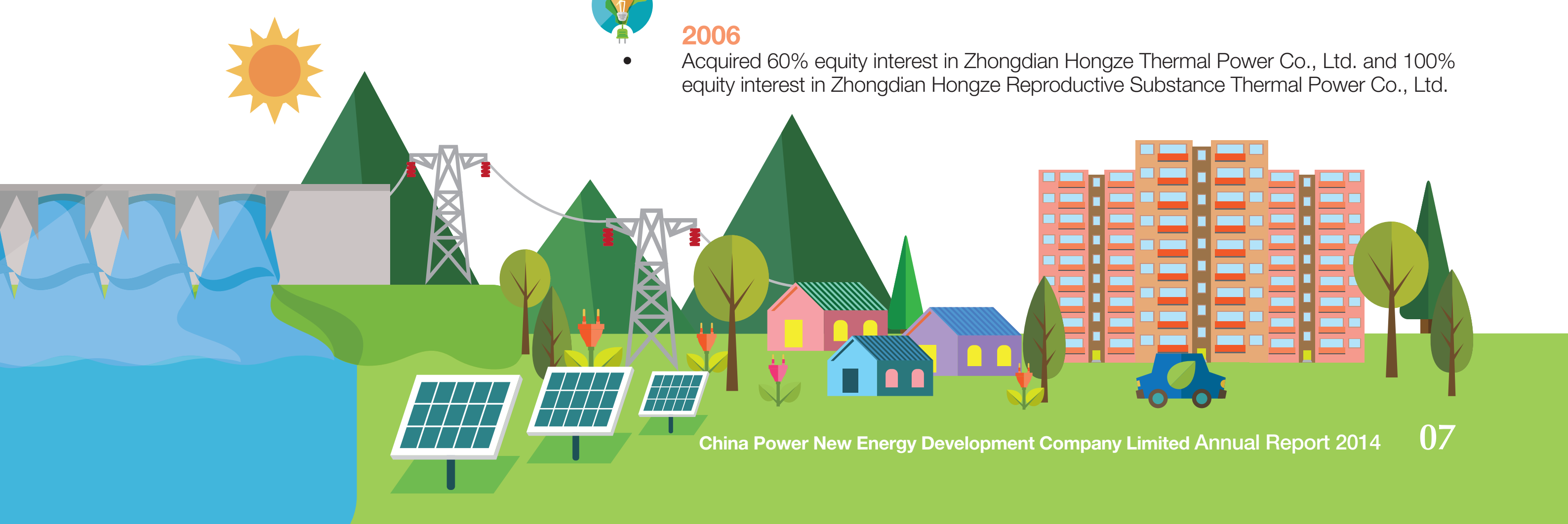
- Increased to 80% equity interest in Dongguan China Power New Energy Heat and Power Company Limited
- Acquired 60% equity interest in Kunming China Power Environmental Power Company Limited (formerly known as Yunnan Shuangxing Green Energy Co., Ltd.)

2007

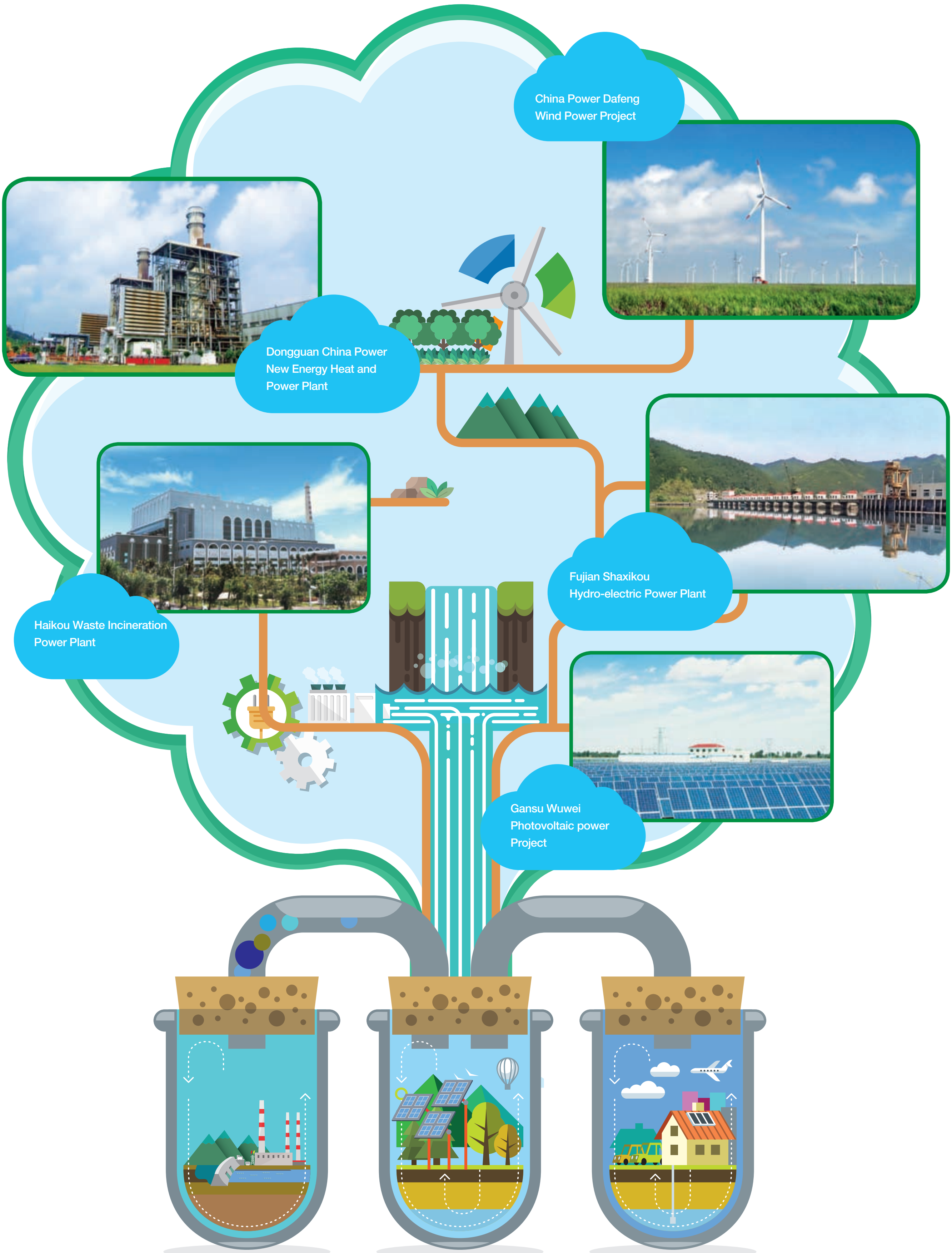
- Acquired China Power International New Energy (Shanghai) Holding Company Limited
- Changed the company name to China Power New Energy Development Company Limited
- Acquired 40% equity interest in Dongguan China Power New Energy Heat and Power Company Limited (formerly known as Dongguan Dong Cheng Dong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

2006

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

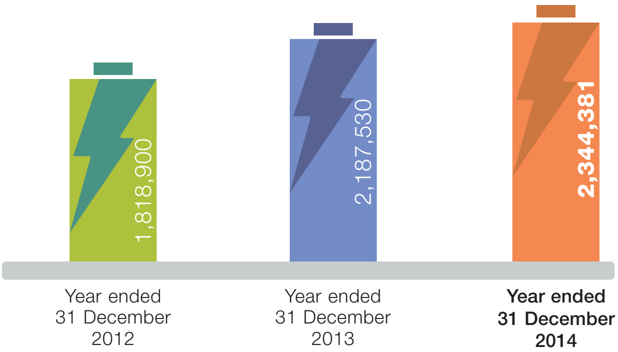


Business and Financial Highlights



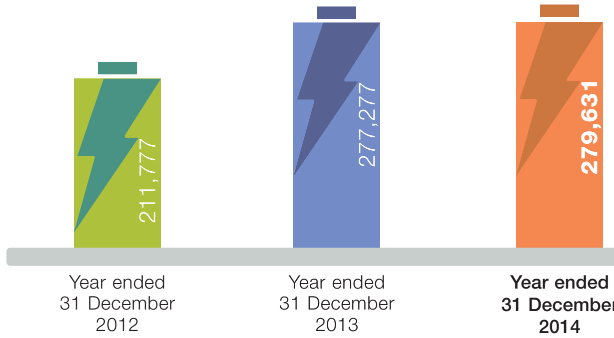
REVENUE AND TARIFF ADJUSTMENT

RMB'000



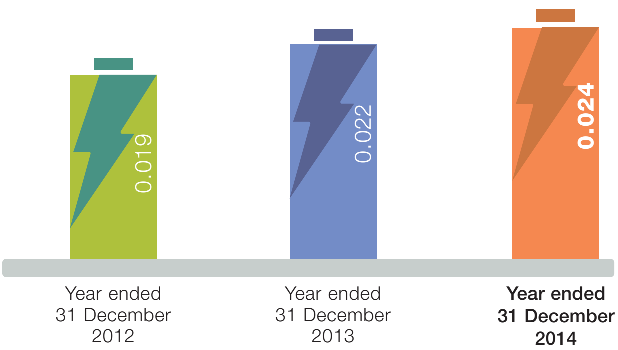
PROFIT FOR THE YEAR

RMB'000



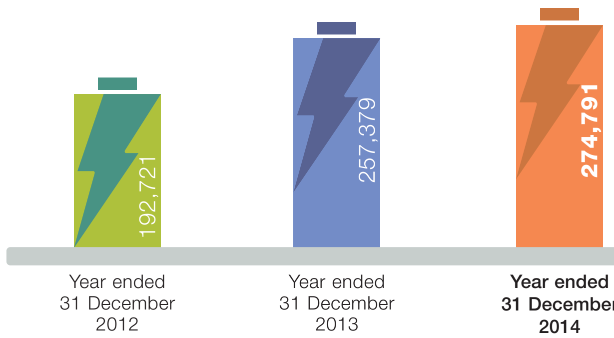
BASIC EARNINGS PER SHARE

RMB

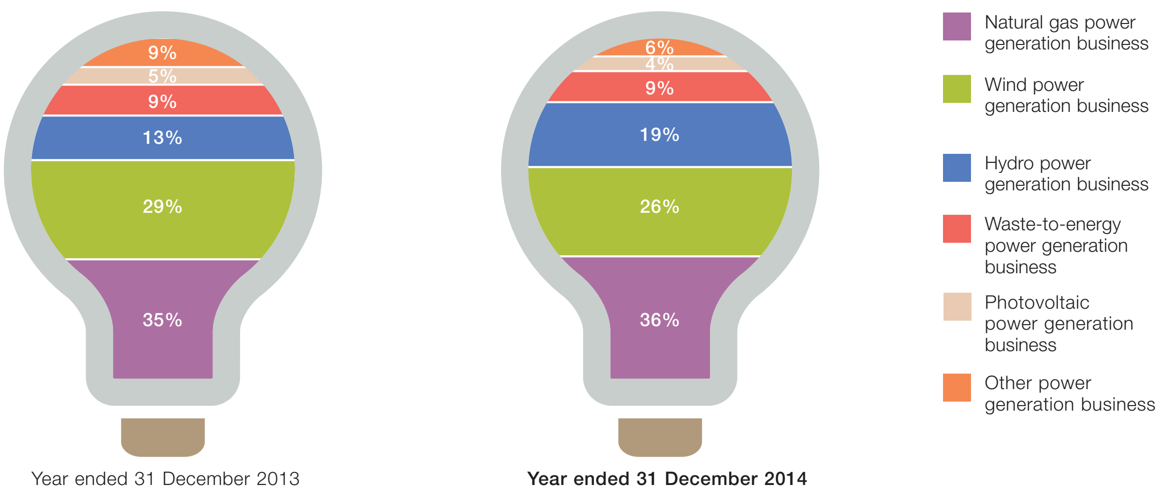


PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

RMB'000



REVENUE AND TARIFF ADJUSTMENT BY BUSINESS SEGMENTS



Letter to Shareholders

On behalf of the Board of directors (the "Board") of China Power New Energy Development Company Limited (the "Company" or "CPNE"), I am pleased to present the financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2014.

Li Xiaolin
Chairman of the Board

Dear Shareholders,

As one of the pioneers in developing clean energy in the People's Republic of China (the "PRC"), the Group owned power generation projects in wind power, hydro power, waste-to-energy power, natural gas power, photovoltaic power and other power projects with a total installed capacity of 2,569MW as at 31 December 2014. All projects were located in regions that offer maximum strategic advantages. Development of the abovementioned five segments by rotation has opened up various and complementary sources of revenue, and effectively diversified our investment risks. The structure and development of the clean energy industry has consistently been optimised by collaboration between the five geographical regions of the PRC, thereby setting a solid foundation for future development.

For the year ended 31 December 2014, the Group recorded revenue and tariff adjustment of approximately RMB2,344,381,000 (2013: RMB2,187,530,000), representing an increase of RMB156,851,000 over the previous year. The Group's profit for the year was approximately RMB279,631,000 (2013: RMB277,277,000), representing an increase of RMB2,354,000 over the previous year. Profit attributable to equity holders of the Company amounted to approximately RMB274,791,000 (2013: RMB257,379,000), representing an increase of RMB17,412,000 over the previous year.

In 2014, the Group focused on the Company's development strategy and restructuring, optimising industrial layout, implementing the integration of management and control with orderly performance for each project. Year 2014 was a crucial year of our nation's deepening reform and opening up where it accelerated the mode of economic transformation. China has overcome the intricate and complex international situation. Under the twisting recovery of the world's economy and enormous pressure of economic downturn, China still managed to reach the projected target of 7.5% growth of gross domestic product. In 2014, road slip or filing projects with capacity of 322,000kW have been fulfilled under the successful implementation of "Integrated management and control". Franchise rights were achieved for Guizhou Huaxi, Anhui Wuhu and Hubei Macheng projects; road slips were obtained for Hebei Bazhou and Chongqing Bishan projects, and filings were obtained for Inner Mongolia Zhuozi and Huade projects; No. 2 Gansu Anbei Wind Power Project of 400MW went into operation at the end of the year, where No.6 Gansu Anbei Wind Power Project of 201MW has begun 154.5MW trial operation at the end of the year. Faced with a serious decline in the growth rate of electric power this year and despite the annual average utilisation hours of power plants of China was 235 hours less than the corresponding period of last year, the Company was still able to achieve better results.

Adhering to our corporate culture of "Still Waters Run Deep" and acting on our mission statement of "Light and energy to the world and clear water and blue sky to our next generations", we have been striving for a leading position in the industry. We also aim to be an inventor of policy, an innovative pioneer of self-developed technology as well as a participant in the formulation of national carbon emission standards and regulatory regime, and to build up the Company as a strong, excellent and professional corporation, transforming our growth from quantity to quality and becoming the trailblazer in the development of new energy internationally and in the electricity power industry of the PRC.

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

Li Xiaolin
Chairman of the Board

20 March 2015

Still Waters Run Deep

Responsibility, Credit, Wisdom, Value

Maximize Stakeholders' Interests

Directors and Senior Management Profiles

EXECUTIVE DIRECTORS

Ms. Li Xiaolin, aged 53, joined the Group in May 2007. She is an executive director and the Chairman of the Board and of the Executive Committee and the Nomination Committee of the Company. Ms. Li is a senior engineer. She graduated from Tsinghua University with a Master of Engineering degree in power systems and automation. She was also a visiting scholar at the Sloan Business School of Massachusetts Institute of Technology in the United States. She has been the chairman of the board of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Ms. Li also acts as the chairman of the board and chief executive officer of China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380) and the chairman of China Power International Holding Limited (the holding company of China Power New Energy Limited). She is also a member of the 12th (Economic) National Committee of the Chinese People's Political Consultative Conference. She has previously served as the commissioner of the International Economic and Trade Division of the Ministry of Electric Power Industry and deputy commissioner of the International Economic and Trade Division of the Ministry of Energy.

Mr. Zhao Xinyan, aged 52, joined the Group in May 2007. He is an executive director, a member of the Executive Committee and the Chairman of the Investment and Budget Management Committee of the Company. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor's degree in materials engineering and from Guanghua School of Management, Peking University with a Master of Business Administration (MBA) degree. He has been a director of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Mr. Zhao is also the vice president of China Power International Holding Limited (the holding company of China Power New Energy Limited) and China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380). He has previously served as a manager in various departments of China Power International Development Limited.

Mr. He Hongxin, aged 44, joined the Group in April 2013. He is an executive director, the Chief Executive Officer, a member of the Executive Committee and a member of the Investment and Budget Management Committee of the Company. He graduated from Zhongnan University of Finance and Economics with a Bachelor Degree in Financial Accounting. From August 1991 to December 1997, Mr. He served in the accounting department of Maanshan Iron & Steel Company Limited. Since December 1997, Mr. He worked in the finance department of China Three Gorges Corporation (the substantial shareholder of the Company). He subsequently acted as the deputy head of the asset finance and accounting department between December 2003 and May 2008, and was then appointed as the head of asset finance, accounting and audit department between May 2008 and April 2011. Since April 2011, Mr. He has acted as the deputy manager of the capital finance department of China Three Gorges Corporation.

Mr. Qi Tengyun, aged 45, joined the Group in August 2014. He is an executive director, a member of the Executive Committee and the deputy general manager of the Company. He graduated from Shandong Institute of Mining and Technology (山東礦業學院) (being a predecessor of Shandong University of Science and Technology) with a Bachelor Degree in Mining Machinery (礦業機械), and obtained a Master Degree in Management Science and Engineering from China University of Mining and Technology (中國礦業大學). Mr. Qi worked in Shandong Institute of Mining and Technology from July 1991 to April 2000. During the period from April 2000 to November 2003, Mr. Qi was appointed as the deputy minister of the Department of Student Affairs, the deputy head of the Student Affairs' Office of Shandong University of Science and Technology and during the period from August 2002 to November 2003, Mr. Qi was concurrently appointed as the head of Department of Student Associations Affairs of the Qingdao Campus of Shandong University of Science and Technology. Mr. Qi joined China International Water & Electric Corp. (中國水利電力對外公司) in November 2003, as the deputy head of the General Manager Office. During the period from April 2004 to January 2006, Mr. Qi worked in China International Water & Electric Co., Ltd (中水電海外建設有限公司) as the assistant manager of the Department of General Affairs. From January to April of 2006, he was the assistant manager of the Department of General Affairs of China International Water & Electric Corp. (中國水利電力對外公司). From April 2006 to November 2014, Mr. Qi has been acting as the head of the General Manager Office of China Three Gorges New Energy Corp. (中國三峽新能源公司) (formerly known as China Water Investment Group Corp. (中國水利投資集團公司)), and was appointed as the General Manager Assistant of China Three Gorges New Energy Corp. (中國三峽新能源公司) since December 2014. He was also appointed as a committee member of the Commission for Discipline Inspection since November 2007. During his service with China Three Gorges New Energy Corp. (中國三峽新能源公司), Mr. Qi had held the position of the Secretary of the Youth League Committee during the period from January 2008 to October 2009. Mr. Qi concurrently served as the Deputy General Manager of China Power International New Energy Holding Ltd. since November 2014, and as a committee member of the Party of China Power International New Energy Holding Ltd. since December 2014.

