華電國際電力股份有限公司
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Stock Code：1071

2014
Annual Report

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華電國際電力股份有限公司
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

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Company Profile

Huadian Power International Corporation Limited (the "Company") and its subsidiaries (together the "Group") are one of the largest comprehensive energy companies in the People's Republic of China (the "PRC"), and primarily engage in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects, and the development, construction and operation of coal mines. The power plants and companies affiliated with the Group are all strategically located in the vicinity of electricity load centres or coal mining regions.

As at the date of this report, the Group had a total of 47 controlled power plants which have commenced operation. The Group's total controlled installed capacity amounted to 38,093.3MW, of which 34,051MW was attributable to controlled coal- and gas-fired generating units, and 4,042.3MW was attributable to renewable energy generating units such as hydropower, wind power, solar power and biomass energy power generating units. The coal mining enterprises controlled or invested by the Group totaled 16, with coal resource reserves of approximately 2.2 billion tonnes and expected production capacity of approximately 10 million tonnes/year.

The Company was incorporated in Jinan, Shandong Province, the PRC on 28 June 1994. On 30 June 1999, the Company issued approximately 1,431 million H shares in its initial public offering, which were listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). On 3 February 2005, the Company issued 765 million A shares in the PRC, which were listed on the Shanghai Stock Exchange. Subsequently, on 1 December 2009, 3 July 2012 and 18 July 2014, the Company issued 750 million, 600 million and 1,150 million A shares, respectively, each through a non-public issuance in the PRC, and all such A shares are listed on the Shanghai Stock Exchange. On 30 July 2014, the Company issued approximately 286 million H shares by way of a placing, and such H shares are listed on the Hong Kong Stock Exchange. Currently, the Company has an issued share capital comprising 7,090,056,200 A shares and 1,717,233,600 H shares, accounting for approximately 80.50% and 19.50%, respectively, of the total issued share capital of the Company. For the year ended 31 December 2014, the total number of employees of the Group amounted to 24,399.

Details of the Group's major operational power generating assets and coal mining assets as at the date of this report are as follows:

(1) DETAILS OF CONTROLLED COAL- OR GAS-FIRED GENERATING UNITS ARE AS FOLLOWS:

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	800	100%	2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000MW
5	Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	2,000	75%	2 x 1,000MW
6	Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,000	45%	2 x 670MW + 2 x 330MW
7	Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320MW + 3 x 300MW
8	Huadian Zibo Thermal Power Company Limited ("Zibo Company")	950	100%	2 x 330MW + 2 x 145MW
9	Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
10	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.257%	2 x 315MW + 2 x 150MW
11	Hudian Longkou Power Generation Company Limited ("Longkou Company") (Formerly "Shandong Century Electric Power Development Company Limited")	880	84.31%	4 x 220MW
12	Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	3,320	65%	2 x 1,060MW+ 2 x 600MW
13	Ningxia Zhongning Power Generation Company Limited ("Zhongning Company")	660	50%	2 x 330MW
14	Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600MW + 4 x 300MW
15	Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	90%	2 x 660MW
16	Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330MW
17	Huadian Qudong Power Generation Company Limited ("Qudong Company")	660	90%	2 x 330MW
18	Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	1,260	97%	2 x 630MW
19	Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	1,320	65%	2 x 660MW
20	Anhui Huadian Lu'an Power Generation Company Limited ("Lu'an Company")	1,320	95%	2 x 660MW
21	Hangzhou Huadian Banshan Power Generation Company Limited ("Hangzhou Banshan Company")	2,545	64%	3 x 415MW+ 3 x 390MW + 1 x 130MW

Company Profile (Continued)

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
22	Hangzhou Huadian Xiasha Thermal Power Company Limited ("Xiasha Company")	246	56%	1 x 88MW +2 x 79MW
23	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	1,075	82%	2 x 300MW +2 x 200MW + 3 x 25MW
24	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Company")	660	90%	2 x 330MW
25	Hebei Huarui Energy Group Corporation Limited ("Huarui Company") (Note)	1,784.36	100%	—
26	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	725	100%	2 x 300MW + 1 x 125MW
27	Tianjin Huadian Fuyuan Thermal Power Company Limited ("Fuyuan Thermal Power Company")	400	100%	2 x 200MW

Note: As at the date of this report, the Company's interest in installed capacity of Huarui Company amounted to 1,784.36MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99MW.

(2) DETAILS OF CONTROLLED RENEWABLE ENERGY GENERATING UNITS ARE AS FOLLOWS:

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Energy Company")	25	78%	2 x 12.5MW
2	Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
4	Lixian Xinghe Ganbao Power Company Limited ("Ganbao Company")	34	100%	4 x 8.5MW
5	Lixian Xinghe Power Company Limited ("Lixian Company")	33	100%	3 x 11MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company")	324	57%	3 x 70MW+3 x 38MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company")	57	100%	1 x 16MW+2 x 15MW +1 x 11MW
8	Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Wind Power Company")	399	100%	262 x 1.5MW+2 x 3MW
9	Huadian Kezuozhongqi Wind Power Company Limited ("Kezuozhongqi Wind Power Company")	49.5	100%	33 x 1.5MW
10	Huadian Power International Ningxia New Energy Power Company Limited ("Ningxia New Energy Company")	815	100%	48x 2MW+466 x 1.5MW +20MW
11	Hebei Huadian Guyuan Wind Power Company Limited ("Guyuan Wind Power Company")	250.5	100%	167 x 1.5MW
12	Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company")	49.5	100%	24 x 2MW+1 x 1.5MW
13	State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind Power Company")	100.5	100%	67 x 1.5MW
14	Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Power Company")	40.5	55%	27 x 1.5MW
15	Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Company")	48	100%	24 x 2MW
16	Huadian Laizhou Wind Energy Power Company Limited ("Laizhou Wind Energy Company")	49.8	55%	24 x 2MW+1 x 1.8MW
17	Huadian Changyi Wind Power Company Limited ("Changyi Wind Power Company")	49.5	100%	33 x 1.5MW
18	Huadian Zibo Wind Power Company Limited ("Zibo Wind Power Company")	48	100%	24 x 2MW
19	Huadian Longkou Wind Power Company Limited ("Longkou Wind Power Company")	49.5	65%	23 x 1.5MW + 6 x 2.5MW
20	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company")	10	60%	10 x 1MW

Company Profile (Continued)

(3) DETAILS OF COAL MINING ENTERPRISES CONTROLLED OR INVESTED BY THE GROUP ARE AS FOLLOWS:

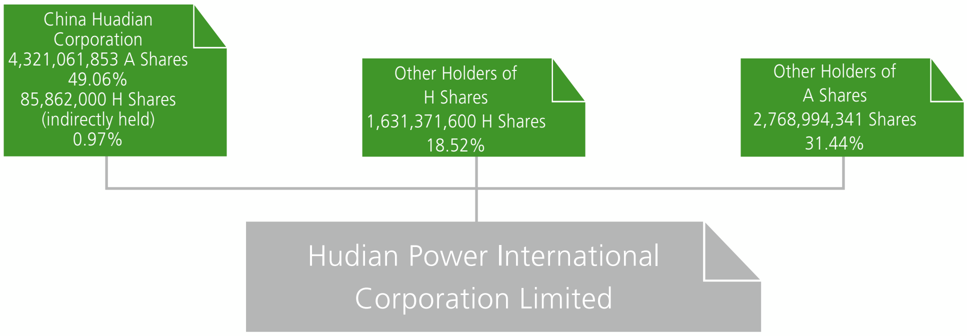
	Name of company	Percentage of equity interest held by the Group	Resources reserve *(million tonnes)*	Interested resources reserve *(million tonnes)*	Capacity *(thousand tonnes/year)*
1	Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited	100%	395	395	1,200
2	Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited	70%	373	261	2,100
3	Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited	70%	128	90	900
4	Shunge Mining Industry Company Limited of Inner Mongolia Alxa League Shunge Mining Group	100%	28	28	450
5	Inner Mongolia Haoyuan Coal Company Limited	85%	77	65	1,200
6	Inner Mongolia Huatong Ruisheng Energy Company Limited	90%	116	104	3,000
7	Anhui Wenhui New Products Promotion Company Limited	51%	39	20	600
8	Ningxia Yinxing Coal Company Limited	50%	1,037	519	4,000
9	Sichuan Huayingshan Longtan Coal Power Company Limited ("Longtan Company") *(Note)*	45%	97	44	1,500
10	Otog Front Banner Changcheng Mine Company Limited	35%	111	39	600
11	Inner Mongolia Fucheng Mining Company Limited	35%	238	83	2,400
12	Otog Front Banner Zhengtai Trading Company Limited	35%	216	76	2,400
13	Otog Front Banner Changcheng No. 3 Mining Company Limited (former "Otog Front Banner Quanhui Trading Company Limited")	35%	723	253	3,000
14	Otog Front Banner Changcheng No. 5 Mining Company Limited (former "Otog Front Banner Baihui Trading Company Limited")	35%	199	70	1,800
15	Huadian Coal Industry Group Company Limited	12.72%	—	—	—
16	Shandong Luneng Heze Coal Power Development Company Limited	12.27%	—	—	—

Note: The Group holds 45% equity interests in Longtan Company through its non-wholly-owned subsidiary, Guang'an Company.

Company Profile (Continued)

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this report is set out as follows:



Chairman's Statement

Li Qingkui
Chairman

Dear Shareholders,

2014 was the 20th anniversary of establishment and the 15th anniversary of listing of the Company. The Group carried out their works proactively and obtained excellent performance with main operating indicators hitting a record high. For the financial year ended 31 December 2014, power generation of the Group amounted to 180.17 million MWh, representing an increase of approximately 2.69% over 2013; turnover amounted to approximately RMB67,782 million, representing an increase of approximately 2.62% over 2013; profit for the year attributable to equity shareholders of the Company amounted to approximately RMB5,959 million and earnings per share was approximately RMB0.743. The board of directors of the Company proposes to declare a final cash dividend of RMB0.27 per share (tax inclusive) for the financial year ended 31 December 2014.

In 2014, the Group highly emphasized on production safety, continuously carried out safety evaluation and inspection and management of potential hazards, actively conducted trainings on safety techniques and communications about technical expertise, strictly implemented system of responsibility in safe production at all levels and further consolidated the foundation of safety management. The Group conscientiously implemented environmental protection policies, strengthened the operation, maintenance and management of environmental protection facilities, consolidated technical upgrade and management of environmental protection facilities, completed denitration technical upgrade for all generating units and proactively explored and implemented the road map of ultra-low emission techniques. The Group attached great importance to energy saving and consumption reduction, vigorously promoted management standard, carried out in-depth overall optimization and heating reformation for generating units. Coal consumption for power supply was 305.77g/KWh with 26 generating units were granted the honor of outperformance in the national efficiency competition of thermal power generating units.

In 2014, the installed capacity of the Group kept increasing; the Group has completed construction and commenced operation of the new projects with an aggregate capacity of 2,889.3MW, of which the installed capacity of clean energy was 1,569.3MW, accounting for 54.31%. As at the date of this report, the Group's projects with an aggregate capacity of 8,168.6MW power generating units have been approved. The Group highlighted the key points of development, strengthened efforts in acquiring resources, expedited the promotion of initial stage of projects, explored ultra-high voltage thermal power projects in coastal regions and areas along the rivers with combination of port and coal and coal abundant areas, reserving valuable resources for sustainable development.

Chairman's Statement (Continued)

While vigorously self-developing of the Group, the Group will give full play to the core functions of the listed company, closely track the movement of capital market, comprehensively strengthen corporate governance and regulatory operation.

Since 2012, the efficiency of the Group has improved continuously and its scale and strength have been significantly strengthened. The operation and development of the Group were recognized by the capital market. In 2014, the share price of the Group hit the highest level in recent years. The Group completed issuance of 1,150,000,000 A Shares and 286,205,600 H shares based on the capital market situation and its development need and raised approximately RMB4,400 million, which enables the Group to improve its capital structure and lay a good foundation to provide capital support for its rapid and sustainable development in the future.

During the past year, the Group's achievements and honors were attributable to the trust and support of shareholders, the unremitting efforts of its staff, as well as the care and help of all sectors of society. I hereby express my heartfelt gratitude to them. In our future operation and development, the Groups will speed up the construction of a comprehensive energy company of higher competitiveness and continue to pursue the coordination and unification of shareholder value, employee benefit and social responsibility.

Li Qingkui
Chairman

Beijing, the PRC
30 March 2015

Business Review and Outlook

Chen Jianhua
Vice Chairman and
Former General Manager

BUSINESS REVIEW

(1) Power Generation

Power generation of the Group in 2014 amounted to 180.17 million MWh, representing a year-on-year increase of approximately 2.69%; the volume of power sold amounted to 168.74 million MWh, representing a year-on-year increase of approximately 2.67%. The annual utilisation hours of the Group's generating units and equipment were 4,912 hours; in particular, the annual utilisation hours of the coal-fired generating units were 5,381 hours. Coal consumption for power supply was 305.77g/KWh, much lower than the national average level.

(2) Turnover

In 2014, turnover of the Group amounted to approximately RMB67,782 million, representing an increase of approximately 2.62% over 2013. Revenue generated from sale of electricity amounted to approximately RMB63,762 million, representing an increase of approximately 2.58% over 2013; revenue generated from sale of heat amounted to approximately RMB2,989 million, representing an increase of approximately 0.89% over 2013; and revenue from sale of coal was approximately RMB1,031 million, representing an increase of approximately 10.67% over 2013.

(3) Profit

In 2014, operating profit of the Group amounted to approximately RMB14,723 million, representing an increase of approximately 17.93% over 2013, mainly due to decrease in coal prices and increase in volume of power sold. For the year ended 31 December 2014, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB5,959 million, and earnings per share was approximately RMB0.743.