NON-EXECUTIVE DIRECTORS

Mr. Bi Yaxiong, aged 52, joined the Group in April 2013. He was re-designated from the office of executive director to non-executive director of the Company on 19 August 2014. Mr. Bi is also the Vice Chairman of the Company. He graduated from South China University of Technology with a Bachelor Degree in Electric System and Automation and obtained a PhD in Technology Economics and Management from Chongqing University. Mr. Bi joined China Gezhouba Power Plant (葛洲壩電廠) in August 1982 and was the head of the power plant when he left China Gezhouba Power Plant (葛洲壩電廠) in September 2002. Mr. Bi then joined China Yangtze Power Co., Ltd. as the deputy general manager from September 2002 to December 2003 and was appointed as the general manager of China Yangtze Power Co., Ltd. from April 2004 to January 2006. Mr. Bi is currently a director of China Yangtze Power Co., Ltd., a joint stock limited company whose shares are listed on the Shanghai Stock Exchange (stock code: 600900). At the same time, Mr. Bi has acted as the deputy general manager of China Three Gorges Corporation (the substantial shareholder of the Company) since December 2003.

Mr. An Luming, aged 54, joined the Group in March 2014. He is a non-executive director of the Company. Mr. An is a senior economist and graduated from the Beijing Institute of Economics with a major in political economics in 1983. He joined the China National Offshore Oil Corporation in 1995, and had served as the Chief of the Corporate Management Office of the Corporate Policy Research Department, the Chief of the System Reform Department of the Corporate Reform Office, the Restructure and Listing Manager of the Corporate Reform Office. He served as General Manager Assistant and Deputy General Manager of Zhonghai Trust and Investment Co., Ltd. from 2003 to 2008, and the deputy general manager of the Financial Asset Management Department of China National Offshore Oil Corporation from 2008 to 2011. From December 2011 to April 2013, Mr. An acted as the deputy general manager of the Financial Asset Department of the CNOOC, and since December 2011, Mr. An has served as the general manager of the CNOOC Investment Holding Co., Ltd. Mr. An is currently the general manager of the CNOOC Investment Holding Co., Ltd. On the other hand, Mr. An has been appointed as a shareholder-representative Supervisor of China Merchants Bank Co., Ltd. (Shanghai Stock Exchange stock code: 600036; Hong Kong Stock Exchange stock code: 3968) since May 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing, aged 57, joined the Group in December 2002. He is an independent non-executive director, the Chairman of both the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company. Mr. Chu holds a bachelor's degree in social science majoring in economics. He has extensive experience in the banking and finance sector. He is also an independent non-executive director of Emperor Capital Group Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 717). In 2012, Mr. Chu was appointed as the president of Canada-China Culture and Education Association.

Mr. Wong Kwok Tai, aged 76, joined the Group in September 2004. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. Currently, he is the director of W. Wong CPA Limited. He is also an independent non-executive director of the following companies listed on the Main Board of the Hong Kong Stock Exchange: Mission Capital Holdings Limited (the English name changed from Poly Capital Holdings Limited on 1 October 2014; stock code: 1141), Takson Holdings Limited (stock code: 918) and China Tycoon Beverage Holdings Limited (stock code: 209).

Dr. Li Fang, aged 52, joined the Group in July 2011. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment and Budget Management Committee of the Company. Dr. Li graduated from University of Science and Technology Beijing with a bachelor of engineering degree and received his juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Dr. Li is currently a director of Beijing Mainstreets Investment Group Corporation, a company listed on Shenzhen Stock Exchange (stock code: 000609), and an independent non-executive director of China Power International Development Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2380). On 30 September 2014, he was also appointed as a director of Guangdong Guanhao High-tech Co. Ltd., a company listed on Shanghai Stock Exchange (stock code: 600433). Dr. Li has extensive experience in business management and corporate finance. He has served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk & Wardwell LLP in the United States.

Ms. Ng Yi Kum, aged 57, joined the Group in June 2013. She is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an Associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administrators and a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, as well as a member of the American Institute of Certified Public Accountants. On 30 April 2014, she resigned as the chief financial officer of Country Garden Holdings Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange; stock code: 2007). Currently, she is an independent non-executive director of Tianjin Development Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 882), Hong Kong Resources Holdings Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2882), and China Mobile Games and Entertainment Group Limited (a company listed on the NASDAQ in the United States, stock symbol: CMGE). She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority until November 2013.

SENIOR MANAGEMENT

Mr. Chen Xuezhi, aged 46, joined the Group in 2009. He is the Chief Financial Officer of the Company and deputy general manager of China Power International New Energy Holding Limited, an indirect wholly-owned subsidiary of the Company. Mr. Chen is a senior accountant and graduated in Fuzhou University with a major in Accountancy. He also received a master's degree in business administration from Capital University of Economics and Business. He is the financial controller of China Power International New Energy Holding Limited. He was the deputy general manager of the department of finance and ownership of China Power International Holding Limited (the holding company of China Power New Energy Limited, a substantial shareholder of the Company) and China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380).

Mr. Fung Chun Nam, aged 39, joined the Group in 2009. He is the Company Secretary of the Company. Mr. Fung has extensive experience in company secretarial, accounting and audit areas in various industries. He is a Fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung is also a charterholder of Chartered Financial Analyst.

Management Discussion and Analysis

BUSINESS REVIEW

The principal activities of the Group are the development, construction, owning, operation and management of clean energy power plants in Mainland China, including but not limited to wind power generation, hydro power generation, natural gas power generation, photovoltaic power generation, waste-to-energy power generation and other clean energy power generation projects. The number of power generation plants currently owned or controlled by the Group has reached 29 which are mainly situated in Guangdong, Fujian, Gansu, Jiangsu and Chongqing, etc., and the electricity generated thereof is sold to Southern Power Grid, East China Power Grid, Northeast Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments.

Business Performance for the Year Ended 31 December 2014

For the year ended 31 December 2014, the Group's revenue and tariff adjustment were approximately RMB2,344,381,000 (2013: RMB2,187,530,000). The increase was primarily attributed to the increase in revenue brought about by ample water flow in Fujian district and tariff adjustment, the incremental profit generated from newly acquired projects such as Meixi Hydro Power Project and Inner Mongolia Wind Power Project, the introduction of new tariff upon the inclusion of Kunming Environment into the Renewable Energy Catalogue, as well as the increased power generation from Dongguan Natural Gas Power Generation Project.

For the year ended 31 December 2014, the Group's fuel costs amounted to approximately RMB657,364,000 (2013: RMB638,909,000), net finance costs (mainly comprised of interest paid for borrowings in respect of the new energy power projects) amounted to approximately RMB393,989,000 (2013: RMB313,849,000), and fair value loss on financial assets at fair value through profit or loss amounted to approximately RMB2,406,000 (2013: gains of approximately RMB1,560,000). The Group's profit for the year was approximately RMB279,631,000 (2013: RMB277,277,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB274,791,000 (2013: RMB257,379,000). Basic and diluted earnings per share amounted to approximately RMB0.024 (2013: RMB0.022).

Business Environment

In 2014, the growth of electricity consumption in the PRC was in sluggish situation. Total power consumption nationwide was 5,523.3 billion kWh, representing a 3.8% year-on-year increase. For the year end 2014, installed capacity of power generation in the PRC was 1,360.19 million kW, representing an 8.7% increase as compared with last year. Among which, there were 301.83 million kW of hydro power, 915.69 million kW of thermal power, 19.88 million kW of nuclear power, 95.81 million kW of on-grid wind power and 26.52 million kW of on grid solar power. The average utilisation hours of power generation units were 4,286 hours, which were 235 hours less than the corresponding period of last year.

It is estimated that in 2015 the nation's infrastructure of newly added installed capacity of power generation will be around 100 million kW, among which coal-fired power represents around 38 million kW, gas-fired power represents 6 million kW, and non-fossil energy power generation represents 53 million kW. For newly added non-fossil energy installed capacity, there will be around 14 million kW of hydro-power, 8.76 million kW of nuclear power, 19 million kW of on-grid wind power, 10 million kW of on-grid solar power and 1 million kW of on-grid biomass power. By the end of 2015, the nation's annual power installed capacity will reach 1.46 billion kW, representing a year-on-year increase of around 7.5%, of which 510 million kW was non-fossil energy power, representing approximately 35% of the total installed capacity. For non-fossil energy installed capacity, there will be around 320 million kW of hydro-power, 28.64 million kW of nuclear power, 110 million kW of on-grid wind power, 36.50 million kW of on-grid solar power and 11 million kW of on-grid biomass power generation. It is estimated that the annual utilisation hours of power generation facilities will be around 4,130 hours, while utilisation hours of coal-fired power generation facilities will be around 4,650 hours, and will probably remain weak.

In November 2014, the guidance document of the Plan to Cope with Climate Changes (2014–2020) (國家應對氣候變化規劃 (2014–2020年)) was issued by the National Development and Reform Commission, which set out the requirements concerning the adjustment of fossil energy structure, orderly development of hydro-power, safe and efficient nuclear power development, wind power massive development, promotion of comprehensive utilisation of solar power, development of biomass energy and promotion of other renewable energy. Since then documents such as "Notice regarding the Establishment of Demonstration Areas for Application of Distributed Photovoltaic Power Generation issued by the National Energy Administration" (國家能源局關於推進分佈式光伏發電應用示範區建設的通知), "Interim Measures for Carbon Emissions Trading Management" (碳排放權交易管理暫行辦法) and "Guidance on Encouraging Investment in Social Capital of Hydropower issued by the National Energy Administration" (國家能源局關於鼓勵社會資本投資水電站的指導意見) were issued. The above policies indicated the Nation's steadfast determination and massive support on new energy industry development. As a response to the State's call, we will continue to unswervingly develop the industry of new energy.

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

As at 31 December 2014, power projects in operation or in progress owned by the Group through its subsidiaries, an associate and jointly-controlled entities were as follows:

Projects in Operation

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Operating Hours	Gross Generation (MWh)
1	Phase I of the Gansu Wind Power Project (甘肅風力發電項目一期)	Wind power generation	100.50	100	100.50	462	1,767	177,565
2	Phase II of the Gansu Wind Power Project (甘肅風力發電項目二期)	Wind power generation	49.50	100	49.50	540	1,330	65,820
3	Phase III of the Gansu Wind Power Project (甘肅風力發電項目三期)	Wind power generation	201.00	100	201.00	521	1,642	330,032
4	Phase IV of the Gansu Wind Power Project (甘肅風力發電項目四期)	Wind power generation	100.50	100	100.50	521	1,796	180,534
5	Phase V of the Gansu Wind Power Project (甘肅風力發電項目五期)	Wind power generation	20.00	100	20.00	540	2,045	40,907
6	Heilongjiang Hongqi Wind Power Project (黑龍江紅旗風力發電項目)	Wind power generation	49.50	100	49.50	620	1,973	97,683
7	Heilongjiang Hailang Wind Power Project (黑龍江海浪風力發電項目)	Wind power generation	49.75	100	49.75	630	2,158	107,355
8	China Power Dafeng Wind Power Project (中電大豐風力發電項目)	Wind power generation	200.25	100	200.25	488	1,649	330,163
9	Inner Mongolia Chayou Zhongqi Wind Power Project (內蒙古察右中旗風電項目)	Wind power generation	49.50	100	49.50	510	1,977	97,851
10	Shanghai Sea Wind Power Project*1 (上海海風發電項目)	Wind power generation	102.00	13.18	13.44	975	2,014	205,428
11	Chongming Beiyan Wind Power Project (崇明北沿風力發電項目)	Wind power generation	48.00	20	9.60	610	2,429	116,592
12	German Bönen Wind Power Project (德國Bönen風電項目)	Wind power generation	8.00	100	8.00	93*2	1,704	13,632
13	No. 2 Gansu Anbei Wind Power Project 甘肅安北第二風電項目 (Trial operation)	Wind power generation	400.00	100	400.00	540	310	39,752
14	No. 6 Gansu Anbei Wind Power Project 甘肅安北第六風電項目*3 (Trial operation)	Wind power generation	154.50	100	154.50	540	430	20,389

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Operating Hours	Gross Generation (MWh)
15	Fujian Shaxikou Hydro-electric Power Plant (福建沙溪口水力發電廠)	Hydro power generation	300.00	100	300.00	250	3,739	1,121,772
16	Niu Tou Shan Power Stations (牛頭山發電廠)	Hydro power generation	115.00	52	59.80	358	3,748	431,077
17	Zhangping Huakou Hydro Power Plant (漳平市華口水電廠)	Hydro power generation	36.60	100	36.60	344	3,047	111,506
18	Chongqing Meixi Hydro Power Plant (重慶梅溪河水電廠)	Hydro power generation	129.00	100	129.00	384	3,186	411,048
19	Yunnan Yingjiang Hongfu Industrial Hydro Power (雲南盈江鴻福實業水電)	Hydro power generation	64.00	100	64.00	186	2,572	164,614
20	Yunnan Yingjiang Huimin Hydro Power (雲南盈江惠民水電)	Hydro power generation	6.40	100	6.40	196	4,465	28,578
21	Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)	Waste-to-energy power generation	30.00	100	30.00	650	5,383	161,489
22	Haikou Waste Incineration Power Plant (海口廢物焚化發電廠)	Waste-to-energy power generation	24.00	100	24.00	650	6,877	165,058
23	Dongguan China Power New Energy Heat and Power Plant (東莞中電新能源熱電廠)	Natural gas power generation	360.00	100	360.00	947	2,776	999,266
24	Phase I of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	810	652	13,030
25	Phase II of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000	1,037	31,106
26	Phase I of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	827	1,670	33,403
27	Phase II of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000	1,594	47,829
28	Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)	Biomass power generation	15.00	100	15.00	760	3,542	53,137
29	Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)	Coal-fired power generation	6.00	60	3.60	483	5,188	31,127
	Aggregate Controlled Amount of Capacity in Operation*4		**2,569.00**		**2,534.44**			**5,305,723**

Projects in Progress

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)
1	No. 6 Gansu Anbei Wind Power Project*3 (甘肅安北第六風電項目)	Wind power generation	46.50	100	46.50	540
2	Phase II of Dongguan Natural Gas Power Expansion Project (東莞二期天然氣發電擴建項目)	Natural gas power generation	920.00	100	920.00	Not yet determined
3	Hainan Changjiang Photovoltaic Power Project (海南昌江光伏發電項目)	Photovoltaic power generation	20.00	100	20.00	1,000
4	Yunnan Yuanjiang Photovoltaic Power Project (雲南元江光伏發電項目)	Photovoltaic power generation	20.00	100	20.00	950
5	Phase II of Haikou Waste Power Expansion Project (海口二期垃圾發電擴建項目)	Waste-to-energy power generation	24.00	100	24.00	650
	Aggregate amount of projects in progress		**1,030.50**		**1,030.50**	
	Total*4		**3,599.50**		**3,564.94**	

*1 Our interest in Shanghai Sea Wind Power Project was diluted to 13.18% with an attributable installed capacity of 13.44 MW due to issue of shares following an expansion of the project.

*2 Unit: EURO/MWh

*3 As at 31 December 2014, No. 6 Gansu Anbei Wind Power Project totally amounted to 201MW, in which 154.5MW was in trial operation.

*4 The above data of installed capacity and total power generation did not include Shanghai Sea Wind Power Project and Chongming Beiyan Wind Power Project.

The above power plants had a total installed capacity of 3,599.5MW, out of which 3,564.94MW represented the installed capacity attributable to the Group.

All of the above projects in progress are expected to commence operation at the end of 2016, whereupon the installed capacity of the Group will substantially increase.

Wind Power Generation Projects

For the year ended 31 December 2014, the Group's attributable installed capacity of wind power in operation was 1,406.04MW with annual power generation of 1,501,683MWh, representing a year-on-year increase of 0.6%. The current capacity in progress is 46.5MW, with project reserve over 1,075MW.

Natural Gas Power Generation Projects

For the year ended 31 December 2014, the Group's attributable installed capacity of natural gas power in operation was 360MW with annual power generation of 999,266MWh, representing a year-on-year growth of 17.2%. This segment contributed as one of the Group's major profit sources. The current capacity in progress is 920MW, with project reserve of 3,420MW.

Hydro Power Generation Projects

For the year ended 31 December 2014, the Group's attributable installed capacity of hydro power in operation was 595.8MW with annual power generation of 2,268,595MWh, representing a year-on-year increase of 41.33%. Currently the project reserve of this segment is 748MW.

Photovoltaic Power Generation Projects

For the year ended 31 December 2014, the Group's attributable installed capacity of photovoltaic power in operation was 100MW with annual power generation of 125,368MWh, representing a year-on-year decrease of 16.89%. The main reason behind this situation was due to the higher power restriction in Gansu region during 2014. The current capacity in progress under this segment is 40MW, with project reserve of over 430MW.

Waste-to-energy Power Generation Projects

For the year ended 31 December 2014, the Group's attributable installed capacity of waste-to-energy power in operation was 54MW with annual power generation of 326,547MWh, representing a year-on-year increase of 2.5%. The current capacity in progress under this segment is 24MW with daily processing capacity of 1,200 tons and project reserve of 236MW with daily processing capacity of 11,400 tons.

FUTURE PLANS

2015 is a year where China's "13th Five-Year" plan commences. Continued improvements on power strategy, including the development roadmap of new energy and power quota system on renewable energy will be introduced accordingly, thus providing a broader space for new energy development. The Company will seize the opportunity on the policies in order to make good use of the "13th Five-Year" period and speed up the development. On this basis, the Group will follow the direction of establishing itself as a leading enterprise in the new energy sector, focusing on enhancing business performance and safeguarding investors' interests. Strategic development will be rolled out both in China and in the global market, to be flanked by respective business platforms in Hong Kong and in the Mainland China. In brief, our direction is well guided and our goals are clearly set out, as we drive development at home and abroad with the support of two efficient platforms.