(4) The Capacity of Newly-added Generating Units:

From 1 January 2014 to 30 March 2015, the capacity of the Group's newly-added generating units amounted to 2,889.3MW:

Name of Project	**Capacity** *(MW)*
Lu'an Company	1,320
Xiasha Company	246
Fuyuan Thermal Power Company	400
Shuiluohe Company	210
Zhangjiakou Wind Power Company	100.5
Ningxia New Energy Company	416
Laizhou Wind Energy Company	49.8
Changyi Wind Power Company	49.5
Zibo Wind Power Company	48
Longkou Wind Power Company	49.5
Total	2,889.3

(5) Projects Approved and Under Construction

As at the date of this report, the Group's major generating units which have been officially approved by the relevant State or local authorities and under construction are as follows:

Name of project	Planned installed capacity
Chongqing Fengjie Project	2 x 600MW generating units
Shiliquan Plant Expansion Project	1 x 600MW generating unit
Shuozhou Thermal Power Branch Project	2 x 300MW heat-power co-generating units
Qingdao Company Phase III Project	1 x 300MW heat-power co-generating unit
Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company") Phase I Project	2 x 300MW heat-power co-generating units
Nanjiang Thermal Power Company Phase II Project	900MW gas-fired generating units
Hangzhou Huadian Jiangdong Thermal Power Company Limited Project	2 x 400MW gas-fired generating units
Huadian Zhejiang Longyou Thermal Power Company Limited ("Longyou Thermal Power Company") Project	2 x 200MW gas-fired generating units
Shenzhen Huadian Pingshan Distributed Energy Resources Project	3 x 100MW gas-fired generating units
Shijiazhuang Thermal Power Company Natural Gas Thermal Co-generating Project	2 x 400MW gas-fired generating units
Distributed Energy Resources Project of Guangdong Shunde West Eco-industrial Park	3 x 59MW gas-fired generating units
Project of Shuiluohe Company	492MW hydroelectric generating units
Project of Ningxia New Energy Company	400MW wind power generating units
Project of Kangbao Wind Power Company	49.5MW wind power generating units
Jincheng Wind Power Phase II Project of Laizhou Wind Company	48MW wind power generating units
Phase I Project of Huadian Tai' erzhuang Wind Farm	50MW wind power generating units
Project of Huadian Xuwen Wind Power Company Limited	99MW wind power generating units
Project of Huadian Feicheng New Energy Power Company Limited	99.8MW wind power generating units
Phase I Project of Huadian Laixi Nanshu Wind Power Farm	49.8MW wind power generating units
Yaotaishan Project of Huadian Xiaxian Wind Power Company Limited	100MW wind power generating units
Phase I of Wind Power Project in Inner Mongolia Shangdu Xijingzi	49.5MW wind power generating units
Solar Power Generation Project in Saibei, Zhangjiakou, Hebei	4MW solar power generating units
Solar Power Generation Project in Baituyao, Guyuan, Hebei	20MW solar power generating units
Solar Power Generation Project in Naobaotu, Kangbao, Hebei	30MW solar power generating units
Total	8,168.6MW

Business Review and Outlook (Continued)

BUSINESS OUTLOOK

(1) Competition Landscape and Development Trend of the industry

Overall, China's economy is expected to maintain stable growth in 2015, with GDP growth rate at around 7%. The economy growth will enter into a new normality in which the growth rate is expected to shift from high speed towards medium speed, the structural adjustment is expected to be optimized and the growth driver is expected to be changed. China is expected to intensify the implementation of major policies for people's livelihood , and foster reforms on key social sectors, which is expected to stimulate the momentum and vitality of national economic development. Meanwhile, the State is expected to put more efforts in construction of "One Belt and One Road", thus benefiting to the energy enterprises.

For power industry, the elastic coefficient of power is expected to be lowered due to the slower economic growth and optimized industry structure. The growth of power generation is expected to linger at low level since the power utilisation hours is expected to go downward as a result of sluggish growth of electricity demand.

For coal industry, with combined effect of factors such as slower economic growth and rigid environmental protection requirements, the demand for coal remains depressing and the total supply is expected to be loose. Therefore, the structural over-supply is not expected to be changed fundamentally in short term while the price of thermal coal is expected to stay low.

As for capital market, the capital cost is going into a downward spiral amid relatively loose financing environment. As China is expected to continue to adopt the proactive fiscal policy and prudent monetary policy, the Company's financing cost is expected to be reduced further amid such loose financing environment in future.

According to the general pattern of the development of the industry, the power industry is expected to be in its booming cycle and is expected to last for a certain period. The relatively loose operating environment is expected to enable the Company to boost its profitability in a continuous manner.

(2) Risks for the Group and Countermeasures

1. Operational and developmental risks brought about by the changes in market environment

In 2015, China's economy is expected to maintain a stable growth, accompanied by stronger downward pressure. The economic growth rate is expected to be slightly slower than last year. The demand for power is expected to grow at low speed due to the slower economic growth, which is expected to become a new normality. As more installed capacity is put into operation, the annual utilisation hours of generating units and equipment is potentially going downward.

The new round of power system reform is about to initiate in China. The pilot reform in respect of tariff and electricity has been pressed ahead by the State in Shenzhen and other cities. The power companies is thus expected to be confronted with more intensive competition in the market with the advancement of the reform. The new competition in the power market will be more diversified, which is expected to focus on assets structure, cost and reliability. In addition, the marketing mode is also expected to be changed substantially. The aforesaid factors is expected to bring significant impact on the operation and development of the Company in future.

As China is intensifying the power system reform, the downside risks in tariff are expected due to the widely anticipated reform for market-oriented tariff.

Facing the above risks, the Company will seize the rare opportunity emerging from the prosperous cycle of the industry, strive for more planned power generation, aim for a larger market share and make the utilisation hours reach or exceed the "three same (三同)" standards during its operation and development in future. Being prepared for the unexpected and the crises, the Company will continuously enhance its profitability and risk resistance capacity, thus laying a solid foundation for sustaining the development of the Company and addressing the changes in the market. More efforts will be put in optimization of power structure, reduction of energy consumption, enhancement of reliability of the generating units, and reinforcement of marketing system reform, striving to become an early mover in the reform of power system. The Company will leverage on the new circumstances and new opportunities in the development of power source, and transform the advantages from projects in pipeline into the advantages in scientific development. Meanwhile, the Company will change its development mode from focusing on self-directed development to a favourable combination of self-directed development and acquisition of assets from its parent company, thus vigorously promoting the sustainable development of the Company and comprehensively enhancing the value creation capacity of the Company.

2. Environmental risk

Currently, the environmental capacity has reached or exceeded the limits. People are urging for a clean environment. By implementing the new Environmental Law, the State focuses on control of smog weather and takes strict precautions against the pollution source. Rigid management and severe punishment are exerted during the enforcement of the law. "Zero tolerance" was adopted for the breach of the Environmental Law. For the power enterprises, the investment in environmental protection will be further increased as more stringent requirements will be posed on the operation of environmental facilities.

In this regard, the Group will focus on environment protection work as a priority task from the angle of corporate sustainability and development. In particular, the Company will standardize the management of operation and maintenance of environmental facilities, and improve the operation rate and efficiency of environmental protection facilities, so as to ensure standard-compliant emission. Adhering to the principle of "safety and reliability, mature technology and being cost-effective", the Company will continue to optimize and refine the route of the technological improvement, and advance the implementation of technological improvement in a continuous manner.

(3) Development Strategy and Operation Plan in 2015

The current year and further a few years represent an important period of strategic opportunities for the growth of the Company, and a critical period for the Company to accelerate the pace of building it into a comprehensive energy enterprise with relatively strong competitiveness. First, taking the opportunity that the power generation industry is in its boom period, the Company will strive to increase the benefits in an all-round way. Second, by grasping the new opportunities in the new circumstances of power development, the Company will concentrate its resources to transform its advantages of pipeline projects to advantages of scientific development as well as transform its growth mode to strengthen the positive interaction with the parent company, with an aim to enhance its level of sustainable development. Third, the Company will get prepared with forethoughts for the changes arising from the power system reform initiative to effectively enhance marketing ability and market competitiveness. Fourth, through putting additional efforts in building institutional system for law-compliance enterprise governance and the construction of internal control system, punishment and prevention system and integrity-related risk control system, the Company will endeavour to uplift the level of normalized operation in all aspects.

In 2015, based on the actual progress of newly-built projects, the Group expects to invest approximately RMB16 billion in projects of thermal power, hydropower, wind power, and coal mines, and approximately RMB4 billion in technological transformation projects in environmental protection and energy conservation. Under the circumstance that there is no significant change in external condition, the Group is expected to generate electricity of approximately 183 million MWh and to see a decrease in power-generating equipments utilization hours. In order to accomplish the abovementioned objectives, the Group will mainly focus on the following tasks:

(1) Strengthen operation management with an aim to enhance economic benefits. We will put more efforts in factors control, lay emphasis on electricity output management, establish the regional unified management on the principle of benefit maximization, centrally coordinate the mechanism for market competition management and strive for planned output and market transacted output to increase our market share. Efforts will be focused on fuel management and control. By leveraging our advantage in intensive management of fuel procurement, we will deepen the strategic cooperation with selected coal enterprises and grasp the favourable timing of purchase so as to effectively lower the purchase price. We will continue to enhance finance management and strive for policy support. Efforts will be put to further improve the management mechanism for the integration of business and finance functions. The proportion of long-term bonds will be increased to optimize financing structure. We will increase our policy awareness, striving to achieve new breakthrough in policies on tariff, taxes, energy conservation and environment protection, so as to scale up the contribution from policy-related benefits.

(2) Stick to scientific development to improve development quality. A comprehensive analysis will be made on the development potential and circumstances in each region to formulate the development plan of the Company in a scientific manner. We will expedite the pace in development of projects located at the economically developed areas in coastal regions and areas along the rivers, coal abundant areas and areas alongside the coal transportation lines and areas alongside the power export channels. While speeding up wind power development, we will put active efforts in hydropower development, increase our efforts in photovoltaic power development, develop gas turbine projects in a prudent manner, actively advance the equity participation in nuclear power projects and press ahead with the development of coal enterprise in a steady manner. In addition, the whole-process management and supervision is to be strengthened for project construction with an aim to improve the construction management and control level in each aspect.

(3) Guarantee production safety. We will strictly implement the system of responsibility in safe production and place focus on shoring up troubleshooting and governance of hidden dangers in weak sections so as to further consolidate the safety base. Down-to-earth efforts will be put in environmental management to standardize the operation maintenance of environmental facilities, so as to improve the rate of operation commencement and efficiency of environmental facilities and ensure the emissions meet relevant standards. With an aim to standardize production management, the standardized management practices and the "Zero Misoperation" activity will be strengthened to ensure a long-term safe, economical and stable running of the units.

(4) Deepen reform and innovation to promote lean management. Through further deepening the reform of coal procurement system, we aims to build an industry leading modern large-scale coal logistics enterprise and spend every effort in building the coal logistics industry chain, which will enable us to not only purchase coal at low lost, but also cultivate new profit driver.

(5) Further enhance human resources management. We will establish a high-quality team of employees with a rational structure, continuously ramp up development of and incentives for key talents to provide strong personnel support for the Group's development.

Chen Jianhua
Vice Chairman and Former General Manager

Beijing, the PRC
30 March 2015

Directors, Supervisors and Senior Management

As at the date of this report, the biographies of the Directors, supervisors and senior management of the Company are as follows:

DIRECTORS

Mr. Li Qingkui, Chinese, born in March 1956, graduated from Shandong University, is a senior engineer and on-the-job postgraduate. Mr. Li is currently the Chairman and a non-executive Director of the Company and President and secretary of Party Committee of China Huadian Corporation. Mr. Li had served in the Power Bureau of Shandong Province and its affiliated Shandong Zhanhua Power Plant and Shandong Heze Power Plant, Discipline Inspection Groups of the Ministry of Supervision and the Central Commission for Discipline Inspection to the Ministry of Electric Power Industry and the State Grid Corporation of China, and China Guodian Corporation. Mr. Li has over 30 years' experience in electric power generation management.

Mr. Chen Jianhua, Chinese, born in May 1960, is a senior engineer with a Doctor's degree. Mr. Chen graduated from Xi'an Jiaotong University. He is currently a vice chairman and non-executive Director of the Company and deputy general manager of China Huadian Corporation. He has over 30 years' experience in power generation, operating management and securities finance. Before joining the Company, Mr. Chen had worked at Qingdao Power Plant and Shandong Electric Power Group Corporation. He ceased to be the general manager of the Company since 30 March 2015.

Mr. Chen Dianlu, Chinese, born in October 1954, graduated from Shandong Chemical College with a Master's degree. Mr. Chen is currently serving as the vice chairman and a non-executive Director of the Company and a researcher of Shandong Luxin Investment Holdings Group Co., Ltd.. Mr. Chen had served as the head of the Resource Department of Shandong Development and Planning Commission, the manager of the Fund Finance Department, assistant general manager and deputy general manager of Shandong International Trust and Investment Corporation and a director, deputy general manager and a researcher of Shandong Luxin Investment Holdings Co., Ltd.. Mr. Chen has over 30 years' experience in trust, investments and similar related work.

Mr. Chen Bin, Chinese, born in November 1958, a senior engineer with a Bachelor's degree in Law, graduated from Hebei University. Mr. Chen is currently an executive Director and general manager of the Company, the head of the Strategic Planning Department of China Huadian Corporation and a non-executive Director of Huadian Fuxin Energy Corporation Limited. Mr. Chen has over 30 years' experience in power management. Mr. Chen joined the People's Liberation Army of China in 1976. From 1980, Mr. Chen has successively held such positions as secretary of the Committee of CPC, technician and head of Overhaul Section of Hangzhou Zhakou Power Plant, secretary and deputy head of Working Office of Power Bureau of Zhejiang Province, deputy factory manager and factory manager of Hangzhou Banshan Power Plant, general manager and party secretary of Hangzhou Banshan Power Generation Company Limited, head and party secretary of Zhejiang Representative Office of China Huadian Corproation, and head of Marketing Department and Economic Operation and Coordination Department of China Huadian Corporation.

Mr. Geng Yuanzhu, Chinese, born in November 1964, is a senior engineer with a Master's degree. Mr. Geng graduated from Shangdong University of Technology. He is currently an executive Director and a deputy general manager of the Company, and concurrently the chairman of Sichuan Guang'an Power Generation Co., Ltd. Mr. Geng has successively worked at Shandong Weifang Power Plant, Shandong Zouxian Power Plant, Hainan Luneng Guangda Properties Co., Ltd., Huadian Power International Corporation Limited, Guizhou Wujiang Hydropower Development Company Limited, Guizhou Qianyuan Power Co., Ltd., and China Huadian Corporation. Mr. Geng has 27 years' experiencee in power production and operation management.

Directors, Supervisors and Senior Management (Continued)

Ms. Wang Yingli, Chinese, born in September 1961, is a senior engineer and holds a MBA degree. Ms. Wang is currently a non-executive Director of the Company, and the party secretary and general manager of Shandong International Trust Corporation. She is also a director of Jinan International Airport Co., Ltd., Shandong Nuclear Power Company Ltd., respectively, and a Director of Shandong Airline Group Co., Ltd.. Ms. Wang commenced her job career in 1981. Ms. Wang has over 30 years' experience in macroeconomics, trust and investment management. Ms. Wang had worked at Shandong University and Shandong International Trust Corporation.

Mr. Gou Wei, Chinese, born in June 1967, a senior engineer graduated from North China Electric Power University with a master's degree. Mr. Gou is currently a non-executive Director of the Company and the head of the Economic Operation and Coordination Department of China Huadian Corporation. Mr. Gou had previously worked with Jiangyou Electric Power Plant, Sichuan Guang'an Power Generation Co., Ltd., Huadian Power International Corporation Limited, Hubei branch of China Huadian Corporation and Huadian Hubei Power Co., Ltd.. Mr. Gou has 26 years' experience in power production and operation and management.

Mr. Chu Yu, Chinese, born in August 1963, an engineer, graduated from Shanghai Electric Power College. Mr. Chu is currently serving as a non-executive Director of the Company and the head of Financial and Risk Management Department of China Huadian Corporation, the chairman of China Huadian Finance Corporation Limited, a director of Huadian Property Co., Ltd., Huadian Tendering Co. Ltd, Huadian Energy Corporation Limited and Guizhou Wujiang Hydropower Development Company Limited. He had worked at Yangzhou Power Plant, Yangzhou Power Generation Co., Ltd., China Huadian Jiangsu Branch and China Huadian Corporation. He has 29 years' experience in electric power generation and operation management.

Mr. Wang Yuesheng, Chinese, born in July 1960, is a professor and PhD tutor. Since he graduated from School of Economics of Peking University in 1985, Mr. Wang has been teaching in Peking University after graduation till now. He is currently serving as an independent non-executive Director of the Company, the head of the Department of International Economy and the head of International Economic Research Institute of Peking University. He also serves as an executive director in China Association of World Economic Research, China Association of International Economic Relations and Chinese Association for Russian, East European and Central Asian Studies. His research covers new system economics and economic transition issues, economy in transitional countries; enterprise theory, enterprise system and corporate governance; and contemporary international economy and multinational corporations. His research mainly covers international comparison of economic transition, enterprise theory, international enterprise system and the contemporary international economy in recent years.

Mr. Ning Jiming, Chinese, born in April 1957, a PhD in economics, a professor and PhD tutor. Mr. Ning graduated from Shandong University in 1981. Currently, he is an independent non-executive Director of the Company, the dean of the School of International Education of Shandong University, and also a member of the Consultant Committee for Master's Degree Education for National Chinese Language International Education. He was Consul of Chinese General Consulate in Toronto (First Level Secretary). His research covers human capital theory, corporate organization and management, public economics and theories of linguistic economy.

Directors, Supervisors and Senior Management (Continued)

Mr. Yang Jinguan, Chinese, born in April 1963, is professor in accounting. Mr. Yang graduated from the Accounting Department of Central College of Public Finance initially with a Bachelor's degree in Economics in July 1983 and then with a Master's degree in Economics in July 1988. He is currently an independent non-executive Director of the Company, a professor of the Accounting School and the director of the Academic Affairs of Central University of Finance and Economics as well as an independent director of North Navigation Control Technology Co., Ltd. (北方導航控制技術股份有限公司), Sinotex Investment & Development Co., Ltd. (中紡投資股份有限公司) and Beijing Airport High-tech Park Co., Ltd. (北京空港科技園區股份有限公司). He is also a director of China Certified Tax Agents Association, an executive director of China Institute of Internal Audit, a member of China Accounting Society and a non-practicing member of Chinese Institute of Certified Public Accountants (non-practicing CPA in China). He served as the general secretary to the party committee of the Accounting School of Central University of Finance and Economics, vice dean of the Accounting School of Central University of Finance and Economics.

Mr. Ding Huiping, Chinese, born in June 1956, is a professor and Ph.D. tutor and is concurrently an independent non-executive Director of the Company, the Head of PRC Enterprise Competitiveness Research Center of Beijing Jiaotong University and an independent director of China Merchants Securities Co., Ltd. Mr. Ding graduated from Northeastern University with a bachelor's degree in Engineering in February 1982. He studied in Sweden since 1987 and acquired an associate doctoral degree in Industry Engineering in 1991, a doctoral degree in Enterprise Economics in 1992 and conducted postdoctoral research. He has been working at Economic and Management School of Northern Jiaotong University (presently known as Beijing Jiaotong University) since 1994. Research directions: theory of enterprise economics and innovative management, investment and financing decisions and assessment of enterprise values, business strategies and supply chain management of enterprises.

SUPERVISORS

Mr. Li Xiaopeng, Chinese, born in March 1973, is a senior economist with a Master's degree, Mr. Li is currently a supervisor of the Company, the general manager assistant of of Shandong International Trust Corporation, while concurrently acting as a director of Hudian Longkou Power Generation Company Limited, Shanxi Lujin Wangqu Power Generation Co., Ltd. and Hanji Railway Co., Ltd.. Mr. Li has been working in Shandong International Trust Corporation since he started his career in 1995. He has extensive experience in fund, investment, financing and securities.

Mr. Peng Xingyu, Chinese, born in February 1962, is a Chinese Certified Public Accountant and a senior accountant. He graduated from Wuhan University with a Master's degree in Economics. Mr. Peng is currently a supervisor of the Company, chief auditor of China Huadian Corporation, the chairman of Shenyang Jinshan Energy Co., Ltd., the chairman of the supervisory committee of Huadian Coal Industry Group Company Limited, and an executive director of Huadian Jinshan Energy Co., Ltd.. Mr Peng had worked at Huazhong Electric Power Management Bureau, China Huazhong Electric Power Group Company and Hubei Electric Power Company. He has over 30 years' experience in the fields of power finance, assets, corporate operation and capital operation.

Mr. Chen Bin, Chinese, born in September 1973, graduated from Guanghua School of Management, Peking University with a Master's degree in Economics and Management. He currently serves as a supervisor of the Company and director of the Work Committee of the Company. Mr. Chen had served as deputy director of the Secretariat of the General Manager Office of China Guodian Corporation and assistant to general manager of Guodian Finance Corporation Ltd. in succession. Mr. Chen Bin has 18 years' experience in power generation industry.

Directors, Supervisors and Senior Management (Continued)

SECRETARY TO BOARD

Mr. Zhou Lianqing, Chinese, born in November 1960, is a senior engineer and a graduate from Shandong University with a Master's degree. Mr. Zhou is currently the secretary to the Board of the Company and an associate member of the Hong Kong Institute of Company Secretaries. Mr. Zhou started his working career in 1982. Before joining the Company, Mr. Zhou had worked at the Shandong Xindian Power Plant and Shandong Electric Power Group Corporation. He has over 30 years' experience in electric power generation, management, laws and regulations, finance, investor relations, securities management and many other sectors.

SENIOR MANAGEMENT

Mr. Peng Guoquan, Chinese, born in October 1966, a senior engineer with a Master's degree, graduated from Huazhong University of Science and Technology, majoring in thermal energy and power. Mr. Peng is currently a deputy general manager of the Company. Mr. Peng concurrently serves as the chairman of Anhui Wenhui New Products Promotion Company Limited and Anhui Hualin International Energy Company Limited and the vice chairman of CNNP CHD Hebei Nuclear Power Co., Ltd. Mr. Peng has 26 years' experience in power generation and management. Before joining the Company, Mr. Peng had served in Qingshan Thermal Power Plant, Wuchang Thermal Plant and Anhui Huadian Wuhu Power Company Limited.

Mr. Xing Shibang, Chinese, born in June 1960, is a professorate senior engineer with a master's degree. He graduated from Xi'an Jiaotong University majoring in Business Administration. Mr. Xing is currently a deputy general manager of the Company. Mr. Xing concurrently serves as the chairman of Tianjin Huadian Fuyuan Thermal Power Company Limited and Hangzhou Huadian Xiasha Thermal Power Company Limited, and vice chairman of Sichuan Luzhou Chuannan Power Generating Company Limited. Mr. Xing has over 30 years' experience in power generation, operation and management. Mr. Xing had served as electricity operating director and director of Power Generation Department of Shiliquan Plant, the head of Production Department of Huadian Power International Corporation Limited, factory manager of Laicheng Plant and general manager of Huadian Weifang Power Generation Company Limited.

Mr. Chen Cunlai, Chinese, born in November 1962, is a Master's degree holder, senior economist and senior accountant. Graduated from Xi'an Jiaotong University majoring in Business Administration, Mr. Chen is currently the chief financial officer of the Company and a director of China Huadian Finance Corporation Limited. Mr. Chen has over 30 years' experience in power generation, operation management and financial management. Mr. Chen had served as director of Planning and Budgeting Department, deputy chief economist, deputy chief accountant and assistant to factory manager of Zouxian Plant. He had also served as the head of Supervision & Audit Department, the head of HR Administration Department, deputy chief accountant and the head of Financial Department of the Company.

Directors, Supervisors and Senior Management (Continued)

Mr. Wang Huiming, Chinese, born in October 1962, is a doctor's degree holder and researcher-level senior engineer, who graduated from China University of Mining and Technology. Mr. Wang is currently a deputy general manager of the Company and the chairman of Shanxi Maohua Energy Investment Company Limited. Mr. Wang has 30 years' experience in the construction, production, operation and management of coal mines. Mr. Wang had engaged in the production, operation and management in Xuzhou Mining Bureau; he was the chairman and general manager of Jiangsu Huamei Engineering Construction Group Co., Ltd., chairman and general manager of Jiangsu Mining and Engineering Corporation, deputy general manager and party member of Huadian Shanxi Energy Co., Ltd..

Mr. Xie Yun, Chinese, born in November 1963, a professorate senior engineer, graduated from Thermal Engineering Department of Tsinghua University with a bachelor's degree. Mr. Xie is currently a deputy general manager and chief engineer of the Company. Mr. Xie concurrently serves as an executive director of Huadian Zhejiang Longyou Thermal Power Company Limited and Huadian International Shandong Project Company Limited and as the chairman of Anhui Huadian Lu'an Power Generation Company Limited, Tianjin Huadian Nanjiang Thermal Power Company Limited and Tianjin Huadian Tiantou Heating Company Limited, and an executive director of Huadian International Shandong Materials Company Limited. Before joining the Company, Mr. Xie successively served in the Huabei Electricity Research Institute, Safe Production Department of the Ministry of Power, Generation and Transmission Operation Department of State Electric Power Corporation and Production Operation Department of China Huadian Corporation. He has 28 years' experience in scientific research, production and management of electric power.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) MACROECONOMIC CONDITIONS AND ELECTRICITY DEMAND

According to preliminary accounting based on relevant information and statistics, the gross domestic product ("GDP") of the PRC in 2014 amounted to RMB63,646.3 billion, representing an increase of 7.4% over 2013 determined based on comparable prices. Power consumption of the whole society totaled 5,523.3 million MWh, representing a growth of 3.8% and a decrease of 3.8 percentage points in growth speed over 2013, of which the consumption of the primary industry accounted for 99.424 million MWh, representing a year-on-year decrease of 0.24%, secondary industry accounted for 4,065.019 million MWh, representing a year-on-year increase of 3.72%, and tertiary industry accounted for 665.998 million MWh, representing a year-on-year increase of 6.39% and the consumption by urban and rural residents accounted for 692.823 million MWh, representing a year-on-year increase of 2.24%.

(2) TURNOVER

In 2014, the Group strengthened the management, actively strove for planned output and optimized scheduling, and achieved a considerable increase in power generation. The total volume of power sold by the Group for the year was 168.74 million MWh, representing an increase of approximately 2.67% over 2013. Turnover for the year amounted to approximately RMB67,782 million, representing an increase of approximately 2.62% over 2013. The increase in turnover was mainly due to the growth in volume of power sold.

(3) MAJOR OPERATING EXPENSES

In 2014, the operating expenses of the Group amounted to approximately RMB53,058 million, representing a decrease of approximately 0.95% over 2013. The particulars are as follows:

The principal contribution to the operating expenses of the Group was fuel costs, which amounted to approximately RMB32,797 million in 2014, representing a decrease of approximately 8.21% over 2013. The fuel cost accounted for approximately 61.81% of the Group's operating expenses, representing a decrease of approximately 4.89 percentage points over 2013. The Group's unit price of standard coal for furnace decreased by 12.64% over 2013.

Depreciation and amortisation expenses of the Group amounted to approximately RMB8,066 million in 2014, representing an increase of approximately 7.43% over 2013. This was mainly due to the increase in depreciation and amortisation of newly operated technical reconstruction projects and the commencement of operations of new generating units.

Repairs, maintenances and inspection expenses of the Group amounted to approximately RMB2,837 million in 2014, representing an increase of approximately 12.17% over 2013. This was mainly due to the increase in power generation and number of generating units undergoing repairs, and the increase in costs of consumable materials as a result of the commencement of operations of denitration equipments.

Personnel costs of the Group amounted to approximately RMB3,731 million in 2014, representing an increase of approximately 8.96% over 2013. This was mainly due to the increase in both personnel costs expensed and payment base of social insurance due to the commencement of operation of new generating units.

Administration expenses of the Group amounted to approximately RMB3,381 million in 2014, representing an increase of approximately 49.36% over 2013, which was mainly due to the increase in impairment loss.

Tax and levies on operation by the Group amounted to approximately RMB482 million in 2014, representing an increase of approximately 22.74% over 2013, which was mainly due to the reduction of coal price, resulting in the decrease in deducted input tax, and increase in value-add tax payables.

(4) INVESTMENT INCOME

Investment income of the Group amounted to approximately RMB167 million in 2014, representing an increase of approximately RMB164 million or approximately 5,297.32% over the year of 2013, which was mainly attributable to the gain on disposal of equity interest in a subsidiary and an associate.

(5) SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES

In 2014, profit of associates and joint ventures attributable to the Group amounted to approximately RMB713 million, representing an increase of approximately 31.93% over 2013. This was mainly due to the increased income from power generation companies invested by the Group.

(6) FINANCE COSTS

Finance costs of the Group in 2014 amounted to approximately RMB6,318 million, representing an increase of approximately 3.84% over 2013. This was mainly attributable to the commencement of operations of new generating units as well as the increase in cost of capital.

(7) INCOME TAX

Income tax of the Group in 2014 amounted to RMB1,936 million, representing an increase of approximately 27.77% over 2013, which was mainly due to the impact of increase in the Group's profit.

(8) PLEDGE AND MORTGAGE OF ASSETS

As at 31 December 2014, the Company's subsidiaries, including Qingdao Company, Tengzhou Company, Zibo Wind Power Company, Changyi Wind Power Company, Zhangjiakou Wind Power Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Shijiazhuang Thermal Power Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Laizhou Company, Zhongning Company, Shuiluohe Company, and Ningxia New Energy Company, have altogether pledged their income stream in respect of the sale of electricity, and trade receivables for sale of electricity as security for loans amounting to approximately RMB18,862 million. In addition, the 75% equity interest in Pingshi Power Company held by the Company was pledged as security for repayment of the current portion of long-term payables due within one year guaranteed by the Company.

As at 31 December 2014, the generating units and relevant equipment, land use rights and mining rights of Pingshi Power Company, Shuiluohe Company and Shanxi Maohua Energy Investment Company Limited were mortgaged to secure their loans amounting to RMB3,641 million.

(9) INDEBTEDNESS

As at 31 December 2014, the total borrowings of the Group amounted to approximately RMB82,725 million, of which borrowings denominated in US dollars and Euro amounted to approximately US$188 million and approximately EUR21 million, respectively. The liabilities to assets ratio was 77.26%, decreased of approximately 3.42 percentage points compared to 2013. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB22,933 million, and long-term borrowings due after one year amounted to approximately RMB59,792 million. The closing balance of short-term and super short-term debenture payables of the Group amounted to approximately RMB16,805 million, and the medium-term notes (including the portion due within one year) and balance of the debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) amounted to approximately RMB14,445 million. The closing balance of obligations under finance lease of the Group amounted to RMB3,072 million, increased by RMB1,581 million or 106.08% as compared with last year.

(10) CONTINGENT LIABILITIES

As at 31 December 2014, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB76 million to Longtan Company, an associate of Guang'an Company.

(11) PROVISION

Provision represents the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry standards and historical experience. As at 31 December 2014, the balance of the Group's provision amounted to RMB86 million.

(12) CASH FLOW ANALYSIS

In 2014, the net cash inflow from operating activities of the Group amounted to approximately RMB17,004 million, increased by approximately RMB1,554 million over 2013, mainly due to more power generation by the Group and lower procurement prices of coal in 2014; the net cash outflow used in investing activities amounted to approximately RMB18,579 million, increased by approximately RMB4,393 million over 2013, mainly due to the increase in external investment and construction in progress of the Group in 2014 as compared to that of 2013; the net cash inflow from financing activities amounted to approximately RMB3,860 million, varied by approximately RMB5,264 million over the net cash outflow from financing activities amounting to approximately RMB1,404 million in 2013, mainly due to increase in equity financing and bank loans of the Group in 2014.

(13) IMPAIRMENT LOSS

In 2014, according to the impairment testing results, the Group mainly made provisions for impairment loss for the assets of coal mining enterprises with an indication of impairment due to the long-term downturn of coal market. In 2014, the provisions for impairment loss are expected to result in a decrease of the total profit of the Group for 2014 by approximately RMB1,615 million and the profit for the year attributable to equity shareholders of the Company by approximately RMB1,191 million, respectively.