Overview of Future Project Development

Nature of Business	Project Name	Installed Capacity (MW)	Project Progress
Wind Power	Macheng Chunyang Wind Power Project (麻城純陽山風電項目)	80.00	Under approval
	Phase II of Jiangsu Dafeng Wind Power Project (江蘇大豐二期風電項目)	100.00	Under approval
	Shandong Wendeng Wind Power Project (山東文登風電項目)	49.50	Under approval
	Sheyang Sea Wind Power Project (射陽海上風電項目)	300.00	Under approval
	Fujian Pucheng Wind Power Project (福建浦城風電項目)	49.50	Road Slip stage
	Yunnan Kunming Wind Power Project (雲南昆明風電項目)	49.50	Road Slip stage
	Heilongjiang Qiqihar Wind Power Project (黑龍江齊齊哈爾風電項目)	49.50	Road Slip stage
	Phase II of Inner Mongolia Chayou Zhongqi Wind Power Project (內蒙察右中旗風電項目二期)	49.50	Road Slip stage
	Guangdong Yangjiang Sea Wind Power Project (廣東陽江海上風電項目)	300.00	Road Slip stage
	Gansu Beida Qiao No. 5 Wind Power in South Project (甘肅北大橋五南風電項目)	47.50	Under approval
	Subtotal	1,075.00	
Natural Gas Power	Tianjin Ninghe Natural Gas Power Project (天津寧河天然氣發電項目)	780.00	Under approval
	Dongguan Distributed Energy Project (東莞分布式能源項目)	120.00	Road Slip stage
	Hainan Distributed Energy Project (海南分布式能源項目)	180.00	Road Slip stage
	Hongze Gas Turbine (洪澤燃機)	780.00	Road Slip stage
	Yancheng Gas Turbine (鹽城燃機)	780.00	Road Slip stage
	Weihai Gas Turbine (威海燃機)	780.00	Road Slip stage
	Subtotal	3,420.00	
Hydro Power	Laos Phou Ngoy Hydroelectricity Project (老撾坡諾水電項目)	728.00	Road Slip stage
	Chongqing Meixi River Grade 2 and Grade 3 Power Station (重慶梅溪河二級三級電站)	20.00	Under approval
	Subtotal	748.00	

Nature of Business	Project Name	Installed Capacity (MW)	Project Progress
Photovoltaic Power	Phase III of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏項目三期)	50.00	Under approval
	Gansu Yongdeng Photovoltaic Power Project (甘肅永登光伏項目)	50.00	Under approval
	Fujian Zhangpu Photovoltaic Power Project (福建漳浦光伏項目)	40.00	Under approval
	Inner Mongolia Huade Photovoltaic Power Project (內蒙化德光伏項目)	50.00	Under approval
	Inner Mongolia Zhuozi Photovoltaic Power Project (內蒙卓資光伏項目)	100.00	Under approval
	Phase III of Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏項目三期)	70.00	Road Slip stage
	Kunming Xishan Photovoltaic Power Project (昆明西山光伏項目)	20.00	Road Slip stage
	Inner Mongolia Chayou Zhongqi Photovoltaic Power Project (內蒙察右中旗光伏項目)	50.00	Road Slip stage
	Subtotal	430.00	

Nature of Business	Project Name	Installed Capacity (MW)	Daily processing capacity (Tons)	Project Progress
Waste-to-energy Power	Guizhou Renhuai Waste-to-energy Power Project (貴州仁懷垃圾發電項目)	24.00	1,200.00	Under approval
	Guiyang Huaxi Waste-to-energy Power Project (貴陽花溪垃圾發電項目)	24.00	1,200.00	Under approval
	Anhui Wuhu Waste-to-energy Power Project (安徽蕪湖垃圾發電項目)	24.00	1,200.00	Under approval
	Hebei Bazhou Waste-to-energy Power Project (河北霸州垃圾發電項目)	24.00	1,200.00	Under approval
	Sichuan Deyang Waste-to-energy Power Project (四川德陽垃圾發電項目)	24.00	1,200.00	Under approval
	Hainan Wanning Waste-to-energy Power Project (海南萬寧垃圾發電項目)	24.00	1,200.00	Road Slip stage
	Heilongjiang Ningan Waste-to-energy Power Project (黑龍江甯安垃圾發電項目)	24.00	1,200.00	Road Slip stage
	USA Environmental Power Project (美國環保發電項目)	44.00	1,800.00	Road Slip stage
	Sichuan Yibin Waste-to-energy Power Project (四川宜賓垃圾發電項目)	24.00	1,200.00	Under approval
	Subtotal	236.00	11,400.00	
	Total	5,909.00		

The Group's future efforts will be focused on:

1. Accelerating the strategic adjustment and optimising the industrial layout.

To greatly develop eco-power generation and achieve a steady progress in gas-fired power generation. To actively expand the scale of photovoltaic power generation, and develop capacity-centered region and ultra high voltage outgoing channel of wind power projects in an orderly manner. To secure the acquisition of medium and small hydro power, to explore and implement the development model under the integration of new energy based and smart-grid based industries. Be determined to step forward a path of "characteristic, profound, valuable and green" development.

2. **Strengthening project development, enhancing the Group's development potential.**
   To ensure approvals will be obtained for seven eco-power generation projects of Guiyang Huaxi, Anhui Wuhu, Guizhou Renhuai, Hebei Bazhou, Sichuan Deyang, Sichuan Yibin, Heilongjiang Ningan; two wind power projects of Hubei Macheng and Phase II of Dafeng; six photovoltaic power projects of Fujian Zhangpu, Phase III of Baiyin, Kunming Xishan, Inner Mongolia Zhuozi, Huade, Chayou Zhongqi and hydro power of Chongqing Bishan with a total of 654,000kW. To ensure "road slip" approval of Dongguan Distributed Energy Project will be obtained, and to strive for "road slip" approvals for Weihai Gas-fired Turbine Thermal Power Cogeneration Project, Phase II of Inner Mongolia Chayou Zhongqi Wind Power Project, Heilongjiang Qiqihar Wind Power Project and waste-to-energy projects of Liaoning Chaoyang, Hainan Wanning, Guangxi Beihai, Guangxi Liuzhou. To move forwards the Qujiang Photovoltaic Power Cooperative Development Project.

3. **Highlighting precise management and improving business performance.**
   To strengthen the operational management of economic power generation, to enhance the efficiency of storage assets and to generate more power with effectiveness, thus ensure the realisation of annual target and enable a year by year profit.

4. **Strengthening the general control over funds and reducing the finance costs.**
   To strive for low-cost financing overseas and to enhance the concentration of funds by utilising a fund pooling platform. To improve the turnover flow of current assets by making every effort to reduce the monetary fund balance.

5. **To lay a solid foundation and to consolidate safe operation.**

FINANCIAL REVIEW

Revenue and Tariff Adjustment

For the year ended 31 December 2014, revenue and tariff adjustment were approximately RMB2,344,381,000 (for the year ended 31 December 2013: approximately RMB2,187,530,000), representing an increase of 7.2% over the same period last year. The increase was primarily attributed to the increase in revenue brought about by ample water flow in Fujian district and tariff adjustment, the incremental profit generated from newly acquired projects such as Meixi Hydro Power and Inner Mongolia Wind Power, the introduction of new tariff upon the inclusion of Kunming Environment into the Renewable Energy Catalogue, as well as the increased power generation from Dongguan Natural Gas Power Generation Project.

Fuel Costs

For the year ended 31 December 2014, fuel costs of the Group were approximately RMB657,364,000 (for the year ended 31 December 2013: approximately RMB638,909,000), representing an increase of 2.9% over the same period last year. The increase was mainly attributed to the increased tariff adjustment of Dongguan Natural Gas Power Generation Project, adjustment of the generator operation modes, year-on-year increase in power consumption and the increase in fuel costs.

Depreciation and Amortisation

For the year ended 31 December 2014, depreciation and amortisation of the Group were approximately RMB537,305,000 (for the year ended 31 December 2013: approximately RMB484,680,000), representing an increase of 10.9% over the same period last year, which was mainly attributed to the provision for depreciation incurred on power generation units and property, plant and other equipment of the newly acquired projects.

Staff Costs

For the year ended 31 December 2014, staff costs of the Group were approximately RMB182,103,000 (for the year ended 31 December 2013: approximately RMB187,381,000), representing a decrease of 2.8% over the same period last year. The decrease in staff costs was mainly attributed to the stricter control over labour costs and the partial capitalisation of labour costs of projects in progress.

Repairs and Maintenance

For the year ended 31 December 2014, the expenditure on repairs and maintenance of the Group was approximately RMB62,570,000 (for the year ended 31 December 2013: approximately RMB59,805,000), representing an increase of 4.6% over the same period last year. The first reason for the increase was due to the fact that the enterprise has entered the peak period for maintenance, while the second reason was mainly attributed to the increased expenditure on eco-environmental facilities.

Operating Profit

For the year ended 31 December 2014, the operating profit of the Group was approximately RMB745,641,000 (for the year ended 31 December 2013: approximately RMB628,926,000), representing an increase of 18.6% over the same period last year. The increase of operating profit was mainly attributed to the ample water supply in Fujian district during the year, the addition of generation units for the newly acquired Meixi Hydro Power Project and Inner Mongolia Wind Power Project, as well as the increased power generation from Dongguan Company.

Finance Costs, Net

For the year ended 31 December 2014, the net finance costs of the Group amounted to approximately RMB393,989,000 (for the year ended 31 December 2013: approximately RMB313,849,000), representing an increase of 25.5% over the same period last year. The increase in finance costs was due to the increased loans from new projects of the Group.

Income Tax Expense

For the year ended 31 December 2014, income tax expense of the Group was approximately RMB97,279,000 (for the year ended 31 December 2013: approximately RMB57,702,000), representing an increase of 68.6% over last year. The increase in income tax expense was primarily attributed to expiration of tax holding entitled by certain subsidiaries.

Profit Attributable to the Equity Holders of the Company

For the year ended 31 December 2014, profit attributable to equity holders of the Company was approximately RMB274,791,000 (for the year ended 31 December 2013: approximately RMB257,379,000), representing an increase of 6.8% over last year, which was mainly attributable to the increase in operating profit.

Liquidity and Financial Resources

As at 31 December 2014, the Group had cash and cash equivalents of approximately RMB775,772,000 (31 December 2013: approximately RMB1,734,808,000), a decrease of 55.3% over last year. Decrease in cash and cash equivalents was mainly attributable to construction of new projects and the optimisation of debt structure. The Group's principal sources of funds include cash inflow generated from operations, capital injection, as well as the working capital and project financing of its respective subsidiaries from financial institutions such as banks.

Capital Expenditure

For the year ended 31 December 2014, the capital expenditure of the Group was approximately RMB2,884,258,000, which was spent mainly on developments of new projects, the purchase of equipment and technical renovation project. The major sources of capital were the Group's cash balance and financing of bank loans.

Borrowings

As at 31 December 2014, total borrowings and corporate bonds of the Group amounted to approximately RMB9,009,377,000 (31 December 2013: approximately RMB7,934,793,000), consisting of short-term bank and other borrowings, current portion of long-term bank and other borrowings of approximately RMB1,553,873,000, long-term bank and other borrowings of approximately RMB6,658,824,000 and corporate bonds of approximately RMB796,680,000.

Gearing Ratio

As at 31 December 2014, the Group's gearing ratio of net debt divided by total capital was 51% (31 December 2013: 46%), representing an increase of 5 percentage points over last year, which was mainly due to the entering of operating period for newly operating generation units, which led to higher gearing ratio during the initial operating period.

Foreign Exchange and Currency Risks

The Group's main business transactions, assets and liabilities are substantially measured in Renminbi and Hong Kong Dollar. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.

Investment Risk of the Capital Market

The Group has minimal amount of its funds invested in securities. With its business being focused on clean energy related businesses, the Group will reduce its securities investment business.

For the year ended 31 December 2014, the Group's fair value loss on financial assets at fair value through profit or loss (the value of financial assets stated at fair value) amounted to approximately RMB2,406,000 (for the year ended 31 December 2013: gain of approximately RMB1,560,000).

Charge on the Group's Assets

As at 31 December 2014, certain bank deposits, accounts receivable, lease prepayments, property, plant and equipment and investment properties of the Group with an aggregate amount of approximately RMB2,337,966,000 (31 December 2013: approximately RMB2,508,249,000) were pledged as securities for certain borrowings of the Group and notes payable facilities granted by banks.

Contingent Liabilities

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had approximately 1,268 employees in Hong Kong and the PRC (31 December 2013: 1,119).

Remuneration of directors and employees is determined by the Group with reference to performance, experience and duties as well as industry and market standards. The Group provides appropriate emoluments as well as benefit and insurance packages to all employees of its operating power plants and new project developments in the PRC based on their respective duties and pursuant to the labour laws and regulations of the PRC.

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

Environmental Protection and Social Responsibility

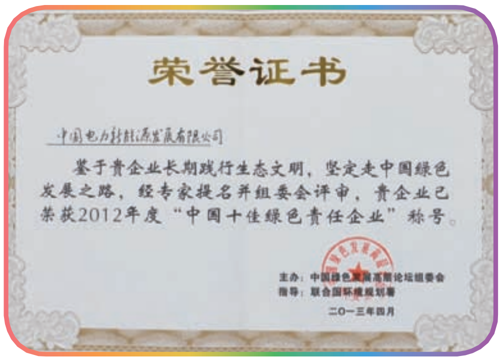
ENVIRONMENTAL PROTECTION — DRIVING GREEN DEVELOPMENT

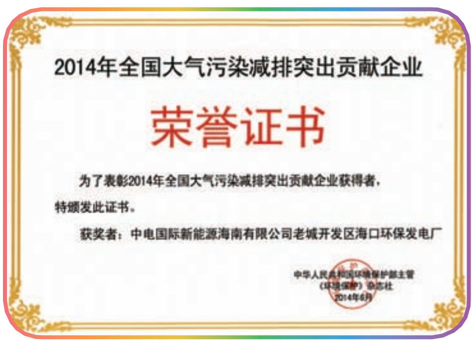
The Board of Directors has a profound understanding of the importance of new energy development for environmental protection, as it strives to provide safe, economic and clean energy products and services to the community. As Ms. Li Xiaolin, Chairman of the Board of Directors, puts it, we aim "not only to supply light and power to the world, but also to leave behind a sustainable natural environment with clean air and water for the future generations." This statement underlines the fundamental corporate development philosophy of the Group.

The Group's environmental initiatives are underpinned by the focus on people, preemptive risk controls and green operations. We aim for high operating standards, striving to make continuous improvements to clean production and minimise any adverse impact on society and the environment. The Company endeavours to strengthen its effort in environmental protection on an ongoing basis with vigorous implementation of relevant policies and measures, such as energy conservation, reduction of consumption and reduction of pollutant discharge.

I. Commitment to clean energy underpinned by 5 principal business segments of wind power, biomass, hydropower, gas-fired power and photovoltaic power, all of which are clean energy forms

The Group has always strived to ensure the utilisation of clean energy to maximum effect. In 2014, standard coal consumption, sulphuric dioxide emission, carbon dioxide emission, nitrogen oxide emission and fume emission in the Company's power generation using clean energy were reduced by 165,300 tons, 8,300 tons, 458,600 tons, 2,200 tons and 90 tons, respectively.





II. Ongoing enhancements of environmental protection treatments for biomass and gas-fired power generation projects

During the "12th FYP" period in China's national economic planning, the Group strengthened the environmental protection work for its biomass and gas-fired power generation projects and advanced environmental protection upgrade projects to install desulfurisation and denitrification facilities at all biomass and gas-fired power generation units in active response to national environmental protection policies. Projects completed in 2014 included desulfurisation and denitrification system upgrade for Boiler #5 at Hongze Thermal Plant and Boiler #6 at Hongze Reproductive Substance Thermal Plant, as well as low-nitrogen burning for Unit #2 at Dongguan Gas-fired Power Plant, which have resulted in substantial reduction in the emission of sulphuric dioxide and nitrogen oxides.

In 2014, the Group did not record any environmental pollution incidents or other environmental protection-related matters that required reporting.

III. Protection of the ecological environment

The Group's Shaxikou Hydro-electric Power Plant, Niu Tou Shan Power Stations, Meixi Hydro Power Plant and Huakou Hydro Power Plant, are actively engaged in ecological protection work in the river basins where they are located. Long-term fish breeding is conducted, as over 2 million fishlings were released into rivers at numerous locations in 2014. Such fish breeding initiative has enriched the fishery resources in the reservoir areas, improved the local hydro-environment and enhanced protection of the ecosystems of the reservoir areas.

The Group's Shaxikou Hydro-electric Power Plant has been awarded the honorary title of "Fujian Province Safety Culture Exemplary Enterprise" by the Fujian Provincial Government Safety Committee.

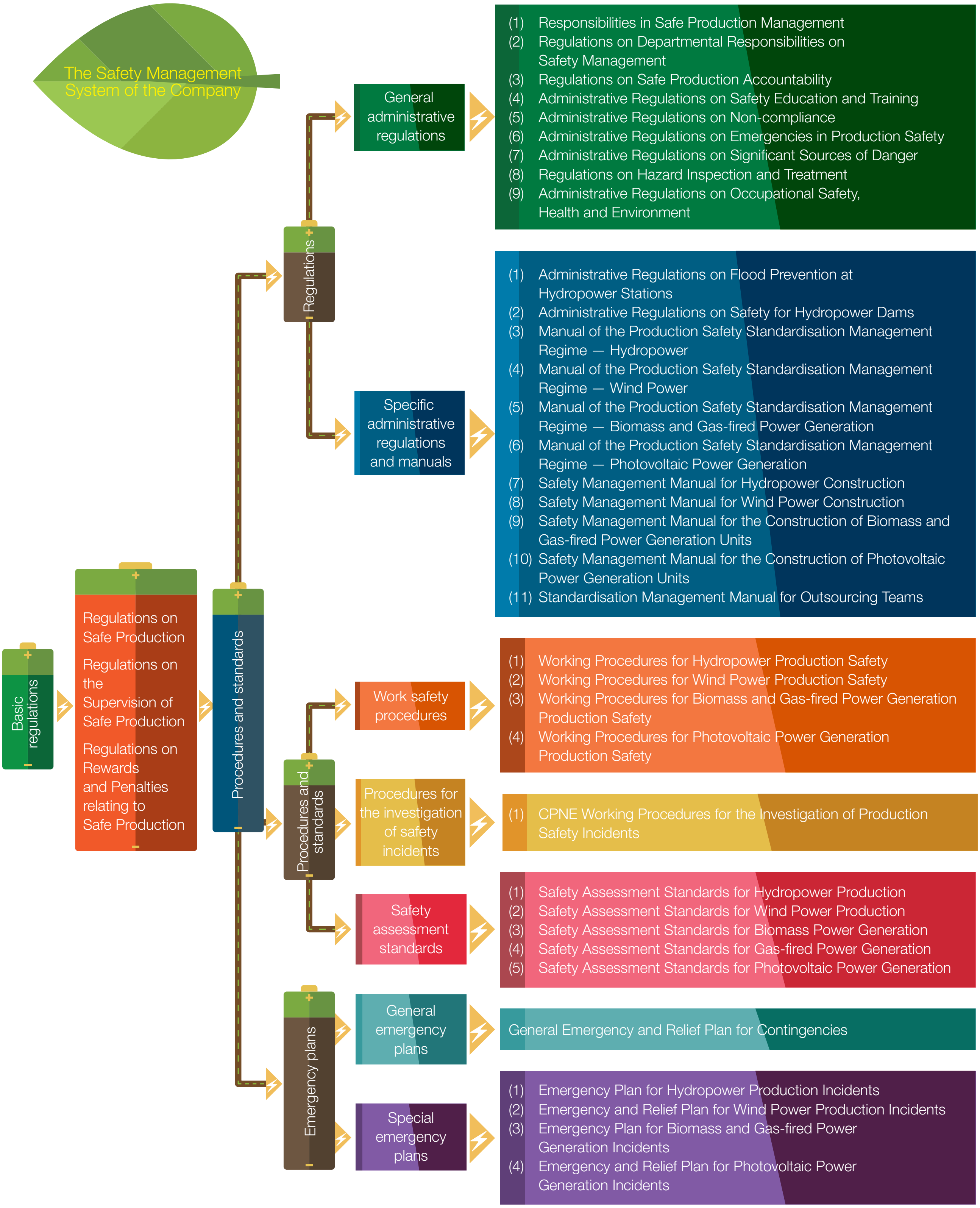
The Group has also garnered the prestigious title of "Green China — 2014 Environmental Protection Achievement Award."

IV. Safety-first principle and energy conservation provide assurance for stable development

We firmly believe that "all risks are controllable, all breaches are preventable and all accidents are avoidable." The Group has stringently implemented the safe production accountability system, procured steady development of the Safety, Health and Environment Management Regime and commenced the standardisation, compliance and assessment processes for safe electricity generation in firm adherence to the principles of "safety as priority, prevention rather than cure, and comprehensive treatment," with a view to constantly enhancing the culture of safety.

1. Safety, Health and Environment (SHE) Management Regime

(1) In 2014, the Group continued to advance the development of the SHE Management Regime with the compilations of "Administrative Rules for Safety Evaluation," "Administrative Rules for the Safety, Health and Environment Management Regime" and "Administrative Rules relating to Senior Company Officers' Aftermath Presence at Scenes of Material Incidents," as well as the amendment and improvement of the "China Power New Energy (CPNE) General Emergency Plan for Contingencies," forming a safety management regime for emergency management with CPNE characteristics that comprises 3 basic systems covering the aspects of operation, supervision and reward/punishment relating to safe production, 9 sets of auxiliary general management rules, 11 sets of specific management rules, 5 sets of procedures and 5 sets of standards.


The Safety Management System of the Company
Basic regulations
Regulations on Safe Production
Regulations on the Supervision of Safe Production
Regulations on Rewards and Penalties relating to Safe Production
Procedures and standards
Regulations
General administrative regulations
(1) Responsibilities in Safe Production Management
(2) Regulations on Departmental Responsibilities on Safety Management
(3) Regulations on Safe Production Accountability
(4) Administrative Regulations on Safety Education and Training
(5) Administrative Regulations on Non-compliance
(6) Administrative Regulations on Emergencies in Production Safety
(7) Administrative Regulations on Significant Sources of Danger
(8) Regulations on Hazard Inspection and Treatment
(9) Administrative Regulations on Occupational Safety, Health and Environment
Specific administrative regulations and manuals
(1) Administrative Regulations on Flood Prevention at Hydropower Stations
(2) Administrative Regulations on Safety for Hydropower Dams
(3) Manual of the Production Safety Standardisation Management Regime — Hydropower
(4) Manual of the Production Safety Standardisation Management Regime — Wind Power
(5) Manual of the Production Safety Standardisation Management Regime — Biomass and Gas-fired Power Generation
(6) Manual of the Production Safety Standardisation Management Regime — Photovoltaic Power Generation
(7) Safety Management Manual for Hydropower Construction
(8) Safety Management Manual for Wind Power Construction
(9) Safety Management Manual for the Construction of Biomass and Gas-fired Power Generation Units
(10) Safety Management Manual for the Construction of Photovoltaic Power Generation Units
(11) Standardisation Management Manual for Outsourcing Teams
Procedures and standards
Work safety procedures
(1) Working Procedures for Hydropower Production Safety
(2) Working Procedures for Wind Power Production Safety
(3) Working Procedures for Biomass and Gas-fired Power Generation Production Safety
(4) Working Procedures for Photovoltaic Power Generation Production Safety
Procedures for the investigation of safety incidents
(1) CPNE Working Procedures for the Investigation of Production Safety Incidents
Safety assessment standards
(1) Safety Assessment Standards for Hydropower Production
(2) Safety Assessment Standards for Wind Power Production
(3) Safety Assessment Standards for Biomass Power Generation
(4) Safety Assessment Standards for Gas-fired Power Generation
(5) Safety Assessment Standards for Photovoltaic Power Generation
Emergency plans
General emergency plans
General Emergency and Relief Plan for Contingencies
Special emergency plans
(1) Emergency Plan for Hydropower Production Incidents
(2) Emergency and Relief Plan for Wind Power Production Incidents
(3) Emergency Plan for Biomass and Gas-fired Power Generation Incidents
(4) Emergency and Relief Plan for Photovoltaic Power Generation Incidents

(2) Hazard identification and risk assessments were conducted and the risk database was updated to form a collated risk database for the CPNE SHE Management Regime covering our 5 principal segments of wind power, hydropower, biomass power generation, gas-fired power generation and solar power.

(3) An expert team for SHE management regime development was formed to train internal auditors for regime development, in order to provide assurance in connection with human and technical resources for regime development.

(4) Seminars on SHE management regime development were organised to brief employees on the "Notice regarding Certain Views of the Group Company on the Development of the Safety, Health and Environment Management Regime" and streamline issues and outstanding tasks in the development of CPNE's SHE regime, while the "Implementation Requirements for the Development of the CPNE Safety, Health and Environment Management Regime" was also formulated with ongoing amendments and improvements to streamline the management, technical and operational standards for the development of the SHE regime.

2. Standardisation of safe electricity generation

Multi-tiered overhauls of generator units were stringently organised to enhance the stability and reliability of such power generator units. In 2014, we made ongoing improvements to our safe production assurance regime to strengthen safe production management, as our Group reported general stability in safe production to provide strong assurance for safe corporate development.

In 2014, the Group updated its "Emergency Management Regime" to develop unified emergency management standards. The Group's power plants in aggregate revised or issued 19 general emergency plans, 259 special emergency plans and 265 on-site handling plans, covering the development of the SHE regime as well as the standardisation of safe production. The review and filing process in respect of all emergency plans have been completed.

The Group's power plants that received the safe electricity generation standardisation compliance rating issued by the State Electricity Regulatory Commission in 2014 included: Dafeng Wind Power, Jiuquan Wind Electric Power, Kunming China Power Environmental Power, Haikou China Power Environmental Power, Dongguan Gas-fired Power Generation, Shaxikou Hydro-electric Power, Niu Tou Shan Power Stations, Huakou Hydro Power Plant, Hailin Company and Meixi Hydro Power Plant.

3. **Reinforcing the safety culture and awareness**
   Safety promotion, education and training programmes, including promotional programmes such as the Safe Production Promotion and Consultation Day, Production Safety Incidents Alert Education Week, Safe Production Month and Safety Culture Week, as well as the promotion of environmental protection laws, regulations and rules, were vigorously launched to foster a CPNE safety culture with outer, inner and subtle levels.

FULFILLMENT OF SOCIAL RESPONSIBILITY THROUGH PASSIONATE INVOLVEMENT IN CHARITY

The Group has been actively engaged in social aid and charity campaigns, in a bid to honour its corporate social responsibility with integrity, and has built a positive public image by caring for the underprivileged, taking part in flood prevention and disaster relief, aiding the impoverished, joining blood donation and offering bursaries for students.

In 2014, the Group organised the “Winter Warmth for Ludian (魯甸暖冬)” charity event, being the second season of the “Blue Wind Mill for Warmth (藍風車•溫暖衣然) campaign, under which more than 800 cotton jackets, pairs of trousers, three-piece suits and children wear were collected for donation to quake-stricken areas in Ludian, Yunnan. The “CPNE Ying Shan Hong E-Classroom” was built at Qingyuan Zhongxin Primary School in a quake-stricken area in Ya’nan, Sichuan, for which an inauguration ceremony was held to commission the facility, in addition to the donation of teaching equipment and stationery to the school, as the Group continued to actively explore the long-term Ying Shan Hong educational assistance and liaison mechanism. We also visited impoverished families in Datong Village, Jianshe Town, Chongming County in our poverty aid and charity pairing campaign. We continued to be the robust support of the Earth Hour environmental initiative, while our business units were variously engaged in tree planting, charity promotion services and socialising activities as they deemed fit.

CARE FOR EMPLOYEES UNDERPINNED BY STAFF WELFARE INITIATIVES

A people-oriented approach to staff management underpinned by care for employees is the bedrock of a harmonious enterprise and the driving force for corporate development. The Group has procured the construction of staff welfare facilities such as the staff activity room and staff cafeteria as part of its efforts to improve the workplace environment. The Group has also organised a wide range of activities to provide after-work entertainment for employees and to enhance solidarity.

PROTECTION OF STAFF RIGHTS

We have made strong efforts to advocate negotiations between the employer and employees on an equal basis and sign collective employment contracts with our employees, in compliance with national or local labor laws and regulations relating to labour contracts. We have also improved our institutions relating to workers' union and supported active staff participation in management, with a view to effectively safeguarding staff rights to information, participation, representation and supervision.

We have enhanced the role of the liaison officer for junior employees at all business units to ensure adequate communication of employees' views and concerns to the senior management and vice versa.

The Group arranges annual health check sessions for all employees in line with its emphasis on staff health.

FACILITATING STAFF DEVELOPMENT

We continued to revise our staff performance management and evaluation system to drive ongoing improvements in staff performance and personal betterment through enhanced performance tracking and feedback.

In 2014, we organised 80 training sessions covering repair and transport skills, inspection, maintenance and safety, designed to cater to different characteristics of management personnel, specialised technicians and general technicians. Improvements were also being made to our qualification management and certification regime with the introduction of certification requirements for appointment and skill authentication of production staff.

CARE FOR STAFF BEYOND THE WORKPLACE

We continued to improve our systematic mechanism for assistance and encouraged our employees to enroll with mutual aid associations organised by the Group or other local bodies, which effectively lifted employees from some of their financial burdens. In 2014, the Company organised visits to 154 front-line or disadvantaged employees and sent out compassion gifts in cash or kind with a total amount of RMB65,000.

CORPORATE GOVERNANCE PRACTICES

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

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

The Board considers that during the year ended 31 December 2014, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1, A.4.2 and E.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

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

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

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

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

A2. Board Composition

The composition of the Board as at 31 December 2014 is as follows:

Executive directors:

Ms. Li Xiaolin	*(Chairman of the Board, the Executive Committee and the Nomination Committee)*
Mr. Zhao Xinyan	*(Member of the Executive Committee and Chairman of the Investment and Budget Management Committee)*
Mr. He Hongxin	*(Chief Executive Officer, Member of the Executive Committee and the Investment and Budget Management Committee)*
Mr. Wang Hao *(Note)*	*(Member of the Executive Committee)*
Mr. Qi Tengyun	*(Member of the Executive Committee)*

Non-executive directors:

Mr. Bi Yaxiong	*(Vice Chairman)*
Mr. An Luming	

Independent non-executive directors:

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

Note: Mr. Wang Hao resigned as an executive director of the Company with effect from 20 March 2015.

Throughout the year ended 31 December 2014, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate accounting and related financial management expertise.

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

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

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

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

A3. Chairman and Chief Executive Officer

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

A4. Appointment and Re-Election of Directors

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

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

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

At the forthcoming annual general meeting of the Company (the "2015 AGM"), Mr. He Hongxin, Mr. Wong Kwok Tai and Dr. Li Fang shall retire by rotation. In addition, Mr. Qi Tengyun, who has been appointed as an executive director of the Company with effect from 19 August 2014, will hold office until the 2015 AGM according to the Bye-laws provisions stated in the foregoing paragraph. All of the above four retiring directors, being eligible, will offer themselves for re-election at the 2015 AGM. The Board recommended the re-appointment of these retiring directors standing for re-election at the 2015 AGM. The Company's circular, sent together with this annual report, contains detailed information of these retiring directors pursuant to the requirements of the Listing Rules.

A5. Induction and Continuing Development for Directors

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

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

During the year ended 31 December 2014, the directors have participated training as follows:

— The Company organized a wind power plant visit for a few days in Jiuquan, it provided directors a proper understanding of wind power generation. Mr. He Hongxin, Mr. Wang Hao, Mr. An Luming, Mr. Chu Kar Wing and Mr. Wong Kwok Tai have attended such training session.

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

— Ms. Ng Yi Kum attended seminars, which are relevant to her duties and responsibilities, organized by professional firms/institutions.

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board Committee meetings and the general meeting of the Company held during the year ended 31 December 2014 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive directors:					
Ms. Li Xiaolin	4/4	N/A	N/A	0/2	0/1
Mr. Yin Lian *(Note 1)*	2/2	N/A	N/A	N/A	0/1
Mr. Zhao Xinyan	4/4	N/A	N/A	N/A	1/1
Mr. He Hongxin	4/4	N/A	N/A	N/A	0/1
Mr. Wang Hao *(Note 2)*	3/3	N/A	N/A	N/A	0/1
Mr. Qi Tengyun *(Note 3)*	1/1	N/A	N/A	N/A	–
Non-executive directors:					
Mr. Cheng Chi *(Note 4)*	–	N/A	N/A	N/A	–
Mr. Bi Yaxiong *(Note 5)*	4/4	N/A	N/A	N/A	0/1
Mr. An Luming *(Note 6)*	4/4	N/A	N/A	N/A	0/1
Independent non-executive directors:					
Mr. Chu Kar Wing	4/4	2/2	1/1	2/2	1/1
Mr. Wong Kwok Tai	4/4	2/2	1/1	2/2	1/1
Dr. Li Fang	4/4	2/2	1/1	2/2	1/1
Ms. Ng Yi Kum	4/4	2/2	1/1	2/2	0/1

Notes:

1. Mr. Yin Lian retired as an executive director at the annual general meeting of the Company held on 28 May 2014 since there was not a majority of votes cast for the resolution regarding his re-election as an executive director of the Company. Prior to his retirement, there were two Board meetings held during the year ended 31 December 2014.

2. Mr. Wang Hao resigned as an executive director of the Company with effect from 20 March 2015. Prior to his resignation, there were three Board meetings held during the year ended 31 December 2014.

3. Mr. Qi Tengyun was appointed as an executive director of the Company with effect from 19 August 2014. Subsequent to his appointment, there was one Board meeting held during the year ended 31 December 2014.

4. Mr. Cheng Chi resigned as a non-executive director of the Company with effect from 20 March 2014. Prior to his resignation, there was no Board meeting held during the year ended 31 December 2014.

5. Mr. Bi Yaxiong was re-designated from the office of an executive director to a non-executive director of the Company with effect from 19 August 2014.

6. Mr. An Luming was appointed as a non-executive director of the Company with effect from 20 March 2014. Subsequent to his appointment, there were four Board meetings held during the year ended 31 December 2014.

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

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

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

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

A8. Corporate Governance Functions

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

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

B. BOARD COMMITTEES

During the year under review, the Board has set up the Investment and Budget Management Committee. Accordingly, there are five Board committees, namely, the Executive Committee, the Investment and Budget Management Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website www.cpne.com.hk and on the Stock Exchange's website www.hkexnews.hk (except for the written terms of reference of the Executive Committee and the Investment and Budget Management Committee). All the Board committees should report to the Board on their decisions or recommendations made.

B1. Executive Committee

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

B2. Investment and Budget Management Committee

The Investment and Budget Management Committee comprises a total of six members, including three directors of the Company, namely Mr. Zhao Xinyan, Mr. He Hongxin and Dr. Li Fang, and three senior staff of the Group, namely Mr. Wang Zhiying (General Manager of China Power International New Energy Holding Limited ("CPINEHL"), an indirect wholly–owned subsidiary of the Company), Mr. Huang Yuanwang (Deputy General Manager of CPINEHL) and Mr. Chen Xuezhi (Chief Financial Officer of the Company and Deputy General Manager of CPINEHL). The chairman of the Committee is Mr. Zhao Xinyan. The Investment and Budget Management Committee is under the direct authority of the Board to increase the efficiency of investment and budgeting decisions. It reviews the execution of the Company's investment and budgeting strategies and discusses and considers the recommendation of investment and budgeting relating matters of the Company.

B3. Remuneration Committee

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

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

During the year ended 31 December 2014, the Remuneration Committee has generally reviewed and discussed the remuneration packages and benefits policy of the directors and the senior staff of the Group.

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

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

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

Details of the remuneration of each director of the Company for the year ended 31 December 2014 are set out in note 15 to the consolidated financial statements contained in this annual report.

B4. Audit Committee

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

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

During the year ended 31 December 2014, the Audit Committee has performed the following major works:

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2013, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor; and

— Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2014, and the related accounting principles and practices adopted by the Group.

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

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

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

The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2014.

B5. Nomination Committee

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

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

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

During the year ended 31 December 2014, the Nomination Committee has performed the following major works:

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

— Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 28 May 2014 (the "2014 AGM");

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

— Considering and making recommendation to the Board on the appointment of Mr. An Luming as a non-executive director of the Company;

— Considering and making recommendation to the Board on the appointment of Mr. Qi Tengyun as an executive director of the Company;

— Considering and making recommendation to the Board on the re-designation of Mr. Bi Yaxiong from the office of an executive director to a non-executive director and continuation of his office of the Vice Chairman of the Company;

— Considering and making recommendation to the Board on the appointment of Mr. He Hongxin as the Chief Executive Officer of the Company.

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

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

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2014.

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

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

D. INTERNAL CONTROLS

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

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2014. The senior personnel reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. COMPANY SECRETARY

The Company Secretary of the Company is Mr. Fung Chun Nam, who has fulfilled the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Fung are set out in the section headed "Directors and Senior Management Profiles" of this annual report. During the year ended 31 December 2014, Mr. Fung has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2014 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to PricewaterhouseCoopers, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2014 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable *HK$'000*
Audit services	
— audit fee for the year ended 31 December 2014	3,330
Non-audit services	
— interim review on financial result for six months ended 30 June 2014	650
— tax advisory fees	26
TOTAL:	4,006

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

Inquiries are dealt with in an informative and timely manner.

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

Code provision E.1.2 of the CG Code stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Li Xiaolin, the Chairman of the Company, was unable to attend the 2014 AGM due to her other business engagement. In view of her absence, Ms. Li had arranged for Mr. Zhao Xinyan, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. Mr. Chu Kar Wing, Mr. Wong Kwok Tai and Dr. Li Fang, being the Company's independent non-executive directors and the chairman/members of the Audit Committee, the Remuneration Committee and the Nomination Committee, also attended the 2014 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

H. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal activities and geographical area of operations for the year ended 31 December 2014 is set out in note 5 to the consolidated financial statements.

RESULTS

The Group's profit for the year ended 31 December 2014 is set out in the consolidated income statement on page 58.

FINAL DIVIDEND

The directors recommended a final dividend of RMB0.0081 (equivalent to HK$0.01022 at the exchange rate announced by the People's Bank of China on 20 March 2015) per ordinary share for the year ended 31 December 2014, representing a total of approximately RMB95,793,000 (equivalent to HK$120,865,000), payable to the Company's shareholders whose names appear on the Company's register of members on 5 June 2015. This dividend payment, subject to the approval of the shareholders at the 2015 AGM to be held on 27 May 2015, is expected to be paid on 19 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2015 to 27 May 2015 (both days inclusive) for the purpose of determining the right to attend and vote at the 2015 AGM. In order to be entitled to attend and vote at the 2015 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 May 2015.

In addition, the register of members of the Company will also be closed from 3 June 2015 to 5 June 2015 (both days inclusive) for the purpose of determining the entitlement to the above-mentioned proposed final dividend. In order to be qualified for the proposed final dividend (if approved by the shareholders at the 2015 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Branch Share Registrar of the Company in Hong Kong at the above address for registration not later than 4:30 p.m. on 2 June 2015.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 140 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and of the Group during the year ended 31 December 2014 are set out in note 16 to the consolidated financial statements.

CAPITAL STRUCTURE

Details of the movements in the Company's share capital and options during the year ended 31 December 2014, together with the reasons thereof, and details of the share option scheme of the Company are set out in note 30 to the consolidated financial statements. Further details are also disclosed under the heading "Share Option Scheme" below.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 31 to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

In accordance with the Bermuda Companies Act/applicable laws, as at 31 December 2014, the Company's reserves available for distribution amounted to RMB5,149,163,000 (2013: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, sales to the Group's five largest customers accounted for approximately 76% of the total sales and sales to the largest customer included therein amounted to approximately 29% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year ended 31 December 2014 and purchases from the largest supplier included therein amounted to approximately 85% of the total purchases.

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

DIRECTORS

The directors of the Company during the year ended 31 December 2014 and up to the date of this report are:

Executive Directors:

Ms. Li Xiaolin (Chairman)
Mr. Zhao Xinyan
Mr. He Hongxin (appointed as Chief Executive Officer on 19 August 2014)
Mr. Qi Tengyun (appointed on 19 August 2014)
Mr. Yin Lian (retired on 28 May 2014)
Mr. Wang Hao (resigned on 20 March 2015)

Non-executive Directors:

Mr. Bi Yaxiong (Vice Chairman, re-designated from Executive Director to Non-executive Director on 19 August 2014)
Mr. An Luming (appointed on 20 March 2014)
Mr. Cheng Chi (resigned on 20 March 2014)

Independent Non-Executive Directors:

Mr. Chu Kar Wing
Mr. Wong Kwok Tai
Dr. Li Fang
Ms. Ng Yi Kum

Pursuant to clause 87 of the Bye-laws, Mr. He Hongxin, Mr. Wong Kwok Tai and Dr. Li Fang shall retire by rotation at the 2015 AGM whereas pursuant to clause 86(2)(b) of the Bye-laws, Mr. Qi Tengyun shall hold office until the 2015 AGM. All the above retiring directors, being eligible, will offer themselves for re-election at the said general meeting.

DIRECTORS' SERVICE CONTRACTS

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

EMOLUMENT POLICY FOR DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 31 December 2014.