The board of directors of the Company is of the view that pursuant to the IFRSs, the provision for asset impairment is based on the principle of prudence, is well-founded, and fairly reflects the asset conditions of the Company and therefore approved the provision for asset impairment.

Directors' Report

The board of directors ("Directors") of the Company (the "Board") has pleasure in presenting the annual report together with the audited financial statements of the Group for the year ended 31 December 2014 (the "Year").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the generation and sale of electricity and heat, sales of coal and other relevant businesses in the PRC. All electricity generated is supplied to the grid companies where the plants are located. The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in this financial information. The profit of the Group for the year ended 31 December 2014 and the Group's and the Company's financial positions as of that date prepared in accordance with IFRSs are set out on pages 44 to 126 of the annual report.

STATUTORY SURPLUS RESERVE

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the Board) of its profit after tax, as determined under the PRC accounting rules and regulations, to its statutory surplus reserve until the surplus reserve balance reaches 50% of its registered capital. The transfer to the statutory surplus reserve must be made before the distribution of dividend to shareholders. The statutory surplus reserve can be used to make up losses (if any) of the previous year and may be converted into share capital by issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after the issue of new shares is not less than 25% of the registered share capital. On 30 March 2015, the Board resolved to transfer 10% of the annual profit after tax as determined under the PRC accounting rules and regulations, amounting to RMB220,173,000 (2013: RMB69,927,000), to the statutory surplus reserve.

DIVIDENDS

Pursuant to a resolution passed at the Board meeting held on 30 March 2015, the Board proposes to declare a final cash dividend of RMB0.27 per share (tax inclusive, based on the total share capital of 8,807,289,800 shares) for the financial year ended 31 December 2014, totalling RMB2,377,968,246 (tax inclusive). The total dividend accounts for approximately 40% of the profit for the year attributable to equity shareholders of the Company for 2014. The dividend distribution proposal is subject to the approval by the shareholders at the annual general meeting.

SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

Particulars of the Company's subsidiaries, associates and a joint venture as at 31 December 2014 are set out in notes 22 and 23 respectively to the financial statements prepared in accordance with IFRSs included in this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group and the Company as at 31 December 2014 are set out in note 32 to the financial statements prepared in accordance with IFRSs included in this annual report.

INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2014 are set out in note 9 to the financial statements prepared in accordance with IFRSs included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2014 are set out in note 17 to the financial statements prepared in accordance with IFRSs included in this annual report.

RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2014 are set out in the consolidated statement of changes in equity in the financial statements and note 40(a) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report respectively.

DONATIONS

During the year of 2014, the Group made donations for charitable purposes in an aggregate amount of approximately RMB900,000 (2013: RMB325,000).

Directors' Report (Continued)

RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. After reaching the retirement age and handling retirement procedures, a member of the plan is entitled to receive from the State a pension. In addition, the Group's staff has participated in an enterprise annuity plan managed by annuity council of China Huadian Corporation ("China Huadian") to supplement the above-mentioned plan. The Group's contribution to these plans amounted to RMB574 million during the year of 2014.

EMPLOYEES' MEDICAL INSURANCE

During 2014, there was no change in employees' medical insurance policies of the Group as compared with that of 2013. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

SHARE CAPITAL

Details of the share capital of the Company for the year 2014 and as at 31 December 2014 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 40(c) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year of 2014, details regarding the percentages of the Group's sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's	
	Sales	**Purchases**
The largest customer	47.01%	
The five largest customers combined	75.24%	
The largest supplier		5.51%
The five largest suppliers combined		18.28%

None of the Directors, their close associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

Directors' Report (Continued)

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 31 December 2014 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2014, or was a substantial shareholder of the Company as at 31 December 2014 (as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")):

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,604,661,853(L) *(Note 1)*	52.28%	64.95%	—
	H shares	85,862,000(L) *(Note 2)*	0.97%	—	5.00%
Shandong International Trust Corporation ("Shandong International Trust")	A shares	800,766,729(L)	9.09%	11.29%	—
JPMorgan Chase & Co.	H shares	188,164,650(L)	2.14%	—	10.95%
		10,668,298(S)	0.12%	—	0.62%
		47,669,554(P)	0.54%	—	2.77%
AllianceBernstein L.P.	H shares	104,464,000(L)	1.19%	—	6.08%
Morgan Stanley	H shares	101,002,994(L)	1.15%	—	5.88%
		9,860,000(S)	0.11%	—	0.57%
BlackRock, Inc.	H shares	87,964,471(L)	1.00%	—	5.12%
		658,000(S)	0.01%	—	0.04%

(L) = long position
(S) = short position
(P) = lending pool

Note 1: As at 31 December 2014, China Huadian (as beneficial owner) held 4,321,061,853 A Shares, representing 60.95% of the Company's total issued A Shares. In addition, China Huadian entered into a conditional subscription agreement with the Company on 29 December 2014 in relation to China Huadian A Shares Subscription, pursuant to which, China Huadian agrees to subscribe in cash and the Company agrees to place to China Huadian an aggregate of not less than 20% of the new A Shares to be issued under the 2015 Non-public A Share Issuance (i.e. an aggregate of not more than 1,418,000,000 A Shares). As at the date of this report, the 2015 Non-public A Share Issuance and China Huadian A Shares Subscription have not been completed.

Note 2: So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited.

Save as disclosed above and so far as the directors are aware, as at 31 December 2014, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Listing Rules) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

Directors' Report (Continued)

DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the directors, supervisors and senior management of the Company for the financial year ended 31 December 2014 and as at the date of this report. All directors and supervisors are currently serving a term of three years, renewable upon reelection and re-appointment every three years.

Name	Position in the Company	Changes
Li Qingkui	Chairman, Non-executive Director	Appointed at the extraordinary general meeting held on 13 January 2014 Re-elected and appointed at the annual general meeting held on 30 May 2014
Chen Jianhua	Vice Chairman, Non-executive Director	Re-elected and appointed as the director of the Company at the annual general meeting held on 30 May 2014 Resigned as the General Manager and appointed as a non-executive Director at the seventh meeting of the seventh session of the Board held on 30 March 2015
Chen Dianlu	Vice Chairman, Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Geng Yuanzhu	Executive Director, Deputy General Manager	Appointed as the Deputy General Manager at the sixthteenth meeting of the sixth session of the Board held on 26 April 2013 Re-elected and appointed as the director at the annual general meeting held on 30 May 2014
Wang Yingli	Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Chen Bin	Executive Director, General Manager	Re-elected and appointed as the director at the annual general meeting held on 30 May 2014 Appointed as the General Manager and an executive Director at the seventh meeting of the seventh session of the Board held on 30 March 2015
Gou Wei	Non-executive Director	Appointed at the extraordinary general meeting held on 13 January 2014 Re-elected and appointed at the annual general meeting held on 30 May 2014
Chu Yu	Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Wang Yuesheng	Independent Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Wang Jixin	Former Independent Non-executive Director	Resigned at the annual general meeting held on 30 May 2014
Ning Jiming	Independent Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Yang Jinguan	Independent Non-executive Director	Re-elected and appointed at the annual general meeting held on 30 May 2014
Ding Huiping	Independent Non-executive Director	Appointed upon election at the annual general meeting held on 30 May 2014
Li Xiaopeng	Chairman of the Supervisory Committee	Re-elected and appointed at the annual general meeting held on 30 May 2014
Peng Xingyu	Supervisor	Re-elected and appointed at the annual general meeting held on 30 May 2014
Chen Bin	Supervisor	Re-elected and appointed at the annual general meeting held on 30 May 2014
Zhou Lianqing	Secretary to the Board	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Luo Xiaoqian	Former deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014 Resigned at the third meeting of the seventh session of the Board held on 29 August 2014
Peng Guoquan	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Xing Shibang	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Chen Cunlai	Chief Financial Officer	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Wang Huiming	Deputy General Manager	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014
Xie Yun	Deputy General Manager, Chief Engineer	Appointed at the first meeting of the seventh session of the Board held on 30 May 2014

The Directors' and Supervisors' remunerations for the year ended 31 December 2014 are set out in note 11 to the financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the existing Directors, Supervisors and members of senior management of the Company, including essentially the particulars required under paragraph 12 of Appendix 16 to the Hong Kong Listing Rules (if and as applicable and appropriate), are set out on pages 12 to 16 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules concerning his independence pursuant to Rule 3.15 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Directors' Report (Continued)

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

As at 31 December 2014, Directors and chief executives of the Company or any of its associated corporations (within the meaning of Part XV of the Security and Future Ordinance ("SFO")) had any interest or short position in the shares, underlying shares and debentures of the Company which was required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such was assumed or deemed to have under such provisions of the SFO) or was required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions (the "Model Code") adopted by Directors of the Company. Details are as follows:

Name	Position in the Company	Holding of number of A shares and individual interests of the Company	Identity of A shares held
Gou Wei	Non-executive Director	10,000 *(Note)*	Beneficial owner

Note: Accounting for approximately 0.0001% of the total issued A shares of the Company as at 31 December 2014

Save as disclosed above, as at 31 December 2014, none of the Directors, Supervisors, chief executives or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which the Director, Supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or (ii) was required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or (iii) which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors of the Company).

In 2014, the Company adopted the behaviour codes of the security trading carried out by the Directors of the Company in accordance with the same terms of the Model Code. After careful inquiries with all Directors of the Company, the Company was aware that the Directors have complied with the required standards set out in the Model Code.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance or proposed contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

In 2014, the Company has purchased liability insurance for its Directors and Supervisors.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its Directors and Supervisors. No Director or Supervisor has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

In 2014, there was no management or administration contract in respect of all or substantial part of the Company's business

SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS

(1) Extraordinary General Meeting

The Company held the first extraordinary general meeting of 2014 on 13 January 2014. The general meeting considered and approved the resolution in relation to the election and appointments of Mr. Li Qingkui and Mr. Gou Wei as directors of the sixth session of the Board.

For details, please see the announcement in relation to the voting results of the extraordinary general meeting of the Company dated 13 January 2014.

The Company held the second extraordinary general meeting of 2014 on 23 December 2014. The general meeting considered and approved the Resolution on Amendments to the Articles of Association and Its Appendixes, the Codes on Shareholders' General Meetings and the Codes on Supervisory Committee, the Resolution on the Continuing Connected Transaction Contemplated under the Framework Agreement Entered into between the Company and China Huadian, the Resolution on the Financial Services Agreement Entered into between the Company and China Huadian Finance Corporation Limited, and the Resolution on Loans Provided by China Huadian and Shandong International Trust.

For details, please see the announcement in relation to the voting results of the extraordinary general meeting of the Company dated 23 December 2014.

(2) Appointment and Re-election of Directors of New Session of the Board and the Supervisory Committee

The term of office of both the sixth session of the Board and the sixth session of the Supervisory Committee of the Company expired at the conclusion of the 2013 annual general meeting. In accordance with the provisions under relevant laws and the Articles of Association, on 30 May 2014, the Company convened the 2013 annual general meeting, at which twelve members including Mr. Li Qingkui were elected to compose the seventh session of the Board of the Company. Mr. Wang Jixin resigned as a Director of the Board due to work reasons and Mr. Ding Huiping was elected and appointed as a Director of the Board. Mr. Li Xiaopeng, Mr. Peng Xingyu and the staff representative Mr. Chen Bin were elected to compose the seventh session of the Supervisory Committee of the Company. The term of office of both the seventh session of the Board and the seventh session of the Supervisory Committee is three years.

For details, please see the announcement in relation to the voting results of the annual general meeting of the Company dated 30 May 2014.

(3) Amendments to the Articles of Association

On 30 May 2014, the Company convened the annual general meeting, at which it considered and approved the amendments to relevant revisions and improvements to the contents regarding profit distribution in the Articles of Association.

For details, please see the announcement of the Company dated 13 January 2014 and 30 May 2014.

On 23 December 2014, the Company convened an extraordinary general meeting, at which relevant revisions and improvements to the contents in the Articles of Association and its appendixes were considered and approved in accordance with the Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas (Guo Jing Mao Qi Gai [1999] No. 230《關於進一步促進境外上市公司規範運作和深化改革的意見》(國經貿企改[1999]230號)), Guidelines on Articles of Association of Listed Companies (Revised in 2014) and relevant provisions under the laws, regulations and rules of the place where the Company is listed as well as the actual situation of the Company.

For details, please see the announcement of the Company dated 29 August 2014 and 23 December 2014.

(4) Completion of Subscription of 1,150,000,000 New A Shares with China Huadian ("2014 A Shares Subscription")

On 18 July 2014, the Company completed the 2014 A Shares Subscription, pursuant to which China Huadian has subscribed in cash for a total of 1,150,000,000 A Shares of the Company. In accordance with the Subscription Agreement Regarding Non-public Issuance of A Shares of Huadian Power International Corporation Limited between China Huadian Corporation and Huadian Power International Corporation Limited and the relevant requirements of the Rules Governing the Trading of Stocks on the Shanghai Stock Exchange, if any ex-right or ex-dividend event occurs during the period from the price determination date to the date of issuance, the subscription price per share will be adjusted accordingly. As the 2013 annual general meeting of the Company approved the profit distribution plan of RMB0.225 per share (tax inclusive), the ultimate subscription price of the 2014 A Shares Subscription was adjusted from the original RMB3.12 per share to RMB2.895 per share. The total proceeds raised amounted to approximately RMB3,329 million, with the net amount of approximately RMB3,311 million, which has been wholly used to supplement the working capital of the Company in accordance with the intended use of proceeds as stated before. Upon completion of the 2014 A Shares Subscription, China Huadian and its associates, as the ultimate beneficial owner, held 4,406,923,853 shares in aggregate, representing approximately 51.72% of the then enlarged total issued share capital of the Company.

For details, please see the announcements of the Company dated 30 May 2014, 26 June 2014, 21 July 2014 and 29 December 2014.

(5) Completion of Non-public Issuance of 286,205,600 H Shares (the "2014 Issuance of H Shares")

On 30 July 2014, the Company completed the issuance of an additional 286,205,600 H shares of the Company (the "H Shares"). Ten investors (being independent professional or institutional investors) in total subscribed for the H Shares placed by the Company, at the placing price of HK$4.92 per share. The total proceeds raised amounted to approximately HK$1,408 million, and the net proceeds amounted to approximately HK$1,384 million, approximately 90% of which has been used to supplement the working capital of the Company in accordance with the intended use of proceeds as stated before. The proceeds have not been full used, mainly due to the following reasons: the Company originally planed to use such proceeds to purchase fuels, coal and materials overseas. However, due to the changes in market price, the Company did not purchase yet. The Company will continue to use such proceeds to purchase coal and other fuels as well as equipment and materials. Upon completion of the 2014 Issuance of H Shares, the total share capital of the Company was increased to 8,807,289,800 Shares. The aggregate shareholding of China Huadian and its associates, as the ultimate beneficial owner, decreased to 50.04%.

For details, please see the announcements of the Company dated 23 July 2014, 30 July 2014 and 29 December 2014.

(6) Change of principal place of business in Hong Kong

The principal place of business of the Company in Hong Kong has been changed to 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong with effect from 1 December 2014.

For details, please see the announcement of the Company dated 1 December 2014.