POST BALANCE SHEET EVENTS

On 13 February 2015, the Group entered into a share transfer memorandum with an independent third party to dispose of the Group's non-current assets classified as held for sale at a cash consideration of RMB255,000,000.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

Pursuant to the Company's share option schemes, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 31 December 2014 were as follows:

Name of director	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage+ of underlying shares over the Company's issued share capital
Ms. Li Xiaolin	Beneficial owner	73,000,000	0.62%
Mr. Zhao Xinyan	Beneficial owner	38,000,000	0.32%
Mr. Wang Hao *(Note)*	Beneficial owner	48,000,000	0.41%

\+ *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2014.*

Note: Mr. Wang Hao has resigned as an executive director of the Company with effect from 20 March 2015. Pursuant to the share option scheme, his share options will lapse within a period of three months following the date of resignation.

Save as disclosed above, as at 31 December 2014, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code , to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 30(c) to the consolidated financial statements and save as disclosed in the section headed "Share Option Scheme" below, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Company. Further details of the Company's share option scheme are disclosed in note 30(c) to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 December 2014:

Name or category of participant	Number of share options: Outstanding as at 1 January 2014	Granted during the year	Exercised during the year[1]	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2014	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$ per share
Directors									
Ms. Li Xiaolin	23,000,000	–	–	–	–	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	–	–	–	–	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	30,000,000	–	–	–	–	30,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	73,000,000	–	–	–	–	73,000,000			
Mr. Zhao Xinyan	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	12,000,000	–	–	–	–	12,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	38,000,000	–	–	–	–	38,000,000			
Mr. Wang Hao[2]	30,000,000	–	–	–	–	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	10,000,000	–	–	–	–	10,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	48,000,000	–	–	–	–	48,000,000			
Mr. Yin Lian[3]	18,000,000	–	–	(18,000,000)	–	–	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	18,000,000	–	–	(18,000,000)	–	–			
	177,000,000	–	–	(18,000,000)	–	159,000,000			
Other employees working under continuous employment contracts									
In aggregate	20,000,000	–	–	–	–	20,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	–	–	–	–	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	33,500,000	–	–	–	–	33,500,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	66,500,000	–	(4,000,000)	(7,000,000)	–	55,500,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal for employees:	125,000,000	–	(4,000,000)	(7,000,000)	–	114,000,000			
TOTAL:	302,000,000	–	(4,000,000)	(25,000,000)	–	273,000,000			

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

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

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

1. *The weighted average closing price of the Company's shares immediately before the dates of exercise is HK$0.75.*
2. *Mr. Wang Hao has resigned as an executive director of the Company with effect from 20 March 2015. Pursuant to the share option scheme, his share options will lapse within a period of three months following the date of resignation.*
3. *Mr. Yin Lian has retired as an executive director of the Company with effect from 28 May 2014. Pursuant to the share option scheme, his share options lapsed within a period of three months following the date of retirement.*

A total of 273,000,000 shares (representing approximately 2.31% of the existing issued share capital of the Company as at the date of this annual report) may be issued by the Company if all the outstanding options as set out in the above table are exercised. At the Company's annual general meeting held on 21 May 2012, the Board was authorized to grant options to subscribe for up to 788,903,910 shares of the Company, being approximately 6.67% of the issued share capital of the Company as at the date of this annual report. On 16 January 2013, options to subscribe for a total of 136,500,000 shares of the Company were granted (out of which a total of 25,000,000 options were lapsed up to the date of this report). Accordingly, the Board may further grant options to subscribe for up to 677,403,910 shares, representing approximately 5.73% of the issued share capital of the Company as at the date of this annual report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2014, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or as known by the Company:

Name	Nature of interest	Notes	Number of shares interested or deemed to be interested	Percentage holding+
State-owned Assets Supervision and Administration Commission of The State council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1,2,3,4&5	7,786,418,572	65.84%
China Power Investment Corporation	Corporate interests	1&2	3,330,749,231	28.16%
China Power International Holding Limited	Corporate interests	1	3,135,029,231	26.51%
	Beneficial owner	2	195,720,000	1.65%
			3,330,749,231	28.16%
Tianying Holding Limited	Corporate interests	1	3,135,029,231	26.51%
China Power New Energy Limited	Beneficial owner	1	3,135,029,231	26.51%
China Three Gorges Corporation	Beneficial owner	3	3,216,269,231	27.20%
China National Offshore Oil Corporation	Corporate interests	4	900,000,000	7.61%
Overseas Oil & Gas Corporation, Ltd.	Corporate interests	4	900,000,000	7.61%
Shining East Investments Limited	Beneficial owner	4	900,000,000	7.61%

Notes:

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

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

3. These 3,216,269,231 shares were held by China Three Gorges Corporation, a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

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

5. On 8 November 2013, the Company entered into a new share agreement with Guangdong Electric Power Design Institute of China Energy Engineering Group (中國能源建設集團廣東省電力設計研究院), as the subscriber, pursuant to which the Company has conditionally agreed to allot and issue 339,400,110 new shares to the said subscriber. Guangdong Electric Power Design Institute of China Energy Engineering Group (中國能源建設集團廣東省電力設計研究院) is a wholly-owned subsidiary of China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司), an ultra-large energy construction group directly managed by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會).The said subscription was completed on 1 August 2014 and 339,400,110 shares were allotted to Guangdong Electric Power Design Institute of China Energy Engineering Group (中國能源建設集團廣東省電力設計研究院). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares pursuant to Part XV of the SFO.

† *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2014.*

Save as disclosed above, as at 31 December 2014, no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 35 to 46 in this annual report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 December 2014.

CONNECTED TRANSACTION

On 15 April 2014, China Power Hongze Thermal Power Company Limited (中電洪澤熱電有限公司) (the "Contractor"), a 60% owned subsidiary of the Company, entered into a subcontracting agreement with the China Power Jiangsu Thermal Heat Generator Plant (江蘇常熟100萬機組) (the "Subcontractor"), a connected person of the Company under Chapter 14A of the Listing Rules, and State Grid Jiangsu Electric Power Company (國家電網江蘇省電力公司) ("State Grid Jiangsu"). Pursuant to the subcontracting agreement, the Subcontractor agreed to generate and supply the Contractor with a volume of power in the aggregate amount of 57,210MWH during 1 March to 31 March 2014, and State Grid Jiangsu would purchase all the power generated from the Contractor. The Contractor would pay the Subcontractor a consideration of: (i) RMB288 (including applicable taxes) per MWH in respect of 28,605 MWH of power generated and supplied; and (ii) RMB260 (including applicable taxes) per MWH in respect of the remaining 28,605 MWH of power generated and supplied. Therefore, the total consideration (including applicable taxes) payable by the Contractor to the Subcontractor pursuant to the subcontracting agreement was in aggregate approximately RMB15,675,540.

AUDITOR

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

ANNUAL REPORT

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

On behalf of the Board

Li Xiaolin
Chairman

Hong Kong
20 March 2015

Independent Auditor's Report

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羅兵咸永道

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

We have audited the consolidated financial statements of China Power New Energy Development Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 58 to 139, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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羅兵咸永道

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2015

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	5	2,144,306	1,968,580
Tariff adjustment	5	200,075	218,950
		2,344,381	2,187,530
Other income	6	42,893	37,194
Other gains, net	7	35,206	409
Fuel costs		(657,364)	(638,909)
Staff costs	11	(182,103)	(187,381)
Depreciation and amortisation		(537,305)	(484,680)
Repairs and maintenance		(62,570)	(59,805)
Fair value (losses)/gains on financial assets at fair value through profit or loss		(2,406)	1,560
Other operating expenses		(235,091)	(226,992)
Operating profit	8	745,641	628,926
Finance income	9	19,731	48,966
Finance costs	9	(413,720)	(362,815)
Finance costs, net	9	(393,989)	(313,849)
Share of losses of an associate		(803)	(464)
Share of profits of joint ventures		26,061	20,366
Profit before tax		376,910	334,979
Income tax expense	10	(97,279)	(57,702)
Profit for the year		279,631	277,277
Attributable to:			
Equity holders of the Company	12	274,791	257,379
Non-controlling interests		4,840	19,898
		279,631	277,277
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
— basic	13	0.024	0.022
— diluted	13	0.024	0.022
Dividends	14	95,793	–

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 *RMB'000*	2013 *RMB'000*
Profit for the year	**279,631**	277,277
Other comprehensive income that may reclassified to profit or loss:		
Currency translation differences	**–**	–
Total comprehensive income for the year	**279,631**	277,277
Attributable to:		
Equity holders of the Company	**274,791**	257,379
Non-controlling interests	**4,840**	19,898
	279,631	277,277

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	13,316,945	11,619,407
Lease prepayments	17	125,066	123,236
Investment properties	18	302,496	302,496
Intangible assets	19	1,059,882	1,052,332
Interest in an associate	21	112,991	113,794
Interests in joint ventures	22	234,841	232,123
Long-term prepayments and deposits	24	1,133,581	805,933
Deferred income tax assets	34	27,458	27,483
		16,313,260	14,276,804
Current assets			
Inventories	25	99,534	101,778
Accounts receivable	26	653,182	652,282
Prepayments, deposits and other receivables	24	678,617	501,239
Financial assets at fair value through profit or loss	27	4,925	7,331
Pledged deposits	28	15,543	24,979
Cash and cash equivalents	28	775,772	1,734,808
		2,227,573	3,022,417
Non-current assets classified as held for sale	29	255,000	255,000
		2,482,573	3,277,417
Total assets		18,795,833	17,554,221
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	30	1,073,948	1,046,966
Share premium	30	175,156	5,555,503
Reserves	31	6,553,578	713,061
		7,802,682	7,315,530
Non-controlling interests		24,373	196,055
Total equity		7,827,055	7,511,585

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

	Note	2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	32	6,658,824	5,468,758
Corporate bonds	33	796,680	798,773
Construction costs payable	36	313,716	478,684
Consideration payable for acquisition of subsidiaries	36	233,097	163,246
Deferred income tax liabilities	34	65,896	68,840
		8,068,213	6,978,301
Current liabilities			
Accounts payable	35	17,256	32,621
Construction costs payable	36	1,169,390	1,191,114
Other payables and accrued charges	36	124,662	159,086
Short-term bank and other borrowings	32	676,660	559,000
Current portion of long-term bank and other borrowings	32	877,213	608,681
Current portion of corporate bonds	33	–	499,581
Income tax payable		35,384	14,252
		2,900,565	3,064,335
Total liabilities		10,968,778	10,042,636
Total equity and liabilities		18,795,833	17,554,221
Net current (liabilities)/assets		(417,992)	213,082
Total assets less current liabilities		15,895,268	14,489,886

Li Xiaolin
Director

Zhao Xinyan
Director

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Balance Sheet

AS AT 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	20	7,415,903	6,090,434
Current assets			
Prepayments, deposits and other receivables	24	1,507	1,437
Financial assets at fair value through profit or loss	27	–	7,126
Cash and cash equivalents	28	429,590	1,200,253
		431,097	1,208,816
Total assets		7,847,000	7,299,250
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	30	1,073,948	1,046,966
Share premium	30	175,156	5,555,503
Reserves/(deficit)	31	4,912,344	(644,248)
Total equity		6,161,448	5,958,221
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	32	834,674	–
Corporate bonds	33	796,680	798,773
		1,631,354	798,773
Current liabilities			
Other payables and accrued charges	36	53,969	42,675
Current portion of corporate bonds	33	–	499,581
Income tax payable		229	–
		54,198	542,256
Total liabilities		1,685,552	1,341,029
Total equity and liabilities		7,847,000	7,299,250
Net current assets		376,899	666,560
Total assets less current liabilities		7,792,802	6,756,994

Li Xiaolin
Director

Zhao Xinyan
Director

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company					
	Share capital *(Note 30(a))* *RMB'000*	Share premium *(Note 30(b))* *RMB'000*	Other reserves *(Note 31)* *RMB'000*	Retained earnings *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2014	1,046,966	5,555,503	(254,112)	967,173	196,055	7,511,585
Profit and total comprehensive income for the year	–	–	–	274,791	4,840	279,631
Transfer from share premium to other reserves *(Note 30(b))*	–	(5,555,503)	5,555,503	–	–	–
Set off against accumulated losses *(Note 30(b))*	–	–	(406,340)	406,340	–	–
Acquisition of non-controlling interest *(Note 38)*	–	–	10,744	–	(176,822)	(166,078)
Contribution from non-controlling interest	–	–	–	–	300	300
Issue of ordinary shares upon exercise of share options *(Note 30(a)(i))*	315	1,823	(521)	–	–	1,617
Issue of ordinary shares *(Note 30(a)(ii))*	26,667	173,333	–	–	–	200,000
Share options forfeited after the end of the vesting period	–	–	(2,639)	2,639	–	–
Balance at 31 December 2014	1,073,948	175,156	4,902,635	1,650,943	24,373	7,827,055
Balance at 1 January 2013	1,046,966	5,555,503	(268,518)	709,794	176,157	7,219,902
Profit and total comprehensive income for the year	–	–	–	257,379	19,898	277,277
Employee share option benefits *(Note 11)*	–	–	14,406	–	–	14,406
Balance at 31 December 2013	1,046,966	5,555,503	(254,112)	967,173	196,055	7,511,585

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	37	1,257,151	1,050,037
PRC income tax paid		(79,066)	(78,841)
Net cash generated from operating activities		1,178,085	971,196
Cash flows from investing activities			
Payments for property, plant and equipment		(2,796,008)	(1,732,214)
Payments for lease prepayments		(4,787)	(19,588)
Payments for intangible assets		(6,597)	(1,398)
Proceeds received from disposals of property, plant and equipment		12,027	16,630
Acquisition of a subsidiary, net of cash acquired		–	(101,552)
Proceeds from disposal of financial assets at fair value through profit or loss		–	6,832
Dividend received from an associate		–	12,000
Dividends received from joint ventures		17,306	10,231
Interest received		19,731	48,966
Increase in pledged deposits		(14,137)	(17,899)
Net cash used in investing activities		(2,772,465)	(1,777,992)
Cash flows from financing activities			
Issue of ordinary shares	30	201,617	–
Contribution from non-controlling interests		300	–
New bank and other borrowings	32	2,933,334	1,816,610
Acquisition of non-controlling interest	38	(166,078)	–
Repayment of bank and other borrowings	32	(1,357,076)	(1,538,674)
Repayment of corporate bond	33	(500,000)	–
Interest paid		(476,753)	(428,924)
Net cash generated from/(used in) financing activities		635,344	(150,988)
Net decrease in cash and cash equivalents		(959,036)	(957,784)
Cash and cash equivalents at 1 January		1,734,808	2,692,592
Cash and cash equivalents at 31 December	28	775,772	1,734,808

The notes on pages 65 to 139 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), and have been approved for issue by the Board of Directors on 20 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

As at 31 December 2014, the Group had net current liabilities of RMB417,992,000 (2013: net current asset of RMB213,082,000). In preparing these financial statements, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Based on the Group's history of obtaining finance, its relationship with its bankers, banking facilities available and net operating cash inflow, the directors consider that the Group will be able to obtain adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next twelve months from the balance sheet date. Accordingly, the directors have prepared these consolidated financial statements on a going concern basis.

These consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative year.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

In the current year, the Group has adopted all the amendments to standards and new interpretation issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The adoption of these amendments to standards and new interpretation does not have a material impact on the Group's accounting policies.

At the date of these financial statements are approved for issue, the following new standards and amendments to standards have been issued but are not effective and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle	1 January 2015[(1)]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle	1 January 2015
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle	1 January 2016
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Bearer Plants	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plans — Employee Contributions	1 January 2015
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016

(1) Effective for the Group for annual periods beginning on or after 1 January 2015, except for "Amendment to HKFRS 2 Share-based Payment" and "Amendment to HKFRS 3 Business Combinations" which are applicable to share-based payment transactions with a grant date, and business combinations for which the acquisition date, is on or after 1 July 2014

The Group will apply the above new standards and amendments to standards from 1 January 2015 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements will be resulted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

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

(a) Subsidiaries

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

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 2.8(a)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

On the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment (Note 2.9). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(d) Associates (Continued)

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

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

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

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

(e) Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress (see Note 2.5 below) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, costs transferred from construction in progress and any directly attributable costs of bringing the assets to the condition for their intended use.

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

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

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

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

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

2.5 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.4 above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment properties

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

2.7 Lease prepayments

Lease prepayments included land use rights, coast use rights and other lease prepayments. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost mainly represents consideration paid for the rights to use the land or coast on which various plants and buildings are situated and up-front prepayment made for operating leases. Amortisation of lease prepayments is calculated on a straight-line basis over the period of the leases.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associate and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquiree.

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

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

(b) Other intangible assets

Other intangible assets mainly include franchise right and computer software. Cost of other intangible assets are initially recognised and measured at cost. Other intangible assets with definite useful lives are amortised on a straight-line basis either over the respective period of the operating right or their estimated useful lives of 10–30 years for franchise right and 5 years for computer software respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

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

2.10 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables mainly comprise deposits with banks and accounts and other receivables with fixed or determinable payments included in the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

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

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

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

2.12 Inventories

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

Coal, consumable supplies and spare parts held for consumption and usage are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used. Cost is determined using the weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.13 Accounts and other receivables

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

2.14 Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial liabilities and equity

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

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

2.16 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax (Continued)

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

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

2.18 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,250 per month as a mandatory contribution (with effect from 1 June 2014, the maximum mandatory MPF contribution has been adjusted from $1,250 to $1,500 a month). Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no further payment obligation once the contributions have been paid.

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

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

(b) Bonus entitlements

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

(c) Share-based compensation

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

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

2.19 Provisions

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

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

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

2.20 Finance lease

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Operating lease

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

2.22 Borrowing costs

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

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

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

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management of the Group that makes strategic decisions.

2.24 Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognised less, where appropriate, cumulative amortisation of fees recognised in the consolidated income statement on a straight line basis over the period of the relevant liabilities in accordance with HKAS18 and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.25 Revenue and income recognition

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Revenue and income recognition (Continued)

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

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

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

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

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

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

2.26 Government grants

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

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

2.27 Contingences

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including: foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivatives to hedge certain risk exposures is governed by the Group's policies approved by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

(a) Foreign exchange risk

The Group mainly operates in the PRC with transactions mainly settled in RMB, Hong Kong dollar ("HK$"), Euros ("EURO") and United States dollar ("US$"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group has not used any forward foreign exchange contracts or currency borrowings to hedge its exposure as at 31 December 2014.

As at 31 December 2014, if HK$ had weakened/strengthened by 5% against RMB, with all other available held constant, post-tax profit for the year would have been RMB1,496,000 (2013: RMB1,280,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK$-denominated cash and cash equivalents and long-term bank and other borrowings.

As at 31 December 2014, if EURO had weakened/strengthened by 5% against RMB, with all other available held constant, post-tax profit for the year would have been RMB2,205,000 (2013: RMB2,484,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EURO-denominated cash and cash equivalents and long-term bank and other borrowings.

As at 31 December 2014, if US$ had weakened/strengthened by 5% against RMB, with all other available held constant, post-tax profit for the year would have been RMB17,376,000 (2013: RMB513,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US$-denominated cash and cash equivalents and long-term bank and other borrowings.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for certain interest-bearing receivables, pledged deposits and bank balances, details of which have been disclosed in Notes 40(ii)(II)(III) and 28 respectively. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Notes 32 and 33. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

At 31 December 2014, if the interest rates had been 50 basis points higher/lower than the prevailing rate announced by the People's Bank of China, with all other variables held constant, post-tax profit for the year would have been approximately RMB27,842,000 (2013: RMB24,240,000) lower/higher, mainly as a net result of higher/lower interest expense on floating rate bank and other borrowings and higher/lower interest income on bank deposits.

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as financial assets at fair value through profit or loss. The Group's financial assets at fair value through profit or loss represent equity securities listed in Hong Kong and the volatility of stock market is generally significant recently. At 31 December 2014, if the quoted market price of the equity investments held by the Group had increased/decreased by 10% to 30%, with all other variables held constant, the post-tax profit for the year would have been approximately RMB493,000 to RMB1,478,000 (2013: approximately RMB733,000 to RMB2,199,000) higher/lower, mainly as a result of the changes in fair value of financial assets at fair value through profit or loss.