(7) Proposed non-public issuance of A Shares and 2015 A Shares Subscription

On 29 December 2014, the Board resolved to propose a non-public issuance of A Shares ("2015 Non-public Issuance of A Shares"). The non-public issuance is proposed to target not more than ten specified investors, including China Huadian. The Shares to be issued under the non-public issuance are RMB denominated ordinary Shares of the Company with a nominal value of RMB1.00 per Share, which will be listed in the PRC (i.e., A Shares).The number of Shares to be issued under the non-public issuance will not exceed 1,418,000,000 A Shares, and the issue price shall be not less than RMB5.04 per Share and the final issue price will be determined by a book-building process. China Huadian will subscribe for an aggregate of not less than 20% of the number of A Shares actually issued under the issuance ("2015 A Shares Subscription"). China Huadian is a connected person of the Company, and therefore, its subscription for A Shares under the 2015 Non-public Issuance of A Shares constitutes a connected transaction of the Company. It was approved by independent shareholders at an extraordinary general meeting held on 13 February 2015.

The 2015 Non-public Issuance of A Shares is subject to other conditions, and the relevant new A Shares will be issued pursuant to the Refreshed General Mandate (as defined in the announcement of the Company dated 29 December 2014).

For details, please refer to the announcements of the Company dated 29 December 2014 and 13 February 2015; and the circular of the Company dated 20 January 2015.

(8) Re-designation of Directors, Change of General Manager and Change of Authorized Representative

On 30 March 2015, the Company convened the 7th meeting of the seventh session of the Board, at which the Board appointed Mr. Chen Bin (formerly a non-executive Director of the Company) as an executive Director, a general manager and an authorized representative with effect from the conclusion of the 7th meeting of the seventh session of the Board. Terms of office of executive Director will expire on the date while the seventh session of the Board expires and he will then be eligible for re-election. Mr. Chen Bin will continue to serve as a member of the Nomination Committee and the Strategy Committee of the Company.

Mr. Chen Jianhua (formerly an executive Director, general manager and authorized representative of the Company) has tendered his resignation as a general manager and an authorized representative of the Company due to work rearrangement and has served as a non-executive Director of the Company since 30 March 2015, until the expiration date of the seventh session of the Board and he will then be eligible for re-election. Mr. Chen Jianhua will continue to serve as a vice chairman and a member of the Strategy Committee of the Company. During the term of office as an executive Director, general manager and authorized representative, Mr. Chen Jianhua dedicated himself to the Company and adhered to his responsibilities of the Company, the board of Directors would like to express its sincere appreciation for Mr. Chen Jianhua's significant contribution to the development of the Company.

For details please refer to the announcement of the Company dated 30 March 2015.

CONNECTED TRANSACTIONS

Pursuant to requirements of the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2014 are as follows:

(1) 2014 A Shares Subscription

On 16 October 2013, the Company entered into the A Shares Subscription Agreement with China Huadian after approval at the eighteenth meeting of the sixth session of the Board, pursuant to which, the Company has conditionally agreed to issue and China Huadian has conditionally agreed to subscribe in cash for an aggregate of 1,150,000,000 new A Shares. Immediately after completion of the A Shares Subscription, China Huadian and its associates will, as ultimate beneficial owner, hold in aggregate 4,406,923,853 Shares, representing approximately 51.72%. The 2014 A Shares Subscription was approved at the EGM of the Company on 6 December 2013. The 2014 A Shares Subscription was completed on 18 July 2014, and the total subscription price amounted to RMB3,329,250,000.00. All the new A Shares subscribed by China Huadian pursuant to the A Shares Subscription Agreement shall not be transferred within 72 months from the date of completion of the A Share Subscription and are expected to become tradable on The Shanghai Stock Exchange on 18 July 2020.

China Huadian is a controlling Shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules, and the transaction constituted connected transactions.

For details of this connected transaction, please refer to the paragraph (4) under the "Significant Events and Subsequent Events".

(2) 2015 A Shares Subscription

On 29 December 2014, the Board resolved to propose a non-public issuance of A Shares. The non-public issuance is proposed to target not more than ten specified investors, including China Huadian. The Shares to be issued under the non-public issuance are RMB denominated ordinary Shares of the Company with a nominal value of RMB1.00 per Share, which will be listed in the PRC (i.e., A Shares). The number of Shares to be issued under the non-public issuance will not exceed 1,418,000,000 A Shares, and the issue price shall be not less than RMB5.04 per Share and the final issue price will be determined by a book-building process. China Huadian will subscribe for an aggregate of not less than 20% of the number of A Shares actually issued under the issuance. China Huadian is a controlling Shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules, and the transaction constitutes a connected transaction of the Company.

For details, please refer to the paragraph (7) under "Significant Events and Subsequent Events".

CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transactions in Relation to Renewal of the Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

A. Continuing connected transactions expected to be conducted in 2015:

On 6 November 2014, the Group and China Huadian renewed the Coal, Equipments and Services Purchase (Supply) Framework Agreement ("Framework Agreement"), which constituted all framework agreements for purchase of coal, engineering equipment, systems, products and EPC by the Company (including subsidiaries incorporated into the consolidated financial statements of the Company; the same applies below) from China Huadian (including its subsidiaries and invested companies directly or indirectly held as to 30% or more by it; the same applies below), provision of supplies procurement service, technical service, overhauls and maintenance service, financial agent service, property transaction agency services in the process of capital operations, CDM registration service, quota services and property management service at the headquarters of the Company by China Huadian to the Company (collectivley "Miscellaneous and Relevant Services") and supply of coal and provision of overhauls maintenance service, alternative power and relevant quota services by the Company to China Huadian. The term of the Framework Agreement commenced from 1 January 2015 and expires on 31 December 2015. Pursuant to the Framework Agreement, the annual cap for purchase of coal by the Group from China Huadian is RMB6.0 billion; the annual cap for provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian is RMB3.0 billion; and sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian is RMB2.0 billion. China Huadian is a controlling Shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules. The connection transaction contemplated under the proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 6 November 2014 and 23 December 2014 and the circular dated 27 November 2014 of the Company.

B. Continuing connected transactions conducted in 2014:

On 17 October 2013, the Group entered into the similar Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian, pursuant to which, during the period from 1 January 2014 to 31 December 2014, the annual cap for purchase of coal by the Group from China Huadian was RMB6.0 billion; the annual cap for provision of engineering equipment, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian was RMB3.0 billion; the annual cap for sale of coal and provision of services such as overhauls and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian was RMB2.0 billion.

In 2014, the actual amount of coal procurement by the Group from China Huadian was RMB3,645 million; the actual amount of provision of engineering equipments, systems, products, and engineering and construction contracting projects, supplies procurement service and other miscellaneous and relevant services by China Huadian was approximately RMB2,196 million, and the actual amount sale of coal, provision of maintenance services for generation units of the power plants, alternative power generation and relevant quota services to China Huadian by the Group was RMB238 million. China Huadian is a controlling Shareholder of the Company, and thus a connected person of the Company according to Hong Kong Listing Rules. The connection transaction contemplated under the proposed Coal, Equipments and Services Purchase (Supply) Framework Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

(2) Renewal of Financial Services Agreement with China Huadian Corporation Finance Company Limited ("Huadian Finance")

On 6 November 2014, the Group entered into the Financial Services Agreement with Huadian Finance a non wholly-owned subsidiary of China Huadian for a term of three years commencing from 1 January 2015 to 31 December 2017, pursuant to which Huadian Finance shall provide certain financial services (including deposit services, settlement services, loan services and other financial services) to the Group. Pursuant to the Financial Services Agreement, the maximum daily balance of the deposits placed by the Group with Huadian Finance increases from RMB4.8 to RMB6.0 billion and shall not be more than the average daily loan balance from Huadian Finance to the Group. China Huadian is a controlling Shareholder of the Company, and thus a connected person of the Company. Huadian Finance is an associate of China Huadian, which hold 36.148% of its shares and thus, Huadian Finance is an associate of China Huadian and is a Connected Person of the Company. The connected transactions contemplated under Financial Services Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 6 November 2014 and 23 December 2014 and the circular dated 27 November 2014 of the Company.

In 2014, the average daily balance of the deposits placed by the Group with Huadian Finance did not exceed RMB4.8 billion and was not more than the average daily loan balance from Huadian Finance to the Group.

(3) Renewal of the Lease Agreement with Beijing Huabin Investment Co., Ltd. ("Beijing Huabin", formerly known as "Anfu Real Estate")

On 6 November 2014, the Group renewed the Lease Agreement with Beijing Huabin Investment Co., Ltd. (a subsidiary of Huadian Property (a subsidiary of China Huadian)), pursuant to which, the Group would lease certain properties in Huadian Tower from Beijing Huabin for a term of three years commencing from 1 January 2015 to 31 December 2017 at an annual rental of approximately RMB49 million. China Huadian is a controlling Shareholder of the Company, and thus a Connected Person of the Company. Beijing Huabin is a wholly-owned subsidiary of Huadian Property, and China Huadian holds 35% equity of Huadian Property. Therefore, Beijing Huabin is an associate of China Huadian and a connected person of the Company according to Hong Kong Listing Rules. The connected transactions contemplated under Lease Agreement will be continuously or frequently carried out in the ordinary and usual course of business of the Group, thus constituting continue connected transactions of the Company under the Hong Kong Listing Rules.

For details, please refer to the announcements dated 6 November 2014 and 23 December 2014 and the circular dated 27 November 2014 of the Company.

The annual rental paid by the Group to Beijing Huabin during 2014 amounted to approximately RMB49 million.

(4) Continued Implementation of the Coal Purchase Framework Agreement with Yanzhou Coal Mining Company Ltd. ("Yanzhou Coal")

The Group and Yanzhou Coal renewed the Coal Purchase Framework Agreement on 17 October 2013, for another term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB8 billion, RMB8 billion and RMB8 billion respectively. Yanzhou Coal is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Yanzhou Coal is a connected person of the Company and the purchase of coal from Yanzhou Coal by the Company constitutes a continuing connected transaction of the Group, for the purpose of the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2014, the Group's actual amount of coal purchased from Yanzhou Coal was approximately RMB2,227 million.

(5) Continued Implementation of the Coal Purchase Framework Agreement with Huainan Mining (Group) Co., Ltd. ("Huainan Mining")

The Group and Huainan Mining renewed the Coal Purchase Framework Agreement on 17 October 2013, for a term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB4 billion, RMB4 billion and RMB4 billion respectively. Huainan Mining is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Huainan Mining is a connected person of the Group and coal purchase from Huainan Mining by the Company constitutes a continuing connected transaction of the Group, for the purpose of the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2014, the Group did not purchase any coal from Huainan Mining according to market-oriented principles of procurement.

(6) Renewal of the Continuing Loan Framework Agreement Respectively with China Huadian and Shandong International Trust

On 6 November 2014, the Group entered into the continuing loan framework agreement with China Huadian and Shandong International Trust respectively, for a term of three years from 1 January 2015 to 31 December 2017, pursuant to which, the annual average loan balance of the Group from China Huadian and Shandong International Trust shall not be more than RMB20 billion and RMB10 billion respectively, provided that (i) the loan rate shall not be higher than that available to the Group from commercial banks during the same period; and (ii) the Group shall not be required to provide any mortgages, pledges, third party guarantees or other forms of guarantee. China Huadian and Shandong International Trust respectively hold 50.04% and 9.09% equity interests of the Company. As China Huadian is a controlling Shareholder of the Company, and Shandong International Trust is the main shareholder of certain subsidiaries of the Company, thus is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, as they constitute exempted financial assistances under Rule 14A.90, provided that: (i) the financing cost of the Group shall not be higher than that available to the Company from the commercial banks for the same financing products with the same term during the same period and the loans are conducted on normal commercial terms or better to the Group; and (ii) the loans are not secured by any of the Group's assets. However, according the requirements of the relevant Shanghai Listing Rules and PRC laws, the transaction constituted a connected transaction of the Group.

For details, please refer to the announcement dated 6 November 2014 and circular dated 26 November 2014 of the Company published in Hong Kong.

As at 31 December 2014, the loan balances of the Group from China Huadian and its subsidiaries and Shandong International Trust amounted to RMB7,101 million and nil million respectively, both falling within the maximum average annual balances approved by shareholders in general meeting.

The Company has engaged an external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has submitted an unqualified letter containing their conclusions in respect of the No. (1) to No. (5) continuing connected transactions set out above to the Board of the Company in accordance with Rule 14A.56 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The auditors of the Company confirmed that these continuing connected transactions:

(1) had been approved by the Board;

(2) were carried out on the price policies of the Company, if the transactions related to the provision of goods or services by the Company;

(3) were carried out under relevant agreements of these transactions; and

(4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

(1) these transactions were entered into in the ordinary and usual course of business of the Group;

(2) these transactions were under normal commercial terms, or the terms of the agreements governing these transactions are no less favorable than those generally available from the independent third party with similar procurement scale under similar products or services; and

(3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

In respect of the Company's material connected transactions disclosed in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company for the purpose of the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material connected party transactions of Company set out in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

Directors' Report (Continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued listed securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2014 prepared in accordance with IFRSs are set out on page 127 .

The Company is not aware of any matter taking place in the year ended 31 December 2014 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

MATERIAL LITIGATION

As at 31 December 2014, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The final outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that possible legal liability which may incur from any of the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2014, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2014 and the financial statements prepared under IFRSs for the financial year ended 31 December 2014.

AUDITORS

On 30 May 2014, the Company held the AGM. At the AGM, Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP were appointed as the Company's international and domestic auditors, respectively, for the financial year ended 31 December 2014.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
30 March 2015

Corporate Governance Report

The Company has always attached great importance to the corporate governance and continuously promoted management innovation. In strict compliance with the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange ("Shanghai Listing Rules"), the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved its corporate governance structure, enhanced the level of its governance and endeavoured to achieve a harmonious development between the Company's growth and the interest of its shareholders.

The codes on corporate governance practices adopted by the Company include, but are not limited to, the following documents:

1. Articles of Association;
2. Code on Shareholders' General Meetings, Code on Board Practices and Code on Supervisory Committee (as parts of the current Articles of Association of the Company);
3. Working procedures for Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategic Committee of the Board of the Company;
4. Working Requirements for Independent Directors;
5. Working Requirements for Secretary to the Board;
6. Working Rules for General Manager;
7. Code on the Company's Investment Projects;
8. Management Methods on Raised Proceeds;
9. Management Methods on External Guarantees;
10. Management Rules on Information Disclosure;
11. Management Rules on Investor Relations and Implementation Procedures;
12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;
13. Code on Trading in Securities of the Company by Employees of the Company;
14. Management Methods for Affairs of the Board of Directors;
15. Working Rules on Annual Report for the Audit Committee of the Board;
16. Working Rules on Annual Report for Independent Directors;
17. Management Methods on Connected Transactions; and
18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company during the year 2014 has met the requirements under the code provisions in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the particulars of which are as follows:

— The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited by Employees, which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), as set out in Appendix 10 to the Hong Kong Listing Rules.

— In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Working Procedures for the Strategic Committee.

— In the financial year of 2014, a total of 10 Board meetings were held by the Company.

— The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

Corporate Governance Report (Continued)

THE BOARD OF DIRECTORS

As an efficient leader of the Company, the Board is responsible for the leadership and supervision of the Company.

Directors as a whole are responsible for advancing activities of the Company through commanding and monitoring. We are of the opinion that all Directors can act on an objective basis and make decisions in the interest of the Company.

As at 31 December 2014, members of the Board of the Company are set out below:

Name	Position in the Company
Li Qingkui	Chairman, Non-executive Director
Chen Jianhua	Vice Chairman, Executive Director
Chen Dianlu	Vice Chairman, Non-executive Director
Geng Yuanzhu	Executive Director
Wang Yingli	Non-executive Director
Chen Bin	Non-executive Director
Gou Wei	Non-executive Director
Chu Yu	Non-executive Director
Wang Yuesheng	Independent Non-executive Director
Ning Jiming	Independent Non-executive Director
Yang Jinguan	Independent Non-executive Director
Ding Huiping	Independent Non-executive Director

Note: Mr. Yun Gongmin resigned as the Chairman of the Board with effect from 13 January 2014 due to his age reaching retirement age. At the extraordinary general meeting held on 13 January 2014, Mr. Li Qingkui was appointed as the Chairman and a non-executive Director of the Company and Mr. Gou Wei was elected as a non-executive Director of the Company. Due to business engagement, Mr. Wang Jixin resigned as an independent non-executive director of the Company with effect from 30 May 2014. At the annual general meeting of 2013 held on 30 May 2014, Mr. Ding Huiping was elected as an independent non-executive director of the Company. At the 7th meeting of the 7th session of the Board of the Company held on 30 March 2015, Mr. Chen Jianhua was re-designated from an executive director to a non-executive director due to work rearrangement. Mr. Chen Bin was re-designated as an executive director. Their term of office will expire on the date when the seventh session of board of directors expires.

In order to achieve sustainable and balanced development, the Company will take into account many aspects concerning the diversity of members of the Board, including but not limited to gender, age, cultural and educational background, race, professional expertise, skills, knowledge and terms of service, when determine the composition of the Board.

The biographical details of Directors and connections between them are detailed in the section headed "Directors, Supervisors and Senior Management" in this annual report. Directors (including non-executive Directors) of each session serve a term of three years, renewable upon re-election and reappointment. The term of office for independent non-executive Directors is renewable with a limit of six years. A Director who is appointed to fill a temporary vacancy shall be elected by shareholders at the first general meeting following his/her appointment, and his/her term of office shall be terminated upon re-election of Directors. A Director who is appointed for the first time shall report to the Board his/her position as director or other roles in other companies or entities upon his/her appointment, and such reporting of relevant interests is updated annually. In the event that the Board considers that a conflict of interest exists for a Director or any of his/her associates when considering any resolution, such Director shall report such interest and abstain from voting.

The independent non-executive Directors of the Company have submitted written confirmation of their independency as required by Rule 3.13 of the Hong Kong Listing Rules. The independent non-executive Directors of the Company have extensive expertise and experience. Among the ten nonexecutive Directors, four of them (amounting to one-third of Directors) are independent non-executive Directors, where Mr. Yang Jinguan is an accounting professional. While playing an important role of check and balance, they safeguard the interest of shareholders and the Company as a whole. The Directors are of the opinion that all independent non-executive Directors are able to deliver effective independent judgment under the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are independent in accordance with such guidelines.

To ensure compliance with the Board procedures and all applicable rules, each Director has access to advice and service of the Secretary to the Board.

Directors are encouraged to enroll in comprehensive professional development courses and seminars relating to the listing rules, the Companies Ordinance/laws and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

The current Directors received the following trainings with an emphasis related to the roles, functions and duties of a director of a listed company during the year ended 31 December 2014:

Directors	**Trainings** *(Note)*
Li Qingkui	A
Chen Jianhua	A
Chen Dianlu	A
Geng Yuanzhu	A
Wang Yingli	A, B
Chen Bin	A
Gou Wei	A, B
Chu Yu	A, B
Wang Yuesheng	A
Ning Jiming	A
Yang Jinguan	A
Ding Huiping	A

Note:

A: Read about the listing rules, the general business or responsibilities of the directors and other relevant training materials and updates

B: Attend seminars and/or lectures

Current Secretary to the Board has taken no less than 15 hours of relevant professional training for the year ended 31 December 2014.

CHAIRMAN AND GENERAL MANAGER

To improve independence, accountability and responsibility, the positions of Chairman and General Manager of the Company are assumed by different individuals. As at 31 December 2014, Mr. Li Qingkui and Mr. Chen Jianhua are currently serving as Chairman and General Manager respectively. As the legal representative of the Company, the Chairman presides over the Board, aiming to ensure that the Board acts in the best interest of the Company, operates effectively, duly fulfils its responsibilities and engages in discussion of important and appropriate matters, and to ensure Directors' access to accurate, timely and clear information. In addition, the Chairman appoints the Secretary to the Board to arrange for agenda of every Board meeting and consider any matter proposed by other Directors to be included in the agenda, thus ensuring that all Directors are properly briefed regarding matters discussed at the Board meeting and their access to adequate and reliable information.

The General Manager heads the management to take charge of daily operation of the Company. With the cooperation from other executive Directors and management team of each functional department, the General Manager manages the businesses of the Company, including implementation of policies adopted by the Board and reporting to the Board in respect of the overall operation of the Company.

THE MANAGEMENT

The Board and the management work separately and cooperate with each other in accordance with relevant requirements of the Company Law, the Articles of Association and the Working Rules for General Manager of the Company. The duties and responsibilities of the management include, but are not limited to, the following matters:

(1) to preside over the production, operation and management of the Company, and to implement resolutions of the Board;

(2) to formulate development plans, annual production and operation plans, annual financial budget scheme and final account plan, profit (after tax) distribution plan and loss recovery plan of the Company;

(3) to implement the Company's annual business plans and investment schemes;

(4) to formulate the scheme of the Company's internal management structure;

(5) to formulate the Company's basic management system;

(6) to formulate the Company's basic regulations;

(7) to determine remuneration, bonus and penalties of employees of the Company and to determine appointment or dismissal of them;

(8) to handle significant business on behalf of the Company;

(9) to exercise other powers within the authorisation of Articles of Association and the Board.

BOARD MEETINGS

The Board shall convene at least four meetings annually, approximately one in each quarter. The Chairman of the Board should convene the Board Meetings, ensure the Board's effective discharge of its duties, schedule agenda of Board meetings and consider matters proposed by other Directors to be included in the agenda. Notice of meeting shall be delivered in fourteen days prior to date of a regular meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within ten days in any of the following cases:

(1) when proposed by shareholders representing more than 10% voting rights;

(2) when deemed as necessary by the Chairman of the Board;

(3) when proposed jointly by more than one-third of the Directors;

(4) when proposed jointly by more than one-half of the independent Directors;

(5) when proposed by the Supervisory Committee; and

(6) when proposed by the General Manager.

Notices of Board meetings and extraordinary Board meetings should be served on all Directors, either by facsimile, express mail, registered air mail or by hand.

If the time and venue for a regular meeting have been previously determined by the Board, no notice is necessary. Otherwise, the Chairman of the Board or relevant proposer shall inform the Secretary to the Board of the proposal and agenda of the Board meeting in writing, and the Secretary to the Board shall then dispatch a notice containing time, venue and agenda of the Board meeting to the Directors in ten days prior to date of the meeting. However, each Director may waive his/her right for being served with the notice of the Board meeting prior or subsequent to the dispatch of the notice. The Secretary to the Board should also send a copy of the above mentioned notice of the Board meeting to the Chairman of the Supervisory Committee.

Each Director has one vote. The Board's resolutions shall be passed by a simple or two-thirds majority of the Directors in accordance with the stipulations of relevant laws, regulations and Articles of Association of the Company.

A Director shall attend Board meetings in person. Regular or extraordinary Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. So long as the participating Directors can hear and communicate effectively with each other, all participating Directors are deemed as if they had participated in the meeting in person.

A Director shall appoint, in writing, another Director to attend the meeting on his/her behalf in case of unavailability of attendance. The scope of authorisation shall be specified in the authorisation letter. The Director attending the meeting on behalf of the entrusting Director shall only exercise the rights within the authorisation letter. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, such Director shall be deemed to have waived his/her voting rights at such meeting.

The Secretary to the Board shall prepare detailed minutes for the matters put to the Board meeting for consideration and resolutions passed, including any reserved or dissenting opinion expressed by the Directors. Within a reasonable period of time following the conclusion of the Board meeting, the Secretary to the Board shall dispatch to all Directors the draft and final minutes of Board meetings for comments and for records respectively.

Proposals to be passed by written resolution shall be dispatched to each Director, either by hand, mail, telex or facsimile, instead of convening a Board meeting. Unless otherwise stipulated by applicable laws, regulations and/or relevant Listing Rules, a resolution shall come into effect without a Board meeting being convened when the number of Directors signing and consenting to the written resolution meets the quorum for the resolution as required by the laws and regulations and the Articles of Association in connection therewith, and the signed resolution is returned to the Secretary to the Board by the aforesaid means.

Any written resolution not being executed by Directors in accordance with legal procedures, even opined by each Director by other means, shall not come into legal force as a resolution of the Board.

Minutes of meetings of the Board and its committees shall be kept by the Secretary to the Board, and upon any Director's request to review, the Secretary to the Board shall produce to such Director the requested minutes within a reasonable period of time.

To ensure sound corporate governance, the Board has established the following committees: Audit Committee, Remuneration and Appraisal Committee and Strategic Committee, and specified their respective terms of references in accordance with principles stipulated by laws, regulations and the CG Code. Relevant administrative departments set up by those special committees in the Company are responsible for the preparation of meeting documents while those special committees report to the Board.

The Board reports to the general meeting, and is also responsible for the completeness of financial data as well as the effectiveness of internal control system and risk management procedures of the Company. Besides, the Board shall bear the responsibility for the preparation of corporate financial statements, while the General Manager assumes duties of attaining business goals and attending to daily operations of the Company. Through regular reviews of functions of the General Manager and his/her authorised powers, the Board ensures the rationality of such arrangement. In addition, the Board also regularly reviews performances in relation to budget and business goals of operating departments, and retained various powers, including:

(1) to convene general meetings and report its work to the general meetings;

(2) to implement the resolutions passed at general meetings;

(3) to decide the Company's business plans and investment schemes;

(4) to formulate the Company's annual budget scheme and final account plan;

(5) to formulate the Company's profit distribution plan and loss recovery plan;

(6) to formulate proposals for increasing or reducing the Company's registered capital and the issue of corporate debentures;

(7) to draw up plans for repurchase of the Company's shares or proposal for merger, division or dissolution of the Company;

(8) Within the authorisation of the general meeting, to determine external investment, acquisition and disposal of assets, pledge of assets, trusted finance, connected transactions; and other guarantee matters subject to approval of the general meeting as stipulated by law, administrative regulations and the Article of Association;

(9) to determine the establishment of the Company's internal management structure;

(10) to appoint or dismiss the Company's General Manager and the Secretary to the Board, and pursuant to the General Manager's nominations, to appoint or dismiss senior management including the deputy general managers and financial officers of the Company and determine their remuneration, bonus and penalties;

(11) to formulate the Company's basic management system;

(12) to formulate proposed amendments to the Articles of Association;

(13) to manage the information disclosure of the Company;

(14) to propose at general meetings for the appointment or change of auditors providing audit services to the Company;

(15) to hear the work report and inspect the work of the General Manager; and

(16) to exercise any other powers specified in relevant laws and regulations or the Articles of Association and conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the abovementioned items (6), (7), (12) and external guarantees which shall be passed by two-thirds majority of the Directors, the Board's resolutions in respect of any other aforesaid matters may be passed by a simple majority.

The Board mainly performed the following duties in respect of corporate governance in the Reporting Period:

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

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

(3) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company;

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

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

Corporate Governance Report (Continued)

Ten Board meetings were held in the financial year from 1 January 2014 to 31 December 2014, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance (including by proxies)/ number of meetings held
Li Qingkui	Chairman, Non-executive Director	10/10
Chen Jianhua	Vice Chairman, Executive Director	10/10
Chen Dianlu	Vice Chairman, Non-executive Director	10/10
Geng Yuanzhu	Executive Director	10/10
Wang Yingli	Non-executive Director	10/10
Chen Bin	Non-executive Director	10/10
Gou Wei	Non-executive Director	10/10
Chu Yu	Non-executive Director	10/10
Wang Yuesheng	Independent Non-executive Director	10/10
Wang Jixin	Former Independent Non-executive Director	4/4
Ning Jiming	Independent Non-executive Director	10/10
Yang Jinguan	Independent Non-executive Director	10/10
Ding Huiping	Independent Non-executive Director	6/6

One annual general meeting and two extraordinary general meetings were held in the financial year from 1 January 2014 to 31 December 2014, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance/ number of meetings held
Li Qingkui	Chairman, Non-executive Director	1/3 *(Note)*
Chen Jianhua	Vice Chairman, Executive Director	3/3
Chen Dianlu	Vice Chairman, Non-executive Director	3/3
Geng Yuanzhu	Executive Director	3/3
Wang Yingli	Non-executive Director	3/3
Chen Bin	Non-executive Director	3/3
Gou Wei	Non-executive Director	3/3
Chu Yu	Non-executive Director	2/3
Wang Yuesheng	Independent Non-executive Director	3/3
Wang Jixin	Former Independent Non-executive Director	1/1
Ning Jiming	Independent Non-executive Director	3/3
Yang Jinguan	Independent Non-executive Director	3/3
Ding Huiping	Independent Non-executive Director	2/2

Note: Mr. Li Qingkui, the Chairman, attended the annual general meeting via telecommunication.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group.

Mr. Chen Cunlai was in charge of the accounting department. With the assistance of the accounts department, the Directors ensure that the financial statements of the Company are prepared in compliance with relevant laws, regulations and applicable accounting policies. The Directors also confirm that the financial statements will be published timely.

The responsibility statement made by the Company's auditors in respect of the financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code" as the code of conduct regarding securities transactions by its Directors. In addition, it formulated the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" which requires the Directors and Supervisors to sign, as early as the commencement of their term of office, a statement on shares transaction undertaking that any share transaction by Directors or Supervisors and their associates will be reported to the Board or the Supervisory Committee. No securities transaction should be conducted by the Directors or Supervisors prior to a written consent being given with a specific date certifying compliance of the proposed transaction with the listing rules of the Hong Kong Stock Exchange and the Shanghai Stock Exchange and the requirements regarding transactions of securities of listed companies by directors and supervisors as stipulated in the abovementioned codes.

After specific inquiries with all Directors and Supervisors, the Directors and Supervisors of the Company have complied with the relevant codes on securities transactions by directors and supervisors set out in the "Model Code" and the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" during the year ended 31 December 2014.

AUDIT COMMITTEE

In accordance with the Hong Kong Listing Rules, the Board set up the Audit Committee in August 1999. Subsequently, in accordance with the Shanghai Listing Rules, the Board set up another audit committee in March 2004. The two committees comprise the same five members, including three Independent Non-executive Directors and two Non-executive Directors of the Company. Currently, one of the five members is an accounting professional. In addition to carrying out duties in accordance with the Hong Kong Listing Rules and requirements stipulated in the A Guide for Effective Operation of an Audit Committee issued by Hong Kong Institute of Certified Public Accountants and the "Principle on Governance of Listed Companies" issued by the CSRC, the Audit Committee comprising such five members also formulated the Working Rules for the Audit Committee of the Board of Directors of Huadian Power International Corporation Limited by setting out the scope of their powers and functions in details.

The primary terms of reference of the Audit Committee include:

(1) to make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;

(2) to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process;

(3) to formulate and implement policies on engaging an external auditor to supply non-audit services;

(4) to act as the key representative body for the communication between the Company and the external auditor;

(5) to examine, monitor and supervise integrity of the Company's financial statements, annual reports and interim reports, and to review the major opinions on financial reporting in such statements and reports.

The terms of reference of the Audit Committee are published on the website of the Company at http://www.hdpi.com.cn/st/TZ/DSWYH/SHENGJI.HTM.