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

During the year, the Group's fuel costs amounted to approximately RMB657,364,000 (2013: RMB638,909,000). If the fuel costs had increased/decreased by 5%, with all other variables held constant, post-tax profit for the year would have been approximately RMB24,651,000 (2013: RMB23,959,000) lower/higher.

(d) Credit risk

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

Most of the Group's cash at bank and pledged deposits are held in major financial institutions, which management believes are of high credit quality.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

The credit quality of cash at bank and pledged deposits is as follows:

	2014 RMB'000	2013 RMB'000
Stated-owned banks in PRC	180,431	211,267
Commercial banks in PRC	163,706	327,775
Other financial institutions in PRC	3,699	5,303
Commercial banks in Hong Kong and overseas	442,403	1,214,952
	790,239	1,759,297

The Group's financial assets at fair value through profit or loss are also listed on a recognised stock exchange. Management does not expect any losses from non-performance by these counterparties.

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to provincial power grid companies. As at 31 December 2014, accounts receivable of approximately RMB306,678,000 (2013: RMB357,172,000) is due from 3 (2013: 3) major customers, they account for 47% (2013: 55%) of the Group's account receivable. The Group normally grants credit terms ranging from 30 to 60 days to these power grid companies. For other debtors, the Group normally exercises a tighter credit control by shortening credit period to 30 days. The Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's accounts receivable is disclosed in Note 26. Management makes periodic collective assessment as well as individual assessment on the recoverability of accounts and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of accounts and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made.

(e) Liquidity risk

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the balance sheet date).

	Within 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*
Group				
At 31 December 2014				
Bank and other borrowings	1,881,264	1,123,078	4,418,077	4,568,595
Corporate bonds	52,000	52,000	826,000	–
Accounts payable	17,256	–	–	–
Construction costs payable	1,169,390	313,716	–	–
Other payables and accrued charges	124,662	233,097	–	–
At 31 December 2013				
Bank and other borrowings	1,550,598	1,257,441	2,553,632	4,758,650
Corporate bonds	570,750	52,000	878,000	–
Accounts payable	32,621	–	–	–
Construction costs payable	1,191,114	478,684	–	–
Other payables and accrued charges	159,086	163,246	–	–
Company				
At 31 December 2014				
Bank and other borrowings	30,887	30,887	844,370	–
Corporate bonds	52,000	52,000	826,000	–
Other payables and accrued charges	53,969	–	–	–
At 31 December 2013				
Corporate bonds	570,750	52,000	878,000	–
Other payables and accrued charges	42,675	–	–	–

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings (including short-term and long-term borrowings and corporate bonds as shown in the consolidated balance sheet) less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During the year, the Group's strategy, which was unchanged from last year, was to maintain gearing ratio at a stable level. The table below analyses the Group's capital structure as at 31 December 2014 and 2013.

	2014 *RMB'000*	2013 *RMB'000*
Total bank and other borrowings *(Notes 32 and 33)*	9,009,377	7,934,793
Less: Cash and cash equivalents and pledged deposits *(Note 28)*	(791,315)	(1,759,787)
Net debt	8,218,062	6,175,006
Total equity	7,827,055	7,511,585
Total capital	16,045,117	13,686,591
Gearing ratio	51%	46%

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014 and 2013. See Note 18 for disclosures of the investment properties that are measured at fair value.

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
At 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	**4,925**	**–**	**–**	**4,925**
At 31 December 2013				
Assets				
Financial assets at fair value through profit or loss	7,331	–	–	7,331

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives and residual values of property, plant and equipment

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

(b) Impairment of non-financial assets

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

Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement. Specific assumptions and estimates involved in the cash flow projections are set out in Note 19.

(c) Tariff adjustment

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(d) Current and deferred income tax

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

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

(e) Fair value of investment properties

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

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION

(a) Revenue and tariff adjustment

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

	2014 ***RMB'000***	2013 *RMB'000*
Sales of electricity to provincial power grid companies *(Note (i))*	**1,971,198**	1,767,377
Heat supply by thermal power plants to other companies	**98,622**	127,190
Rubbish handling income	**63,622**	64,127
Rental income from investment properties	**10,864**	9,886
Total revenue	**2,144,306**	1,968,580
Tariff adjustment *(Note (ii))*	**200,075**	218,950
	2,344,381	2,187,530

Notes:

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

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

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information

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

The CODM assesses the performance of the operating segments based on each segment's profit before tax and share of (losses)/profits of an associate and joint ventures ("segment results").

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

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

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

The securities investments segment is engaged in securities trading.

No sales between operating segments are undertaken.

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

Segment assets exclude interest in an associate, interests in joint ventures, deferred income tax assets and corporate assets, all of which are managed on a central basis.

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

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2014 and 2013 is as follows:

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2014										
Segment revenue	652,279	616,509	436,372	217,228	96,560	114,494	10,864	-	-	2,144,306
Tariff adjustment	200,075	-	-	-	-	-	-	-	-	200,075
	852,354	616,509	436,372	217,228	96,560	114,494	10,864	-	-	2,344,381
Results of reportable segments	170,049	155,401	73,151	59,092	33,497	12,348	(2,410)	(2,406)	-	498,722
A reconciliation of results of reportable segments to profit for the year is as follows:										
Results of reportable segments										498,722
Unallocated income										15,019
Unallocated expenses										(162,089)
Share of losses of an associate										(803)
Share of profits of joint ventures										26,061
Profit before tax										376,910
Income tax expense										(97,279)
Profit for the year										279,631
Segment results included:										
Depreciation and amortisation	(32,179)	(282,866)	(132,497)	(35,226)	(41,021)	(11,662)	-	-	(1,854)	(537,305)
Finance income	632	2,691	314	697	314	48	29	-	15,006	19,731
Finance costs	(18,777)	(196,371)	(104,822)	(27,945)	(10,595)	(6,237)	(3,752)	-	(45,221)	(413,720)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Natural gas power generation business *RMB'000*	Wind power generation business *RMB'000*	Hydro power generation business *RMB'000*	Waste-to-energy power generation business *RMB'000*	Photovoltaic power generation business *RMB'000*	Other power generation business *RMB'000*	Property investments *RMB'000*	Securities investments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
As at 31 December 2014										
Segment assets	2,412,006	8,669,124	3,823,605	889,285	903,394	206,279	401,723	9,836	–	17,315,252
Interest in an associate									112,991	112,991
Interests in joint ventures									234,841	234,841
Deferred income tax assets									27,458	27,458
Non-current assets classified as held for sale									255,000	255,000
Other unallocated assets									850,291	850,291
Total assets per consolidated balance sheet										18,795,833
Additions to non-current assets	612,522	2,065,390	43,221	59,314	46,625	10,567	148	–	46,471	2,884,258

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

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level in the amount of RMB485,959,000 (2013: RMB1,262,787,000) were deposited in Hong Kong, investment properties of RMB26,496,000 (2013: RMB26,496,000) are situated in Hong Kong and certain other financial assets in the amount of RMB4,925,000 (2013: RMB7,331,000) are relating to equity securities listed in Hong Kong.

For the year ended 31 December 2014, external revenue of approximately RMB1,292,229,000 (2013: RMB1,234,133,000) is generated from 3 (2013: 3) major customers, they accounts for 60% (2013: 63%) of the Group's external revenue. The revenue is attributable to the natural gas power generation, wind power generation and hydro power generation segments.

6 OTHER INCOME

	2014 RMB'000	2013 RMB'000
Refund of value added taxes *(Note (i))*	**27,661**	19,961
Income from Voluntary Emission Reductions ("VER") projects *(Note (ii))*	**1,079**	3,173
Repairs and maintenance management fee income	**1,220**	5,517
Sales of wastages	**3,931**	1,897
Others	**9,002**	6,646
	42,893	37,194

Notes:

(i) It represents the value added taxes refunded from the relevant government authorities as an incentive for the Group's operation.

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

7 OTHER GAINS, NET

	2014 RMB'000	2013 RMB'000
Gain on sale of power generation quota	**27,790**	14,639
Exchange gains/(losses)	**5,769**	(15,564)
Others	**1,647**	1,334
	35,206	409

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	2014 RMB'000	2013 RMB'000
Amortisation of lease prepayments	2,957	2,659
Amortisation of intangible assets	764	394
Auditor's remuneration	4,110	3,139
Depreciation of property, plant and equipment	533,584	481,627
Losses on disposals of property, plant and equipment	342	18,259
Operating lease rental in respect of leasehold land and buildings	12,033	16,128
Staff costs including directors' emoluments *(Note 11)*	182,103	187,381

9 FINANCE COSTS, NET

	2014 RMB'000	2013 RMB'000
Interest income from bank deposits	19,731	48,966
Interest expense on		
— bank borrowings wholly repayable within five years	(58,184)	(52,318)
— bank borrowings not wholly repayable within five years	(365,545)	(290,117)
— other borrowings wholly repayable within five years	(7,373)	(9,685)
— other borrowings not wholly repayable within five years	(17,135)	–
— corporate bonds wholly repayable within five years	(59,512)	(73,201)
	(507,749)	(425,321)
Less: Amounts capitalised in property, plant and equipment	94,029	62,506
	(413,720)	(362,815)
Finance costs, net	(393,989)	(313,849)

The weighted average interest rate on capitalised borrowing costs is approximately 6.04% (2013: 5.85%) per annum.

10 INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the year (2013: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2013: 25%) on the estimated assessable income for the year.

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

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

	2014 RMB'000	2013 RMB'000
PRC current income tax	100,198	54,834
Deferred income tax *(Note 34)*	(2,919)	2,868
	97,279	57,702

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

	2014 RMB'000	2013 RMB'000
Profit before tax	376,910	334,979
Add: Share of losses of an associate	803	464
Less: Share of profits of joint ventures	(26,061)	(20,366)
	351,652	315,077
Tax calculated at domestic tax rates applicable to profits in respective jurisdictions	95,302	80,024
Effect of lower tax rate for companies under tax holiday	(25,720)	(47,140)
Income not subject to taxation	(1,040)	(2,446)
Expenses not deductible for taxation purposes	2,507	2,294
Tax losses for which no deferred income tax assets were recognised	26,230	24,970
Income tax expense	97,279	57,702

The weighted average applicable tax rate for the year ended 31 December 2014 is 27.1% (2013: 25.4%).

Share of taxation attributable to an associate and joint ventures for the year ended 31 December 2014 of RMB5,940,000 (2013: RMB3,372,000) are included in the Group's share of (losses)/profits of an associate and joint ventures for the year.

11 STAFF COSTS

	2014 *RMB'000*	2013 *RMB'000*
Wages, salaries and bonuses	123,001	120,858
Pension costs — defined contribution plans	3,859	2,811
Staff welfare	55,243	49,306
Share-based compensation expenses	–	14,406
	182,103	187,381

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB1,610,000 (2013: RMB1,039,000) (Note 31).

13 EARNINGS PER SHARE

(a) Basic

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

	2014	2013
Profit attributable to equity holders of the Company *(RMB'000)*	274,791	257,379
Weighted average number of ordinary shares in issue *(shares in thousands)*	11,629,039	11,482,934
Basic earnings per share *(RMB)*	0.024	0.022

13 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding shares to assume conversion of all diluted potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	2014	2013
Profit attributable to equity holders of the Company *(RMB'000)*	**274,791**	257,379
Weighted average number of ordinary shares in issue *(shares in thousands)*	**11,629,039**	11,482,934
Adjustments for share options *(shares in thousands)*	**6,218**	–
Weighted average number of ordinary shares for diluted earnings per share *(shares in thousands)*	**11,635,257**	11,482,934
Diluted earnings per share *(RMB)*	**0.024**	0.022

14 DIVIDENDS

	2014 ***RMB'000***	2013 *RMB'000*
Proposed final dividend of RMB0.0081 (2013: Nil) per ordinary share	**95,793**	–

At the Board meeting held on 20 March 2015, the Board recommended the payment of a final dividend for the year ended 31 December 2014 of RMB0.0081 (equivalent to HK$0.01022 at the exchange rate announced by the People's Bank of China on 20 March 2015) per ordinary share (2013: Nil), totaling RMB95,793,000 (equivalent to HK$120,865,000) (2013: Nil), which is based on 11,826,334,172 shares in issue on 20 March 2015. This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as a distribution out of the contributed surplus for the year ended 31 December 2014.

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the directors of the Company for the year ended 31 December 2014 is set out below:

Name of director	Fees *RMB'000*	Basic salary, housing allowance, other allowances and benefits in kind *RMB'000*	Share-based compensation expenses *RMB'000*	Discretionary bonuses *RMB'000*	Employer's contributions to pension scheme *RMB'000*	Total *RMB'000*
Chairman						
Ms. Li Xiaolin	–	–	–	–	–	–
Executive directors						
Mr. Yin Lian *(Note (i))*	–	431	–	–	–	431
Mr. Wang Hao *(Note (vii))*	–	831	–	–	14	845
Mr. Zhao Xinyan	–	–	–	–	–	–
Mr. He Hongxin *(Note (ii))*	–	412	–	–	–	412
Mr. Qi Tengyun *(Note (iii))*	–	305	–	–	–	305
Non-executive directors						
Mr. Cheng Chi *(Note (iv))*	–	–	–	–	–	–
Mr. An Luming *(Note (iv))*	–	–	–	–	–	–
Mr. Bi Yaxiong *(Note (v))*	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chu Kar Wing	96	–	–	–	–	96
Dr. Li Fang	96	–	–	–	–	96
Mr. Wong Kwok Tai	96	–	–	–	–	96
Ms. Ng Yi Kum *(Note (vi))*	96	–	–	–	–	96
Total	384	1,979	–	–	14	2,377

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

(a) Directors' emoluments (Continued)

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

Name of director	Fees *RMB'000*	Basic salary, housing allowance, other allowances and benefits in kind *RMB'000*	Share-based compensation expenses *RMB'000*	Discretionary bonuses *RMB'000*	Employer's contributions to pension scheme *RMB'000*	Total *RMB'000*
Chairman						
Ms. Li Xiaolin	–	–	3,120	–	–	3,120
Executive directors						
Mr. Yin Lian *(Note (i))*	–	1,702	1,872	–	–	3,574
Mr. Wang Hao *(Note (vii))*	–	819	1,040	–	12	1,871
Mr. Zhao Xinyan	–	–	1,248	–	–	1,248
Mr. He Hongxin *(Note (ii))*	–	–	–	–	–	–
Non-executive director						
Mr. Cheng Chi *(Note (iv))*	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chu Kar Wing	96	–	–	–	–	96
Dr. Li Fang	96	–	–	–	–	96
Mr. Wong Kwok Tai	96	–	–	–	–	96
Ms. Ng Yi Kum *(Note (vi))*	48	–	–	–	–	48
Total	336	2,521	7,280	–	12	10,149

Notes:

(i) Mr. Yin Lian has retired as an executive director and has also ceased to be the vice chairman of the Company with effect from 28 May 2014.

(ii) Mr. He Hongxin was appointed as an executive director of the Company with effective from 1 April 2013. Mr. He Hongxin, who was also appointed as the chief executive officer of the Company with effective from 19 August 2014, is responsible under the immediate authority of the Board of Directors for the conduct of the business of the Group.

(iii) Mr. Qi Tengyun was appointed as an executive director of the Company with effect from 19 August 2014.

(iv) Mr. Cheng Chi resigned and Mr. An Luming was appointed as a non-executive director of the Company with effect from 20 March 2014.

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

(a) Directors' emoluments (Continued)

Notes: (Continued)

(v) Mr. Bi Yaxiong was appointed as a non-executive director of the Company with effect from 19 August 2014.

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

(vii) Mr. Wang Hao has resigned as an executive director and a member of the executive committee of the Company with effect from 20 March 2015.

(viii) None of the directors of the Company waived any emoluments during the years ended 31 December 2014 and 2013.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2013: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2013: 2) individuals during the year are as follows:

	2014 ***RMB'000***	2013 *RMB'000*
Basic salary, housing allowance, other allowances and benefits in kind	**3,236**	2,350
Employer's contributions to pension scheme	**26**	12
Share-based compensation expenses	**–**	1,456
	3,262	3,818

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Below RMB1,000,001	**1**	–
RMB1,000,001 to RMB2,000,000	**2**	2
RMB2,000,001 to RMB3,000,000	**–**	–

(c) During the year, no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

16 PROPERTY, PLANT AND EQUIPMENT

	Group						Company
	Buildings	Dam	Power generators and equipment	Others	Construction in progress	Total	Others
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2014	1,257,857	2,421,468	8,469,816	267,198	852,036	13,268,375	717
Additions	4,332	194	19,535	11,131	2,197,989	2,233,181	–
Disposals	–	–	(374)	(331)	–	(705)	–
Transfer	49,258	8,862	183,596	7,027	(250,460)	(1,717)	–
At 31 December 2014	1,311,447	2,430,524	8,672,573	285,025	2,799,565	15,499,134	717
Accumulated depreciation and impairment losses							
At 1 January 2014	192,999	108,806	1,295,502	51,661	–	1,648,968	717
Depreciation charge for the year	43,731	54,590	417,932	17,331	–	533,584	–
Written back on disposals	–	–	(295)	(68)	–	(363)	–
At 31 December 2014	236,730	163,396	1,713,139	68,924	–	2,182,189	717
Net book value							
At 1 January 2014	1,064,858	2,312,662	7,174,314	215,537	852,036	11,619,407	–
At 31 December 2014	1,074,717	2,267,128	6,959,434	216,101	2,799,565	13,316,945	–

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

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

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) As at 31 December 2014, certain of the Group's property, plant and equipment with carrying values of RMB874,241,000 (2013: RMB906,660,000) were situated on leasehold land in the PRC leased from China Power Investment Corporation (中國電力投資集團公司) ("CPI Group") which held the rights on the leasehold land under long-term leases. The remaining period of the Group's rights on the leasehold land as at 31 December 2014 was 41 years (2013: 42 years).

(ii) As at 31 December 2014, certain of the Group's property, plant and equipment with approximately RMB15,730,000 (2013: RMB1,374,315,000) were situated on lands for which the legal titles had not been transferred to the Group subject to certain administrative procedures to be completed by the relevant local government authorities. However, the directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

(iii) As at 31 December 2014, property, plant and equipment amounting to RMB1,795,354,000 (2013: RMB2,009,927,000) were pledged as securities for certain bank and other borrowings of the Group (Note 32(a) and (e)).

(iv) During 2014, the Group entered into three (2013: two) sale and leaseback arrangements with three financial institutions which the Group sold its property, plant and equipment amounting to RMB480,000,000 (2013: RMB330,001,000) to the bank and immediately leased these assets back. Management regards this arrangement as a finance lease (Note 32(d)). As a result, the assets have not been derecognised while the proceeds received from financial institutions have been recognised as borrowings.

17 LEASE PREPAYMENTS

	Group	
	2014	2013
	RMB'000	*RMB'000*
Cost		
At 1 January	**134,840**	115,022
Acquisitions of a subsidiary	**–**	230
Additions	**4,787**	19,588
At 31 December	**139,627**	134,840
Accumulated amortisation and impairment losses		
At 1 January	**11,604**	8,945
Amortisation for the year	**2,957**	2,659
At 31 December	**14,561**	11,604
Net book value		
At 31 December	**125,066**	123,236

Notes:

(i) Lease prepayments represent costs of the land use rights and coast use rights in respect of land and coast located in the PRC where certain of the Group's property, plant and equipment are built on. As at 31 December 2014, the remaining period of the land use rights and coast use right ranged from 17 to 66 years (2013: 18 to 47 years).

(ii) As at 31 December 2014, RMB1,745,000 (2013: RMB2,036,000) lease prepayments were pledged as security for certain bank borrowings of the Group (Note 32(e)).

18 INVESTMENT PROPERTIES

	Group	
	2014	2013
	RMB'000	RMB'000
At 1 January	302,496	303,326
Exchange differences	–	(830)
At 31 December	302,496	302,496

As at 31 December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: Nil).

The Group's investment properties are held within a business model objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties, if any, using the tax rates and the tax bases that are consistent with the expected manner of these investment properties (Note 34).

The following table analyses the investment properties carried at fair value by valuation method.

	Fair value measurement as at 31 December 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
The Group			
Recurring fair value measurement			
Investment properties			
— Mainland China	–	–	276,000
— Hong Kong	–	–	26,496
	–	–	302,496

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

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

18 INVESTMENT PROPERTIES (Continued)

The Group's investment properties were valued at 31 December 2014 by an independent professionally qualified valuer who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2014 and 2013, the fair values of the properties have been determined by Roma Appraisals Limited.

At each financial year end the finance department:

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

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

Fair value measurements using significant observable inputs

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

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

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

18 INVESTMENT PROPERTIES (Continued)

Information about level 3 fair value measurements

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

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
In Hong Kong, held on leases of over 50 years	**26,496**	26,496
In the PRC, held on leases of over 50 years	**276,000**	276,000
	302,496	302,496

As at 31 December 2014, the investment properties amounting to RMB302,496,000 (2013: RMB302,496,000) were pledged as security for certain bank borrowings of the Group (Note 32(a)).

19 INTANGIBLE ASSETS

Group	Goodwill	Franchise right and computer software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2014	1,052,346	55,920	1,108,266
Additions	–	6,597	6,597
Transfer from construction in progress	–	1,717	1,717
At 31 December 2014	1,052,346	64,234	1,116,580
Accumulated amortisation and impairment losses			
At 1 January 2014	28,654	27,280	55,934
Amortisation charge for the year	–	764	764
At 31 December 2014	28,654	28,044	56,698
Net book value			
At 31 December 2014	1,023,692	36,190	1,059,882
Cost			
At 1 January 2013	1,052,346	54,522	1,106,868
Additions	–	1,398	1,398
At 31 December 2013	1,052,346	55,920	1,108,266
Accumulated amortisation and impairment losses			
At 1 January 2013	28,654	26,886	55,540
Amortisation charge for the year	–	394	394
At 31 December 2013	28,654	27,280	55,934
Net book value			
At 31 December 2013	1,023,692	28,640	1,052,332

19 INTANGIBLE ASSETS (Continued)

Note:

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Natural gas power generation	**521,398**	521,398
Wind power generation	**502,294**	502,294
	1,023,692	1,023,692

For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The revenue growth rate in electricity output and pre-tax discount rate used for value-in-use calculations for goodwill is from 2%–5% (2013: 2%–10%) and 8% (2013: 8%) respectively.

Management estimates the growth rate in electricity output by reference to the expected demand for electricity in the region where the power plants are located. Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating unit.

At 31 December 2014, the recoverable amount of goodwill determined based on value-in-use calculated exceeded the carrying amount of goodwill by RMB3,514,281,000 (2013: 8,418,284,000).

At 31 December 2014, if the budgeted growth rate in electricity output applied to the discounted cash flows had been 2% lower, with all other variables held constant, goodwill will be impaired by approximately RMB24,383,000 (2013: RMB20,055,000) or otherwise no additional impairment charge will be required.

At 31 December 2014, if the pre-tax discount rate applied to the discounted cash flows had been 1% higher, with all other variables held constant, goodwill will be impaired by approximately RMB27,425,000 (2013: RMB5,905,000) or otherwise no additional impairment charge will be required.

20 INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	RMB'000	*RMB'000*
Unlisted investments, at cost	**137**	137
Less: Impairment losses *(Note (i))*	**(137)**	(137)
	–	–
Amounts due from subsidiaries *(Note (ii))*	**7,515,383**	6,182,288
Less: Impairment losses *(Note (i))*	**(99,480)**	(91,854)
	7,415,903	6,090,434
	7,415,903	6,090,434

Notes:

(i) Movements in the impairment losses:

	Company	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**91,991**	80,381
Provision for impairment during the year	**7,626**	11,610
At 31 December	**99,617**	91,991

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

(iii) As at 31 December 2014 and for the year ended 31 December 2014, there were no significant non-controlling interests of the subsidiaries in the Group.

20 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iv) The following is a list of principal subsidiaries as at 31 December 2014:

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held directly:					
Lucky Talent Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Securities trading
Star Bright International Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Investment holdings
Interests held indirectly:					
Delux Vantage Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Property holdings
上海中電新能源置業發展有限公司	PRC	RMB60,000,000	100%	Wholly-owned foreign enterprise	Property holdings
China Power (New Energy) Holdings Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
Green Health Development Company Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
中電國際新能源海南有限公司	PRC	RMB213,210,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電國際新能源控股有限公司	PRC	US$161,000,000	100%	Wholly-owned foreign enterprise	Investment holdings
中電(洪澤)熱電有限公司	PRC	RMB30,000,000	60%	Sino-foreign equity joint venture	Generation and sales of electricity
中電(洪澤)生物質熱電有限公司	PRC	RMB26,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電(福建)電力開發有限公司	PRC	RMB632,750,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉風力發電有限公司	PRC	RMB154,448,618	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第二風力發電有限公司	PRC	RMB147,160,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第三風力發電有限公司	PRC	RMB1,529,232,455	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第四風力發電有限公司	PRC	RMB335,620,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第五風力發電有限公司	PRC	RMB56,350,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電武威光伏發電有限公司	PRC	RMB92,986,742	100%	Wholly-owned foreign enterprise	Generation and sales of electricity

20 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iv) The following is a list of principal subsidiaries as at 31 December 2014: *(Continued)*

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly: (Continued)					
甘肅中電白銀光伏發電有限公司	PRC	RMB93,400,583	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
東莞中電新能源熱電有限公司	PRC	US$43,435,965	100%	Foreign enterprise	Generation and sales of electricity
東莞中電第二熱電有限公司	PRC	RMB350,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
中電大豐風力發電有限公司	PRC	RMB361,618,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
昆明中電環保電力有限公司	PRC	RMB116,800,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
漳平市華口水電有限公司	PRC	RMB80,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電內蒙古風力發電有限公司	PRC	RMB121,604,910	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
重慶梅溪河流域水電開發有限公司	PRC	RMB350,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海林中電海浪風力發電有限公司	PRC	US$21,180,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海林中電紅旗風力發電有限公司	PRC	US$21,600,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海南綠健生態城市發展有限公司	PRC	RMB25,000,000	100%	Wholly-owned foreign enterprise	Energy-related project management
盈江鴻福實業有限公司	PRC	RMB133,690,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
盈江縣惠民水電開發有限公司	PRC	RMB5,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
Zehnte Windpark Support GmbH & Co. KG	Germany	EURO3,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity

21 INTEREST IN AN ASSOCIATE

	Group	
	2014 RMB'000	2013 RMB'000
Share of net assets	112,991	113,794

Movement in interest in an associate during the year:

	Group	
	2014 RMB'000	2013 RMB'000
At 1 January	113,794	126,258
Share of profits less losses	(803)	(464)
Dividend	–	(12,000)
At 31 December	112,991	113,794

Notes:

(i) The following are the details of the associate as at 31 December 2014 and 2013:

Name of company	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly:					
上海東海風力發電有限公司	PRC	RMB743,640,000 (2013: RMB473,000,000)	13.18% (2013: 24%)	Sino-foreign equity joint venture	Generation and sales of electricity

21 INTEREST IN AN ASSOCIATE (Continued)

Notes: (Continued)

(ii) Set out below is the summarised financial information of the Group's share of the associate:

	2014 RMB'000
Carrying value	112,991
Loss for the year	803
Other comprehensive expense	–
Total comprehensive expense	803

(iii) No dividend income was received from the associate for the year (2013: RMB12,000,000).

(iv) There are no contingent liabilities relating to the Group's interest in the associate.

(v) The investment in the associate is considered immaterial individually.

22 INTERESTS IN JOINT VENTURES

	Group	
	2014 RMB'000	2013 RMB'000
Share of net assets	234,363	231,645
Goodwill	478	478
	234,841	232,123

Movement in interests in joint ventures during the year:

	2014 RMB'000	2013 RMB'000
At 1 January	232,123	221,988
Share of profits	26,061	20,366
Dividend	(23,343)	(10,231)
At 31 December	234,841	232,123

22 INTERESTS IN JOINT VENTURES (Continued)

Notes:

(i) The following are the details of the joint ventures as at 31 December 2014 and 2013:

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

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

(ii) Set out below is the aggregated financial information of the Group's share of the joint ventures:

	2014 *RMB'000*
Carrying value	234,841
Profit for the year	26,061
Other comprehensive expense	–
Total comprehensive expense	26,061

(iii) Dividend income of RMB23,343,000 was received from the joint ventures for the year (2013: RMB10,231,000).

(iv) There are no contingent liabilities relating to the Group's interests in the joint ventures.

(v) The investments in the joint ventures are considered immaterial individually.

23 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables RMB'000	Assets at fair value through the profit and loss RMB'000	Total RMB'000
Assets as per consolidated balance sheet			
31 December 2014			
Accounts receivable *(Note 26)*	653,182	–	653,182
Deposits and other receivables excluding prepayments and value added tax receivables	119,129	–	119,129
Financial assets at fair value through profit or loss *(Note 27)*	–	4,925	4,925
Pledged deposits *(Note 28)*	15,543	–	15,543
Cash and cash equivalents *(Note 28)*	775,772	–	775,772
	1,563,626	4,925	1,568,551
31 December 2013			
Accounts receivable *(Note 26)*	652,282	–	652,282
Deposits and other receivables excluding prepayments and value added tax receivables	107,678	–	107,678
Financial assets at fair value through profit or loss *(Note 27)*	–	7,331	7,331
Pledged deposits *(Note 28)*	24,979	–	24,979
Cash and cash equivalents *(Note 28)*	1,734,808	–	1,734,808
	2,519,747	7,331	2,527,078

23 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Group

	Other financial liabilities *RMB'000*
Liabilities as per consolidated balance sheet	
31 December 2014	
Long-term bank and other borrowings *(Note 32)*	**6,906,207**
Corporate bonds *(Note 33)*	**796,680**
Accounts payables *(Note 35)*	**17,256**
Other payables *(Note 36)*	**1,840,865**
Short-term bank and other borrowings *(Note 32)*	**576,660**
Finance lease liabilities *(Note 32)*	**729,830**
	10,867,498
31 December 2013	
Long-term bank and other borrowings *(Note 32)*	5,769,704
Corporate bonds *(Note 33)*	1,298,354
Accounts payables *(Note 35)*	32,621
Other payables *(Note 36)*	1,992,130
Short-term bank and other borrowings *(Note 32)*	459,000
Finance lease liabilities *(Note 32)*	407,735
	9,959,544

23 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Company

	Loans and receivables RMB'000	Assets at fair value through the profit and loss RMB'000	Total RMB'000
Assets as per balance sheet			
31 December 2014			
Deposits and other receivables excluding prepayments	1,403	–	1,403
Cash and cash equivalents *(Note 28)*	429,590	–	429,590
	430,993	–	430,993
31 December 2013			
Deposits and other receivables excluding prepayments	1,433	–	1,433
Financial assets at fair value through profit or loss *(Note 27)*	–	7,126	7,126
Cash and cash equivalents *(Note 28)*	1,200,253	–	1,200,253
	1,201,686	7,126	1,208,812

	Other financial liabilities RMB'000
Liabilities as per balance sheet	
31 December 2014	
Long-term bank and other borrowings *(Note 32)*	834,674
Corporate bonds *(Note 33)*	796,680
Other payables *(Note 36)*	43,379
Amounts due to subsidiaries *(Note 36)*	10,590
	1,685,323
31 December 2013	
Corporate bonds *(Note 33)*	1,298,354
Other payables *(Note 36)*	32,085
Amounts due to subsidiaries *(Note 36)*	10,590
	1,341,029

24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments for construction of power plants and others	**1,045,597**	788,226	**–**	–
Value added tax receivable	**630,377**	422,611	**–**	–
Others *(Note)*	**136,224**	96,335	**1,507**	1,437
	1,812,198	1,307,172	**1,507**	1,437
Less: non-current portion	**(1,133,581)**	(805,933)	**–**	–
Current portion	**678,617**	501,239	**1,507**	1,437

Note: As at 31 December 2014, certain long-term deposits amounting to RMB39,071,000 (2013: RMB15,498,000) were pledged as securities for certain obligation under finance lease of the Group (Notes 32(d)).

25 INVENTORIES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Raw materials	**13,373**	18,971
Spare parts and consumables	**86,161**	82,807
	99,534	101,778

26 ACCOUNTS RECEIVABLE

	Group	
	2014	2013
	RMB'000	*RMB'000*
Accounts receivable from provincial power grid companies	**462,053**	515,175
Accounts receivable from other companies	**65,485**	18,707
	527,538	533,882
Tariff adjustment receivable from the relevant government authorities	**112,078**	100,320
Notes receivable *(Note (i))*	**13,566**	18,080
	653,182	652,282

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

Tariff adjustment receivable is unsecured and interest-free.

As at 31 December 2014, accounts receivable amounting to RMB183,757,000 (2013: RMB193,790,000) are pledged as security for certain bank borrowings of the Group (Note 32(a)).

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Less than 3 months	**271,102**	230,644
4 to 6 months	**91,113**	79,920
7 to 12 months	**85,963**	136,546
Over 1 year	**79,360**	86,772
	527,538	533,882

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

26 ACCOUNTS RECEIVABLE (Continued)

As of 31 December 2014, receivables of RMB366,797,000 (2013: RMB388,064,000) were past due but not considered to be impaired because the relevant debtors have no recent history of default. The ageing analysis of these receivables is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Over due		
Less than 3 months	**136,558**	106,078
4 to 6 months	**70,613**	61,755
7 to 12 months	**84,066**	133,420
Over 1 year	**75,560**	86,811
	366,797	388,064

Notes:

(i) As at 31 December 2014 and 2013, notes receivable represent commercial acceptance notes and are with maturity period of 180 to 360 days.

(ii) During the year, no provision for impairment of accounts receivable was made by the Group (2013: Nil) and there was no write-off of accounts receivable during the year (2013: Nil).

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Equity securities listed in Hong Kong	**4,925**	7,331	**–**	7,126

28 PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand	**438,508**	830,129	**116,783**	271,594
Time deposits with initial terms of less than three months	**352,807**	929,658	**312,807**	928,659
	791,315	1,759,787	**429,590**	1,200,253
Less: Pledged deposits *(Note (iii))*	**(15,543)**	(24,979)	**–**	–
Cash and cash equivalents	**775,772**	1,734,808	**429,590**	1,200,253
Denominated in:				
RMB	**746,259**	1,721,489	**398,969**	1,180,181
HK$	**23,481**	18,793	**19,425**	14,481
Others	**21,575**	19,505	**11,196**	5,591
	791,315	1,759,787	**429,590**	1,200,253

Notes:

(i) The weighted average effective interest rate on time deposits, with maturity ranging from 1 to 3 months, was 3.39% per annum (2013: 3.80% per annum). Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) The Group's cash and cash equivalents denominated in RMB are mainly deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(iii) As at 31 December 2014, the pledged deposits of the Group with carrying amounts of approximately RMB15,543,000 (2013: RMB24,979,000) were pledged as a security for certain notes payable facilities granted by a bank to the Group.

29 NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

	Group	
	2014	2013
	RMB'000	*RMB'000*
Non-current assets classified as held-for-sale *(Note)*	**255,000**	255,000

Note: The above non-current assets classified as held for sale represented a 20% equity interest in an associate. As at 31 December 2013, the equity investment has been presented as held for sale following the management's decision to sell the equity interest and the identification of potential buyers. On 2 March 2014, the Group entered into a Share Transfer Agreement with an independent third party to dispose of its entire equity interest in that associate.

Due to the change of development plan of the buyer during the year, subsequently, the Group entered into a Share Transfer Memorandum with another independently third party on 13 February 2015 to dispose of its entire equity interest in that associate. Details of which are disclosed in Note 41.

30 SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised and issued capital

	Company	
	Number of shares (of HK$0.10 each)	**Nominal amount**
		RMB'000
Authorised:		
At 1 January 2013, 31 December 2013 and 2014	20,000,000	1,759,154
Issued and fully paid:		
At 1 January 2013, 31 December 2013 and 1 January 2014	11,482,934,062	1,046,966
Issue of ordinary shares upon exercise of share options *(Note (i))*	4,000,000	315
Issue of ordinary shares *(Note (ii))*	339,400,110	26,667
At 31 December 2014	11,826,334,172	1,073,948

Notes:

(i) On 16 January 2014, the Company issued 4,000,000 ordinary shares of HK$0.10 each for cash at the exercise price of HK$0.514 per share as a result of the exercise of the share options. The related weighted average price at the time of exercise was HK$0.58 per share, resulting in a share premium of approximately RMB1,823,000 (Note 30(b)). These shares rank pari passu in all respects with the existing shares.

(ii) On 1 August 2014, the Company issued 339,400,110 ordinary shares of HK$0.10 each to 中國能源建設集團廣東省電力設計研究院 (China Energy Engineering Group Guangdong Electric Power Design Institute) at the price of HK$0.75 per share. The proceeds from the issuance of the shares amounted to RMB200,000,000 (equivalent to HK$254,550,083) resulting in a share premium of approximately RMB173,333,000 (Note 30(b)). These shares rank pari passu in all respects with the existing shares.

30 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(b) Share premium

	Company	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**5,555,503**	5,555,503
Transfer from share premium to other reserve *(Note 31)*	**(5,555,503)**	–
Issue of ordinary shares upon exercise of share options *(Note 30(a)(i))*	**1,823**	–
Issue of ordinary shares *(Note 30(a)(ii))*	**173,333**	–
At 31 December	**175,156**	5,555,503

The share premium account of the Company is attributable in the form of fully paid bonus shares. On 28 May 2014, a special resolution was passed at the annual general meeting to approve the cancellation of the amount of approximately RMB5,555,503,000 standing to the credit of the share premium account of the Company and the transfer of the amount to the contributed surplus account of the Company. On the same date, another resolution was passed to approve to apply the amount of approximately RMB406,340,000 standing to the credit of the contributed surplus of the Company towards offsetting the accumulated losses of the Company.

(c) Share option scheme

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

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

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

30 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(c) Share option scheme (Continued)

Options were granted under the 2012 Scheme during the year. Details of the options granted and outstanding as at 31 December 2014 and 2013 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at 31 December 2014	Number of shares subject to the options at 31 December 2013
Directors				
9 March 2007	8 March 2017	0.630	30,000,000	30,000,000
8 June 2007	7 June 2017	0.836	41,000,000	41,000,000
1 November 2010	31 October 2020	0.780	36,000,000	36,000,000
16 January 2013	15 January 2023	0.514	52,000,000	70,000,000
			159,000,000	177,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	20,000,000	20,000,000
8 June 2007	7 June 2017	0.836	5,000,000	5,000,000
1 November 2010	31 October 2020	0.780	33,500,000	33,500,000
16 January 2013	15 January 2023	0.514	55,500,000	66,500,000
			114,000,000	125,000,000
			273,000,000	302,000,000

Notes:

(i) 4,000,000 options were exercised by the senior management and other employees during the year (2013: Nil).

(ii) Weighted average exercise price of the above share options is HK$0.657 (2013: HK$0.643) per share.

(iii) 25,000,000 options were forfeited during the year (2013: Nil).

(iv) There were no options granted (2013: 136,500,000 options) or lapsed (2013: Nil) during the year.

(v) The options outstanding at the end of the year have the exercise prices range from HK$0.514 to HK$0.836 (2013: HK$0.514 to HK$0.836).