The current Audit Committee is chaired by Independent Non-executive Director Mr. Yang Jinguan, and comprises four other members including Independent Non-executive Directors Mr. Wang Yuesheng and Mr. Ning Jiming, and Non-executive Directors Ms. Wang Yingli and Mr. Chu Yu. They are responsible for the communication between the Company's internal and external auditors, supervision and examination while giving advice to the Board on audit, internal control and corporate governance. In particular, Mr. Yang Jinguan is an accounting professional.

The Audit Committee held five meetings on 19 March, 30 May, 27 August, 28 October, 29 December 2014 respectively, the average attendance of which was 100%. The attendance of each Director is set out as follows (there was no attendance by proxy):

Directors	Times of attendance/ number of meetings held	Attendance Rate
Yang Jinguan	5/5	100%
Wang Yuesheng	5/5	100%
Ning Jiming	5/5	100%
Wang Yingli	5/5	100%
Chu Yu	5/5	100%

During the reporting period, the Audit Committee considered and approved the proposals in relation to connected transactions and continuing connected transactions and the relevant information in the annual and interim financial reports of the Company, carefully reviewed the Directors' Report, the Auditors' Report and Internal Control Self-evaluation Report and considered and approved the amended List of Related Parties and the Identification Standards of Internal Control Defect of the Company, considered and approved the proposals in relation to the changes on accounting policies and the non-public issuance of A shares of the Company. In respect of corporate governance, the Audit Committee has developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual applicable to the Company's employees and Directors; and reviewed the Company' s compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Corporate Governance Report (Continued)

INTERNAL CONTROL

The Board of the Company is the decision-making organ for internal control and responsible for establishing and implementing effective internal control systems of the Company, and takes the ultimate responsibility for the internal control system of the Company. The Board understands its responsibility for ensuring the soundness, appropriateness and effectiveness of the internal control system of the Company so as to provide rational guarantee for attainment of the objectives of the Company. The Audit Committee, the management and external auditors are committed to improving the internal control system of the Company. The Board reviewed the effectiveness of the relevant systems through the Audit Committee during the year and perform the duty of supervision through the Audit Committee and Independent Board Committee. The Supervisory Committee of the Company supervises the establishment and implementation of internal control by the Board of Directors. The Company's management is responsible for the daily operation of internal control of the enterprises. The Audit Committee of the Board is responsible for reviewing the internal control of the Company, supervising the effective execution of the internal control and self-evaluation of the internal control, and coordinating the audit of the internal control and other relevant matters. The working place of the Audit Committee is located at the Supervision and Audit Department of the Company. Subsidiaries have set up internal control supervisory organizations or positions, which are responsible for promoting the improvement and evaluation of internal control system under the leadership of their respective boards of directors.

Further system perfection and effectiveness evaluations were carried out in respect of internal control in 2014. In accordance with the Application Guidelines for Enterprise Internal Control issued by the five ministries and commissions of the PRC including the Ministry of Finance, the Company launched a further overhaul of its internal control system and that of its subsidiaries, and has put in place a relatively sound and well-functioning internal control system.

In 2014, the evaluation on the internal controls of the Company and its subsidiaries covered operation control, financial control, compliance control and risk management under the guidance of Basic Framework of Internal Control and Risk Management issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the Basic Norms of Corporate Internal Control jointly issued by the five ministries and commissions of the PRC including the Ministry of Finance. Based on the results of evaluation, the Audit Committee of the Board prepared the draft of 2014 Internal Control Self-evaluation Report, the draft of which was considered and approved at the 7th meeting of the 7th session of the Board. The 2014 Internal Control Self-evaluation Report of the Board concluded that: without material or major internal control defects being discovered in the evaluation, it is convinced that: in 2014, the Company is in full compliance with the provisions relating to internal control as set out in the Corporate Governance Code, and the existing internal control mechanism of the Company is effective in preventing significant risks and management fraud and in controlling important workflow as required by relevant PRC regulations and securities regulatory authorities. The Board (including the Audit Committee) also considered that the Company has sufficient resources and staff members who are qualified and experienced in accounting and financial reporting. The relevant staff members have taken sufficient training courses and the Company has an adequate budget.

In the future, the Company will, in light of the principle of continuous improvement, review and improve its internal control practices based on its accumulated experiences, shareholders' opinions, and domestic and international development trend as well as the changing of internal and external risks with reference to the listing rules.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has a Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is a specialised committee of the Board established under the resolution of the general meeting. It is responsible for studying the performance appraisal standards for the Directors and the senior management of the Company, performing appraisal and giving its advice. It is also responsible for research and review of the remuneration policy and scheme for the Directors and the senior management of the Company. The Remuneration and Appraisal Committee is accountable to the Board. It has reviewed the current remuneration policy and proposed to the Board to improve the remuneration policy and scheme. After each meeting, the Committee will report to the Board. None of the Directors shall participate in the determination of his/her own remuneration.

The primary terms of reference of the Remuneration and Appraisal Committee include

(1) to make recommendations to the Board on the Company's policy for remuneration of directors and senior management and on procedure for developing such remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board;

(3) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment;

(4) to supervise the execution of the Company's remuneration system; and

(5) to review duty performance by directors and senior management and carry out performance appraisal of them.

The terms of reference of the Remuneration and Appraisal Committee are published on the Company's website: http://www.hdpi.com.cn/st/TZ/DSWYH/XINCHOU.HTM.

As at the date of this report, the current Remuneration and Appraisal Committee of the Company is chaired by independent non-executive Director, Mr. Wang Yuesheng, and comprises four other members including non-executive Director Ms. Wang Yingli, non-executive Director Mr. Gou Wei and independent non-executive Directors Mr. Ning Jiming and Mr. Yang Jinguan.

Corporate Governance Report (Continued)

The Remuneration and Appraisal Committee held two meetings on 19 March and 30 May 2014 respectively. The first meeting studied the 2013 annual salaries of the General Managers and other senior management members based on the appraised results, the 2014 annual salary scheme for the General Manager and the 2014 work report of the Remuneration and Appraisal Committee, all of which were submitted to the Board for approval. At the second meeting, the election of Mr. Wang Yuesheng as the chairman of the Remuneration Committee under the 7th session of the Board of the Company was agreed. The attendance of each member at the meeting is as follows (there was no attendance by proxy):

Directors	Times of attendance/ number of meetings held	Attendance Rate
Wang Yuesheng	2/2	100%
Wang Yingli	2/2	100%
Gou Wei *(note)*	2/2	100%
Ning Jiming	2/2	100%
Yang Jinguan	2/2	100%

Note: Mr. Gou Wei was appointed as a member of the Remuneration Committee at the 22nd meeting of the sixth session of the Board held on 13 January 2014. Mr. Chen Feihu was no longer a member of the Remuneration Committee.

The Remuneration and Appraisal Committee reviewed and monitored the training and continuous professional development of Directors and senior management of the Company in the reporting period. The remuneration of executive Directors, General Manager and other senior management members of the Company were determined based on their calibre, education level and commitment to work with reference to the Company's results and profit, industry comparables and market conditions.

ANNUAL SALARY SCHEME FOR THE GENERAL MANAGER IN 2014

In order to provide the necessary safeguard for the accomplishment of the strategic targets for the year 2014 and to ensure completion of the annual missions of the Board, the Company linked the annual salary scheme for the General Manager with the annual operating performance of the Company with reference to the Company's actual circumstances.

Based on the Company's development strategies, external environmental changes, annual performance results, wage level of employees and other factors, and with reference to the salary level of the listed peers, the Remuneration and Appraisal Committee determined the annual basic salary plan for the General Manager in 2014 in line with such principles as integration of incentives and constraints, priority to efficiency while giving considerations to impartiality, and combination of material and ideological incentives, subject to the approval of the Board before implementation of such plan.

MOTIVATION AND APPRAISAL METHODS FOR OTHER SENIOR MANAGEMENT IN 2014

In order to secure the accomplishment of the strategic targets for the year 2014 and to ensure completion of the annual missions of the Board, the Remuneration and Appraisal Committee formulated the motivation and assessment methods for other senior management members (including the Deputy General Managers, Chief Financial Officer, Chief Engineer and the Secretary to the Board) in 2014 with reference to the Company's actual circumstances, and the annual base salary plan for the General Manager, and in line with the performance-based and integration of incentives and constraints principles. The motivation and appraisal methods are carried out by the Remuneration and Appraisal Committee upon approval of the Board.

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at 31 December 2014, the total number of employees of the Group amounted to 24,399. The Group determines the salary of the employees at various levels based on its economic benefits, and sticks to the talents concept of "identify talents through performance, select talents through competition and award talents through remuneration", thus establishing the objective, impartial, scientific and effective remuneration distribution mechanism and performance appraisal mechanism for its staff.

ALLOWANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In 2014, each of the independent non-executive Directors, namely, Mr. Wang Yuesheng, Mr. Ning Jiming and Mr. Yang Jinguan, was paid the independent directors' allowance of approximately RMB70,000 (before tax), Mr. Ding Huiping, an independent non-executive director, was paid allowance of approximately RMB40,000 (before tax), and Mr. Wang Jixin, a former independent non-executive director, was paid allowance of approximately RMB30,000 (before tax).

REMUNERATION (ALLOWANCE) OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2014 (BEFORE INCOME TAX)

Name	Position in the Company	Remuneration (allowance) of Directors, Supervisors and Senior Management *(RMB 0'000)*
Li Qingkui	Chairman, Non-executive Director	—
Chen Jianhua	Vice Chairman, Executive Director, General Manager	87.96
Chen Dianlu	Vice Chairman, Non-executive Director	—
Geng Yuanzhu	Executive Director, Vice General Manager	87.83
Wang Yingli	Non-executive Director	—
Chen Bin	Non-executive Director	—
Gou Wei	Non-executive Director	—
Chu Yu	Non-executive Director	—
Wang Yuesheng	Independent Non-executive Director	7
Wang Jixin	Former Independent Non-executive Director	3
Ning Jiming	Independent Non-executive Director	7
Yang Jinguan	Independent Non-executive Director	7
Ding Huiping	Independent Non-executive Director	4
Li Xiaopeng	Chairman of the Supervisory Committee	—
Peng Xingyu	Supervisor	—
Chen Bin	Supervisor	71.32
Zhou Lianqing	Secretary to the Board	62.63
Luo Xiaoqian	Former Deputy General Manager	42.13
Peng Guoquan	Deputy General Manager	72.30
Xing Shibang	Deputy General Manager	72.30
Chen Cunlai	Chief Financial Officer	72.30
Wang Huiming	Deputy General Manager	70.83
Xie Yun	Deputy General Manager, Chief Engineer	71.56

NOMINATION COMMITTEE

On 28 March 2012, the Company set up a Nomination Committee, which is a body specifically set up by the Board according to the resolution of the general meeting, and mainly responsible for making recommendations to the Board on the procedures, standards and qualifications of electing and appointing Directors and senior management of the Company. The standards relating to the selection and recommendation of director candidates include the director's appropriate professional knowledge and background, personal ethics, as well as their time commitment to the affairs of the Company.

If the term of office of the Board expires or the Board proposes to add new directors or to fill vacancies of the Board, the Nomination Committee shall recommend to the Board the candidates. Upon being considered and approved by the Board, relevant proposals will be submitted at the general meeting shareholder(s) for approval. Other director candidates other than the independent directors shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 5% of the total voting shares of the Company, and elected at the general meeting of the Company. The candidates for the independent directors of the Company shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 1% of the total voting shares of the Company, and elected at the general meeting of the Company.

The primary terms of reference of the Nomination Committee include:

(1) to regularly review the structure, size and composition of the Board;

(2) to study and make recommendations on the standards and procedures for selecting the Company's directors and senior management;

(3) to verify the personal information of all the candidates for election or re-election of the Company's directors and senior management, and submit the verification result to the Board or the general meeting for reference;

(4) in case of resignation or removal of a director, to present the Board the reasons for such resignation or removal and other matters that need to be specified to shareholders of the Company; in case of resignation or removal of a senior management member, to present the Board the reasons for such resignation or removal;

(5) to formulate and review the standards for establishing the special committees under the Board and provide proposed amendments to the Board when appropriate.

As at the date of this report, the incumbent Nomination Committee of the Company is headed by Mr. Ning Jiming (independent non-executive Director) as its chairman and composed of Mr. Chen Bin (executive Director), Ms. Wang Yingli (non-executive Director), Mr. Wang Yuesheng (independent non-executive Director), and Mr. Ding Huiping (independent non-executive Director) as members.

Corporate Governance Report (Continued)

The Nomination Committee held four meetings on 13 January, 9 May, 30 May and 27 August 2014 respectively. The attendance of each member is set out as follows (there was no attendance by proxy):

Directors	Times of attendance/ number of meetings held	Attendance Rate
Ning Jiming	4/4	100%
Chen Bin	4/4	100%
Wang Yingli	4/4	100%
Wang Yuesheng	4/4	100%
Ding Huiping	4/4	100%

During the reporting period, Mr. Li Qingkui and Mr. Chen Bin were approved to be members of the Strategic Committee under the Board of the Company and Mr. Gou Wei was approved to be a member of Remuneration and Appraisal Committee under the Board of the Company at the first meeting of the Nomination Committee; the proposal in relation to the change of independent director candidate was considered and approved at the second meeting; the appointment of general manager, deputy general manager and secretary to the Board and the candidate list were agreed at the third meeting; the proposal in relation to the resignation of Mr. Luo Xiaoqian as deputy general manager of the Company and the amendments to the Working Rules of the Nomination Committee were considered and approved at the fourth meeting; and all of the above were brought before the Board for consideration and approval. All the above mentioned matters had been submitted to the Board for approval.

AUDITORS

For the year ended 31 December 2014, the Company paid an aggregate of RMB9.6 million of audit service fees including the fee for audit of internal control provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP to the Company. The audit service fees were considered by the Audit Committee and the Board and were approved at the Company's AGM.

MATERIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company held the AGM on 30 May 2014 to consider and approve the amendment and improvement to the existing Articles of Association concerning profit distribution.

For details, please refer to the announcements of the Company dated 13 January 2014 and 30 May 2014.

At the extraordinary general meeting convened by the Company on 23 December 2014, the amendment and improvement to the existing Articles of Association (the "Articles of Association") and the attachments thereof was considered and approved with reference to the "Standardising Operations and Intensifying Reforms of Companies Listed Overseas (Guo Jing Mao Qi Gai [1999] No. 230)" (《關於進一步促進境外上市公司規範運作和深化改革的意見》(國經貿企改[1999]230號)) and relevant requirements as stipulated by the laws, regulations and rules of the place where the Company is listed and taking consideration of the actual condition of the Company.

For details, please refer to the announcements of the Company dated 29 August 2014 and 23 December 2014.

SHAREHOLDERS' RIGHTS

Shareholders individually or jointly holding 10% or more of the Company's shares may request the convening of an extraordinary general meeting by signing one or more counterpart requisition(s) stating the meeting agenda and requiring the Board to convene the meeting. The Board shall give a reply in writing, as to whether or not it agrees to convene the meeting within 10 days after receiving the aforementioned requisition.

Shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposals at a general meeting of the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit extra proposals to the convener of a general meeting in writing 10 days prior to the meeting. The convener shall issue a supplemental notice of the general meeting and announce the contents of such extra proposals within 2 days after receipt thereof.

Corporate Governance Report (Continued)

INVESTOR RELATIONS

The Company undertakes that it shall make impartial disclosure and full and transparent reporting. The ultimate duty of the Chairman is to ensure effective communication with the investors and the Board's understanding of the opinions of substantial shareholders. In this regard, the Chairman shall meet with the shareholders. The Secretary to the Board is responsible for the day-to-day contacts between the Board and substantial shareholders.