31 RESERVES

Group

	Contributed surplus (Note 30(b)) RMB'000	Others (Note) RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Total other reserves RMB'000	Retained earning RMB'000	Total RMB'000
At 1 January 2014	7,155	(177,635)	45,022	(128,654)	(254,112)	967,173	713,061
Transfer from share premium to contributed surplus *(Note 30(b))*	5,555,503	–	–	–	5,555,503	–	5,555,503
Set off against accumulated losses *(Note 30(b))*	(406,340)	–	–	–	(406,340)	406,340	–
Issue of ordinary shares upon exercise of share options *(Note 30(a)(i))*	–	–	(521)	–	(521)	–	(521)
Acquisition of non-controlling interest *(Note 38)*	–	10,744	–	–	10,744	–	10,744
Share options forfeited after the end of the vesting period	–	–	(2,639)	–	(2,639)	2,639	–
Profit and total comprehensive income for the year	–	–	–	–	–	274,791	274,791
At 31 December 2014	5,156,318	(166,891)	41,862	(128,654)	4,902,635	1,650,943	6,553,578
Representing:							
2014 proposed final dividend *(Note 14)*	95,793						
Others	5,060,525						
	5,156,318						
At 1 January 2013	7,155	(177,635)	30,616	(128,654)	(268,518)	709,794	441,276
Employee share option benefits *(Note 11)*	–	–	14,406	–	14,406	–	14,406
Profit and total comprehensive income for the year	–	–	–	–	–	257,379	257,379
At 31 December 2013	7,155	(177,635)	45,022	(128,654)	(254,112)	967,173	713,061

31 RESERVES (Continued)

Company

	Capital redemption reserve RMB'000	Contributed surplus *(Note 30(b))* RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Accumulated losses/retained earnings RMB'000	Total RMB'000
At 1 January 2014	3,121	–	45,022	(286,051)	(406,340)	(644,248)
Transfer from share premium to contributed surplus *(Note 30(b))*	–	5,555,503	–	–	–	5,555,503
Set off against accumulated losses *(Note 30(b))*	–	(406,340)	–	–	406,340	–
Issue of ordinary shares upon exercise of share options *(Note 30(a)(i))*	–	–	(521)	–	–	(521)
Share options forfeited after the end of the vesting period	–	–	(2,639)	–	2,639	–
Profit and total comprehensive income for the year	–	–	–	–	1,610	1,610
At 31 December 2014	3,121	5,149,163	41,862	(286,051)	4,249	4,912,344
Representing:						
2014 proposed final dividend *(Note 14)*		95,793				
Others		5,053,370				
		5,149,163				
At 1 January 2013	3,121	–	30,616	(286,051)	(407,379)	(659,693)
Employee share option benefit *(Note 11)*	–	–	14,406	–	–	14,406
Profit and total comprehensive income for the year	–	–	–	–	1,039	1,039
At 31 December 2013	3,121	–	45,022	(286,051)	(406,340)	(644,248)

Notes:

Others mainly represent the difference between the fair value of consideration paid and payable and the carrying amount of net assets attributable to the additional interest in the subsidiary being acquired from a non-controlling interest. It also consists of capital redemption reserve of RMB3,121,000 and statutory reserves of RMB446,000.

32 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current borrowings				
Long-term bank borrowings, secured *(Note (a))*	2,609,241	2,119,929	–	–
Long-term bank borrowings, unsecured *(Note (b))*	4,296,966	3,484,165	834,674	–
Long-term other borrowings, unsecured *(Note (c))*	–	165,610	–	–
Obligation under finance lease *(Note (d))*	629,830	307,735	–	–
	7,536,037	6,077,439	834,674	–
Less: Current portion of long-term borrowings				
— secured bank borrowings	(349,508)	(250,008)	–	–
— unsecured bank borrowings	(405,590)	(300,790)	–	–
— obligation under finance lease	(122,115)	(57,883)	–	–
	(877,213)	(608,681)	–	–
Non-current portion	6,658,824	5,468,758	834,674	–
Current				
Short-term bank borrowings, unsecured	557,500	444,000	–	–
Short-term bank borrowings, secured *(Note (e))*	15,000	–	–	–
Short-term other borrowing, secured *(Note (e))*	–	15,000	–	–
Short-term other borrowings, unsecured *(Note (c))*	4,160	–	–	–
Obligation under finance lease *(Note (d))*	100,000	100,000	–	–
	676,660	559,000	–	–
Current portion of long-term borrowings	877,213	608,681	–	–
Current portion	1,553,873	1,167,681	–	–
Total borrowings	8,212,697	6,636,439	834,674	–

32 BANK AND OTHER BORROWINGS (Continued)

Movements in bank and other borrowings are analysed as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**6,636,439**	6,130,497
Acquisition of subsidiaries	**–**	228,006
Additions	**2,933,334**	1,816,610
Repayments	**(1,357,076)**	(1,538,674)
At 31 December	**8,212,697**	6,636,439

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Wholly repayable within five years	**1,893,711**	939,278
Not wholly repayable within five years	**5,642,326**	5,138,161
	7,536,037	6,077,439

32 BANK AND OTHER BORROWINGS (Continued)

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

	Group	
	2014 RMB'000	2013 RMB'000
Within one year	877,213	608,681
In the second year	743,969	899,270
In the third to fifth year	3,081,250	1,754,977
After the fifth year	2,833,605	2,814,511
	7,536,037	6,077,439

Except for the long-term bank borrowings of RMB6,397,000 (2013: RMB6,739,000), RMB35,365,000 (2013: RMB40,445,000) and RMB334,674,000 (2013: Nil) which are denominated in HK$, EURO and US$ respectively, all borrowings are denominated in RMB.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.985% (2013: 5.888%) and are within level 2 of the fair value hierarchy.

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rates of the Group's HK$-denominated, EURO-denominated and USD-denominated long-term bank borrowings are 0.74% per annum (2013: 0.71% per annum), 4.64% per annum (2013: 4.84% per annum) and 2.58% per annum (2013: Not applicable) respectively. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	2014	2013
Long-term bank borrowings	6.03%	6.05%
Long-term other borrowings	–	6.00%
Short-term bank borrowings	6.06%	5.67%
Short-term other borrowings	3.00%	9.00%
Obligation under finance lease	5.72%	6.08%

32 BANK AND OTHER BORROWINGS (Continued)

Notes:

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

— all investment properties of the Group with carrying amounts of RMB302,496,000 (2013: RMB302,496,000);

— certain property, plant and equipment of the Group with carrying amounts of RMB1,785,662,000 (2013: RMB2,007,496,000);

— accounts receivable with carrying amounts of RMB183,757,000 (2013: RMB193,790,000); and

— corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH").

(b) Unsecured long-term bank borrowings amounting to RMB1,024,000,000 (2013: RMB1,193,330,000) are guaranteed by CPIH.

(c) Included in the balance was an entrusted loan amounted to RMB4,160,000 (2013: RMB165,610,000) from a company of CPI Group.

(d) As at 31 December 2014, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to RMB1,166,989,000 (2013: RMB626,250,000) and RMB394,526,000 (2013: RMB181,124,000) respectively (Note 16(iv)). The obligation under finance lease is secured by a long-term deposits with carrying amount of RMB39,071,000 (2013: RMB15,498,000) (Note 24).

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

	2014 *RMB'000*	2013 *RMB'000*
Gross finance lease liabilities — minimum lease payments		
Not later than one year	**237,371**	178,306
Later than one year and no later than five years	**423,505**	196,952
Later than five years	**212,489**	104,127
	873,365	479,385
Future finance charges on finance leases	**(143,535)**	(71,650)
Present value of finance lease liabilities	**729,830**	407,735
The present value of finance lease liabilities is as follows:		
Not later than one year	**222,115**	157,883
Later than one year and no later than five years	**368,737**	173,845
Later than five years	**138,978**	76,007
	729,830	407,735

(e) As at 31 December 2014, short-term bank borrowings of RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB1,745,000 and property, plant and equipment of the Group with a carrying amount of RMB9,692,000.

As at 31 December 2013, short-term other borrowings of RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB2,036,000 and property, plant and equipment of the Group with a carrying amount of RMB2,431,000.

33 CORPORATE BONDS

	Group and Company	
	2014	2013
	RMB'000	*RMB'000*
RMB denominated corporate bonds — unsecured	**796,680**	1,298,354
Less: Current portion	**–**	(499,581)
Non-current portion	**796,680**	798,773

On 22 April 2011, the Company issued RMB500,000,000 corporate bond, due in April 2014. The bond was unsecured and carried an effective interest rate of 4.06% per annum, with the interest being payable semi-annually. During the year ended 31 December 2014, the balance was settled in full.

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

As at 31 December 2014, the fair value of the corporate bonds amounted to approximately RMB821,137,000 (2013: RMB1,323,746,000). The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 6.8% (2013: 5.8%) and are within level 2 of the fair value hierarchy.

34 DEFERRED INCOME TAX

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Deferred income tax assets	**27,458**	27,483
Deferred income tax liabilities	**(65,896)**	(68,840)
Net deferred income tax liabilities	**(38,438)**	(41,357)

34 DEFERRED INCOME TAX (Continued)

The net movement on the net deferred income tax liabilities is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**(41,357)**	(8,240)
Acquisitions of subsidiaries	**–**	(30,249)
Credited/(charged) to the consolidated income statement *(Note 10)*	**2,919**	(2,868)
At 31 December	**(38,438)**	(41,357)

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

Deferred tax assets:

	Group			
	Depreciation allowances	**Tax losses**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	**18,676**	**7,021**	**1,786**	**27,483**
Charged to the consolidated income statement	**(25)**	**–**	**–**	**(25)**
At 31 December 2014	**18,651**	**7,021**	**1,786**	**27,458**
At 1 January 2013	18,825	7,135	1,834	27,794
Charged to the consolidated income statement	(149)	(114)	(48)	(311)
At 31 December 2013	18,676	7,021	1,786	27,483

34 DEFERRED INCOME TAX (Continued)

Deferred tax liabilities:

	Group			
	Depreciation allowances	Fair value gains	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	**(14,647)**	**(43,492)**	**(10,701)**	**(68,840)**
Credited to the consolidated income statement	**–**	**–**	**2,944**	**2,944**
At 31 December 2014	**(14,647)**	**(43,492)**	**(7,757)**	**(65,896)**
At 1 January 2013	(14,647)	(12,203)	(9,184)	(36,034)
Acquisition of subsidiaries	–	(30,249)	–	(30,249)
Charged to the consolidated income statement	–	(1,040)	(1,517)	(2,557)
At 31 December 2013	(14,647)	(43,492)	(10,701)	(68,840)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2014, the Group had unrecognised tax losses of RMB161,878,000 (2013: RMB129,545,000) for Hong Kong profits tax purposes with no expiry date and unrecognised tax losses of RMB221,234,000 (2013: RMB137,654,000) for the PRC corporate income tax that will expire within five years.

Deferred income tax liabilities to the extent of RMB136,123,000 (2013: RMB117,763,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries because the directors consider that the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings totalled RMB1,458,499,000 (2013: RMB1,254,674,000) as at 31 December 2014.

35 ACCOUNTS PAYABLE

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

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Current to 3 months	**16,961**	31,910
4 to 6 months	**252**	226
7 to 12 months	**–**	84
Over 1 year	**43**	401
	17,256	32,621

36 CONSTRUCTION COSTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Construction costs payable	**1,483,106**	1,669,798	**–**	–
Salaries and staff welfare payable	**6,458**	4,056	**–**	–
Value added tax payable	**20,570**	405	**–**	–
Repairs and maintenance expenses payable	**8,420**	2,972	**–**	–
Considerations payable for acquisitions of subsidiaries	**233,097**	220,761	**–**	–
Other payables and accrued operating expenses	**27,182**	40,408	**7,480**	6,472
Interest payable	**50,642**	36,622	**35,899**	25,613
Amounts due to a shareholder and its subsidiaries *(Note (i))*	**10,847**	16,565	**–**	–
Amounts due to subsidiaries *(Note (i))*	**–**	–	**10,590**	10,590
Amounts due to non-controlling interests *(Note (i))*	**543**	543	**–**	–
	1,840,865	1,992,130	**53,969**	42,675
Less: non-current portions				
Construction costs payable *(Note (ii))*	**(313,716)**	(478,684)	**–**	–
Consideration payable for acquisition of subsidiaries	**(233,097)**	(163,246)	**–**	–
Current portions	**1,294,052**	1,350,200	**53,969**	42,675
Denominated in:				
RMB	**1,791,905**	1,960,045	**–**	–
HK$	**48,960**	32,085	**53,969**	42,675
	1,840,865	1,992,130	**53,969**	42,675

Notes:

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

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

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	2014 RMB'000	2013 RMB'000
Profit before tax	376,910	334,979
Adjustments for:		
Finance costs, net	393,989	313,849
Depreciation and amortisation	537,305	484,680
Losses on disposals of property, plant and equipment	342	18,259
Share of loss of an associate	803	464
Share of profits of joint ventures	(26,061)	(20,366)
Share-based payment	–	14,406
Fair value losses/(gains) on financial assets at fair value through profit or loss	2,406	(1,560)
Operating profit before working capital changes	1,285,694	1,144,711
Decrease/(increase) in inventories	2,244	(7,650)
Increase in accounts receivable	(900)	(558)
Increase in prepayments, deposits and other receivables	(10,279)	(37,182)
Decrease in accounts payable	(15,365)	(11,047)
Decrease in other payables and accrued charges	(4,243)	(38,237)
Cash generated from operations	1,257,151	1,050,037

38 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY WITHOUT A CHANGE IN CONTROL

On 28 January 2014, the Group entered into a purchase and sale agreement with the non-controlling interest of Dongguan China Power New Energy Heat and Power Plant to acquire the remaining 9.9% equity interests for a cash consideration of RMB166,078,000. The carrying amount of the non-controlling interests in Dongguan China Power New Energy Heat and Power Plant on the date of acquisition was RMB176,822,000. The Group recognised a decrease in non-controlling interests of the same amount and an increase in equity attributable to equity holders of the Company of RMB10,744,000. The effect of changes in the ownership interest of Dongguan China Power New Energy Heat and Power Plant on the equity attributable to equity holders of the Company during the period is summarised as follows:

	2014 RMB'000
Carrying amount of non-controlling interests acquired	176,822
Consideration paid to non-controlling interests	(166,078)
Discount on the acquisition recognised within equity	10,744

39 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Contracted but not provided for in respect of — property, plant and equipment	2,727,102	736,713	–	–

(b) Commitments under operating leases

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Land and buildings				
Not later than one year	4,663	7,972	–	–
Later than one year and not later than five years	555	3,726	–	–
	5,218	11,698	–	–

The Group's operating leases are for terms of 1 to 4 years (2013: 1 to 5 years).

(c) Future operating lease agreements

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Land and buildings				
Not later than one year	11,534	9,269	–	–
Later than one year and not later than five years	21,116	18,674	–	–
Later than five years	5,112	54	–	–
	37,762	27,997	–	–

The Group's operating leases are for terms of 1 to 8 years (2013: 1 to 9 years).

40 RELATED PARTY TRANSACTIONS

As at 31 December 2014, CPI Group and China Three Gorges Corporation held 28.16% (2013: 29.01%) and 27.2% (2013: 28.14%) equity interests in the Company respectively. The remaining shares are widely held. Majority of the directors of the Company were appointed by CPI Group. Accordingly, the directors are of the opinion that CPI Group is able to exercise control over the Company.

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

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

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

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these consolidated financial statements. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(i) Transactions with related parties

(a) Income

	2014 *RMB'000*	2013 *RMB'000*
Service income from a joint venture	–	2,418

The Group has entered into the provision of repair and maintenance service to a joint venture, the terms of which were mutually agreed between the parties.

40 RELATED PARTY TRANSACTIONS (Continued)

(i) Transactions with related parties (Continued)

(b) Expenses

	Note	2014 RMB'000	2013 RMB'000
Repair and maintenance and power generation expenses to subsidiaries of a shareholder	(I)	90,924	42,558
Interest expenses to a subsidiary of a shareholder	(II)	8,864	10,019

Notes:

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

(II) The Group has entered into an entrusted loan agreement with a subsidiary of CPI Group (Note 32(c)), the terms of which were mutually agreed between the parties.

(ii) Period-end balances with related parties

	Note	2014 RMB'000	2013 RMB'000
Included in:			
Other receivables			
Amount due from a shareholder	(I)	1,258	7,297
Amount due from a non-controlling interest	(II)	–	20,000
Dividend receivable from a joint venture		9,736	3,699
Amount due from CPI Finance Company ("CPIF")	(III)	–	91
Other payables			
Amounts due to a shareholder and certain of its subsidiaries	(IV)	10,847	16,565
Amounts due to non-controlling interests	(IV)	543	543
Bank and other borrowings			
Loan from a subsidiary of a shareholder	(V)	4,160	165,610
Obligation under finance lease from a fellow subsidiary		–	100,000

40 RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

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

(II) As at 31 December 2013, the amount due from a non-controlling interest was secured by the shares of this non-controlling interest in one of the Group's subsidiary, interest bearing at prevailing market rate and repayable within one year. The amount was fully settled during the year.

(III) As at 31 December 2013, the amount due from CPIF, a subsidiary of a shareholder, was unsecured, carries interest at 0.36% per annum and was repayable on demand. The amount due was fully settled during the year.

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

(V) Details of terms of the balances are set out in Notes 32(c).

Transactions with government-related enterprises

For the years ended 31 December 2014 and 2013, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 5 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

For the years ended 31 December 2014 and 2013, other collectively-significant transactions with government-related enterprises also included a large portion of fuel purchases, property, plant and equipment construction and related labour employed.

(iii) Key management compensation

	2014 RMB'000	2013 RMB'000
Basic salary, housing allowance, other allowances and benefits in kind	5,599	5,206
Employer's contributions to pension scheme	40	24
Share-based payment	–	14,406
	5,639	19,636

41 SUBSEQUENT EVENT

On 13 February 2015, the Group entered into a share transfer memorandum with an independent third party to dispose of the Group's non-current assets classified as held for sale at a cash consideration of RMB255,000,000.

42 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 20 March 2015.

Financial Summary

RESULTS

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000	Year ended 31 December 2012 RMB'000	Year ended 31 December 2011 RMB'000	Year ended 31 December 2010 RMB'000
Revenue and tariff adjustment	2,344,381	2,187,530	1,818,900	1,861,272	1,591,426
Operating profit	745,641	628,926	575,228	432,306	380,917
Profit before tax	376,910	334,979	275,356	227,003	345,747
Income tax expense	(97,279)	(57,702)	(63,579)	(30,454)	(64,752)
Profit for the year	279,631	277,277	211,777	196,549	280,995
Attributable to:					
Equity holders of the Company	274,791	257,379	192,721	180,526	234,224
Non-controlling interests	4,840	19,898	19,056	16,023	46,771
Earnings per share for profit attributable to equity holders of the Company (RMB)	0.024	0.022	0.019	0.023	0.032

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000	As at 31 December 2011 RMB'000	As at 31 December 2010 RMB'000
Non-current assets	16,313,260	14,276,804	12,195,318	9,939,957	9,623,285
Current assets	2,482,573	3,277,417	3,887,044	1,684,790	1,486,785
Total assets	18,795,833	17,554,221	16,082,362	11,624,747	11,110,070
Current liabilities	(2,900,565)	(3,064,335)	(2,321,337)	(1,540,824)	(1,399,551)
Non-current liabilities	(8,068,213)	(6,978,301)	(6,541,123)	(4,971,922)	(4,470,845)
Net assets	7,827,055	7,511,585	7,219,902	5,112,001	5,239,674
Non-controlling interests	24,373	196,055	176,157	157,101	267,384