The previous annual general meeting was held in Beijing on 30 May 2014, at which the Chairman, the chairman of the Audit Committee and the chairman of the Remuneration and Appraisal Committee answered questions. At the general meeting, each matter was put forward in form of a separate proposal and voted by way of poll.

The senior management shall preside over presentations and attend the meetings with institutional investors and financial analysts for inter-communication in respect of the Company's results and business prospects, which is a regular function of investor relations. Investors and the public may access the Company's website to download presentation materials used in these meetings. The website also sets out the detailed information on the Company's businesses.

For any enquiry addressed to the Board, investors can contact the Board through shareholder hotlines (8610-83567779, 83567900 or 83567905) or by email (hdpi@hdpi.com.cn) or by fax (8610-83567963), and shareholders may raise questions at annual or extraordinary general meetings.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
30 March 2015

As at the date of this report, the Board comprises:

Li Qingkui (Chairman, Non-executive Director), Chen Jianhua (Vice Chairman, Non-executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Geng Yuanzhu (Executive Director), Wang Yingli (Non-executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director), Yang Jinguan (Independent Non-executive Director) and Ding Huiping (Independent Non-executive Director).

Corporate Information

CORPORATE INFORMATION

Legal address	14800 Jingshi Road Jinan, Shandong Province The People's Republic of China
Authorized representatives	Chen Bin Zhou Lianqing
Company secretary	Zhou Lianqing
Hong Kong share registrar and transfer office	Hong Kong Registrars Limited 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Auditors	Deloitte Touche Tohmatsu 35 Floor, One Pacific Place 88 Queensway Hong Kong
	Deloitte Touche Tohmatsu Certified Public Accountants LLP 8 Floor, Tower W2,The Towers, Oriental Plaza No.1 East Chang An Avenue, Beijing The People's Republic of China
Legal advisers to the Company as to Hong Kong law and United States law	Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central, Hong Kong
as to PRC law	Haiwen & Partners 20 Floor, Fortune Financial Centre No. 5 Dong San Huan Mid Road Chao Yang District, Beijing The People's Republic of China

COMPANY PUBLICATIONS

The Company's 2014 annual report was published in April 2015. Copies of the annual report are available for inspection at:

PRC	Huadian Power International Corporation Limited No. 2 Xuanwumennei Street, Xicheng District, Beijing The People's Republic of China Tel: (8610) 8356 7888 Fax: (8610) 8356 7963
Hong Kong	Wonderful Sky Financial Group Limited 6/F, Nexxus Building, 41 Connaught Road Central, Hong Kong Tel: (852) 2851–1038 Fax: (852) 2815–1352

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS
OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 126, which comprise the consolidated and the Company's statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 our agreed terms of engagement 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.

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2014	2013
		RMB'000	*RMB'000*
Turnover	4	**67,781,771**	66,049,455
Operating expenses			
Fuel costs		**(32,796,510)**	(35,728,815)
Cost of coal sold		**(707,246)**	(799,552)
Depreciation and amortisation		**(8,065,685)**	(7,507,923)
Repairs, maintenance and inspection		**(2,836,626)**	(2,528,906)
Personnel costs	5	**(3,730,776)**	(3,423,951)
Administration expenses		**(3,380,610)**	(2,263,469)
Tax and levies on operation	6	**(481,688)**	(392,452)
Other operating expenses		**(1,059,155)**	(919,708)
		(53,058,296)	(53,564,776)
Operating profit		**14,723,475**	12,484,679
Investment income	7	**167,263**	3,099
Other revenue	8	**426,887**	366,557
Other net income	8	**(325,838)**	(281,174)
Interest income from bank deposits		**70,839**	64,800
Finance costs	9	**(6,317,901)**	(6,084,007)
Share of profits less losses of associates and a joint venture		**713,366**	540,722
Profit before taxation		**9,458,091**	7,094,676
Income tax	13	**(1,936,271)**	(1,515,481)
Profit for the year	10	**7,521,820**	5,579,195
Other comprehensive income/(expense) for the year (net of tax):			
Items that may be subsequently reclassified to profit or loss:			
Net fair value gain/(loss) on available-for-sale investments	14	**27,054**	(6,343)
Total comprehensive income for the year		**7,548,874**	5,572,852
Profit for the year attributable to:			
Equity shareholders of the Company		**5,959,045**	4,096,933
Non-controlling interests		**1,562,775**	1,482,262
		7,521,820	5,579,195
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**5,985,780**	4,090,585
Non-controlling interests		**1,563,094**	1,482,267
		7,548,874	5,572,852
Basic earnings per share	15	**RMB0.743**	RMB0.556

Consolidated Statement of Financial Position

As at 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2014	2013
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	17(a)	**127,014,543**	119,045,738
Construction in progress	18	**19,744,389**	16,811,390
Lease prepayments	19(a)	**1,976,102**	2,027,296
Intangible assets	20(a)	**5,308,476**	4,644,694
Goodwill	21	**1,021,112**	1,033,120
Interests in associates and a joint venture	23	**10,226,885**	10,329,396
Available-for-sale investments	24	**386,832**	363,489
Other non-current assets	25	**2,048,035**	1,800,405
Deferred tax assets	37(b)	**388,527**	259,669
		168,114,901	156,315,197
Current assets			
Inventories	26	**3,262,816**	3,156,314
Trade debtors and bills receivable	27	**8,954,117**	8,402,725
Deposits, other receivables and prepayments	29	**2,769,304**	2,315,572
Tax recoverable	37(a)	**154,271**	84,120
Restricted deposits	30	**319,493**	33,283
Lease prepayments	19(a)	**70,168**	69,369
Cash and cash equivalents	31	**5,204,959**	2,920,016
		20,735,128	16,981,399
Current liabilities			
Bank loans	32(a)	**18,843,245**	20,602,798
Loans from shareholders	32(b)	**550,000**	1,473,136
State loans	32(c)	**9,633**	10,631
Other loans	32(d)	**3,530,120**	2,266,205
Short-term debentures payable	32(e)	**16,805,230**	17,250,400
Long-term debentures payables-current portion	32(f)	**7,392,270**	1,498,965
Amount due to the parent company		**65,073**	14,326
Obligations under finance leases	33	**581,562**	362,372
Trade creditors and bills payable	34	**14,481,887**	12,100,180
Other payables	35	**7,241,535**	6,127,974
Tax payable	37(a)	**579,543**	412,100
		70,080,098	62,119,087
Net current liabilities		**(49,344,970)**	(45,137,688)
Total assets less current liabilities		**118,769,931**	111,177,509

Consolidated Statement of Financial Position (Continued)

As at 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Bank loans	32(a)	**53,501,585**	50,773,395
Loans from shareholders	32(b)	**550,000**	1,020,407
State loans	32(c)	**86,712**	107,315
Other loans	32(d)	**5,653,348**	6,209,423
Long-term debentures payable	32(f)	**7,052,401**	11,866,318
Obligations under finance leases	33	**2,490,591**	1,128,410
Long-term payables	36	**410,447**	765,181
Provisions	39	**86,458**	80,050
Deferred government grants	8(a)	**989,726**	896,797
Deferred income	38	**2,210,399**	1,990,752
Deferred tax liabilities	37(b)	**2,801,802**	2,859,754
		75,833,469	77,697,802
NET ASSETS		**42,936,462**	33,479,707
CAPITAL AND RESERVES			
Share capital	40(c)	**8,807,290**	7,371,084
Reserves		**22,897,890**	15,639,437
Total equity attributable to equity shareholders of the Company		**31,705,180**	23,010,521
Non-controlling interests		**11,231,282**	10,469,186
TOTAL EQUITY		**42,936,462**	33,479,707

The consolidated financial statements on pages 44 to 126 were approved and authorised for issue by the board of directors on 30 March 2015 and are signed on its behalf by:

Chen Jianhua
Director

Geng Yuanzhu
Director

Statement of Financial Position

As at 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2014	2013
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	17(b)	**7,972,743**	7,779,429
Construction in progress	18	**4,325,905**	2,393,550
Lease prepayments	19(b)	**95,882**	104,531
Intangible assets	20(b)	**17,612**	8,436
Goodwill	21	**46,524**	46,524
Investments in subsidiaries	22	**34,296,458**	32,993,803
Interests in associates and a joint venture	23	**5,923,600**	5,871,397
Available-for-sale investments	24	**130,109**	130,109
Other non-current assets	25	**409,483**	293,189
		53,218,316	49,620,968
Current assets			
Inventories	26	**453,979**	370,431
Lease prepayments	19(b)	**8,648**	8,648
Trade debtors and bills receivable	27	**745,744**	710,428
Amounts due from subsidiaries	28	**9,655,457**	9,226,983
Deposits, other receivables and prepayments		**1,539,157**	310,950
Cash and cash equivalents	31	**1,559,719**	371,814
		13,962,704	10,999,254
Current liabilities			
Bank loans	32(a)	**5,626,957**	6,970,984
Loans from shareholders	32(b)	**—**	47,480
State loans	32(c)	**1,018**	1,018
Other loans	32(d)	**1,998,000**	138,000
Short-term debentures payables	32(e)	**16,805,230**	17,250,400
Long-term debentures payables-current portion	32(f)	**7,392,270**	1,498,965
Amount due to the parent company		**760**	821
Amounts due to subsidiaries		**664,140**	501,260
Trade creditors and bills payable	34	**603,777**	553,472
Other payables	35	**1,616,724**	1,572,313
		34,708,876	28,534,713
Net current liabilities		**(20,746,172)**	(17,535,459)
Total assets less current liabilities		**32,472,144**	32,085,509
Non-current liabilities			
Bank loans	32(a)	**2,461,835**	1,595,000
Loans from shareholders	32(b)	**—**	138,108
State loans	32(c)	**5,091**	6,109
Other loans	32(d)	**1,088,000**	1,791,000
Long-term debentures payable	32(f)	**7,052,401**	11,866,318
Deferred government grants		**96,590**	97,559
Deferred tax liabilities	37(b)	**46,915**	47,039
		10,750,832	15,541,133
NET ASSETS		**21,721,312**	16,544,376
CAPITAL AND RESERVES	40(a)		
Share capital		**8,807,290**	7,371,084
Reserves		**12,914,022**	9,173,292
TOTAL EQUITY		**21,721,312**	16,544,376

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000 (note 40(c))	Capital reserve RMB'000 (note 40(d)(i))	Statutory surplus reserve RMB'000 (note 40(d)(ii))	Discretionary surplus reserve RMB'000	Revaluation reserve RMB'000 (note 40(d)(iii))	Fair value reserve RMB'000 (note 40(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014	**7,371,084**	**5,957,900**	**1,616,562**	**68,089**	**44,726**	**77**	**7,952,083**	**23,010,521**	**10,469,186**	**33,479,707**
Profit for the year	—	—	—	—	—	—	5,959,045	5,959,045	1,562,775	7,521,820
Other comprehensive income *(note 14)*	—	—	—	—	—	26,735	—	26,735	319	27,054
Total comprehensive income for the year	—	—	—	—	—	26,735	5,959,045	5,985,780	1,563,094	7,548,874
Shares issued *(note 40(c))*	1,436,206	2,975,664	—	—	—	—	—	4,411,870	—	4,411,870
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	299,410	299,410
Disposal of a subsidiary *(note 44)*	—	—	—	—	—	—	—	—	53,468	53,468
Dividends recognised as distribution *(note 40(b))*	—	—	—	—	—	—	(1,658,494)	(1,658,494)	—	(1,658,494)
Dividends declared to non-controlling Interests	—	—	—	—	—	—	—	—	(1,144,480)	(1,144,480)
Early repayments of certain interest-free loans from China Huadian Corporation ("China Huadian") *(note 32(b))*	—	(51,303)	—	—	—	—	—	(51,303)	(9,453)	(60,756)
Appropriation of general reserve	—	—	220,173	—	—	—	(220,173)	—	—	—
Appropriation of specific reserve	—	—	123,644	—	—	—	(123,644)	—	—	—
Utilisation of specific reserve	—	—	(76,581)	—	—	—	76,581	—	—	—
Others	—	6,806	—	—	—	—	—	6,806	57	6,863
Balance at 31 December 2014	**8,807,290**	**8,889,067**	**1,883,798**	**68,089**	**44,726**	**26,812**	**11,985,398**	**31,705,180**	**11,231,282**	**42,936,462**
Balance at 1 January 2013	7,371,084	5,961,329	1,526,900	68,089	44,726	6,425	4,465,825	19,444,378	8,286,178	27,730,556
Profit for the year	—	—	—	—	—	—	4,096,933	4,096,933	1,482,262	5,579,195
Other comprehensive income *(note 14)*	—	—	—	—	—	(6,348)	—	(6,348)	5	(6,343)
Total comprehensive income for the year	—	—	—	—	—	(6,348)	4,096,933	4,090,585	1,482,267	5,572,852
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	715,378	715,378
Acquisition of non-controlling interests	—	(2,585)	—	—	—	—	(41,893)	(44,478)	(474)	(44,952)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	146,702	146,702
Disposal of a subsidiary	—	—	—	—	—	—	—	—	94,088	94,088
Dividends recognised as distribution *(note 40(b))*	—	—	—	—	—	—	(479,120)	(479,120)	—	(479,120)
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(254,953)	(254,953)
Appropriation of general reserve	—	—	69,927	—	—	—	(69,927)	—	—	—
Appropriation of specific reserve	—	—	61,703	—	—	—	(61,703)	—	—	—
Utilisation of specific reserve	—	—	(41,968)	—	—	—	41,968	—	—	—
Others	—	(844)	—	—	—	—	—	(844)	—	(844)
Balance at 31 December 2013	7,371,084	5,957,900	1,616,562	68,089	44,726	77	7,952,083	23,010,521	10,469,186	33,479,707

Consolidated Statement of Cash Flows

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2014	2013
		RMB'000	RMB'000
Operating activities			
Cash received from customers and others		**82,547,586**	78,112,531
Cash paid to suppliers, employees and others		**(56,764,149)**	(55,052,899)
Cash generated from operations		**25,783,437**	23,059,632
Interest paid		**(6,756,888)**	(6,435,594)
PRC enterprise income tax paid		**(2,022,712)**	(1,173,974)
Net cash generated from operating activities		**17,003,837**	15,450,064
Investing activities			
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets		**(18,590,076)**	(15,328,153)
Net cash outflow for the acquisition of subsidiaries in current year	43	**(218,702)**	(427,810)
Net cash outflow from disposal of a subsidiary	44	**(7,933)**	(2,959)
Payment for investment in associates		**(125,462)**	(206,253)
Increase of other long-term receivables		**(96,411)**	—
Capital injection in available-for-sale investments		**—**	(13,160)
Cash received from disposal of associates	23(d)	**71,648**	820,915
Interest received		**70,839**	64,800
Withdrawal of restricted deposits		**32,259**	60,275
Placement of restricted deposits		**(318,469)**	(51,073)
Dividends received		**446,888**	312,261
Other investing activities		**156,411**	585,359
Net cash used in investing activities		**(18,579,008)**	(14,185,798)
Financing activities			
Net proceeds from shares issued		**4,411,870**	—
Debentures			
— Net proceeds from debentures		**22,474,000**	26,913,000
— Repayment of debentures		**(22,000,000)**	(18,500,000)
— Proceeds from loans		**37,711,382**	30,318,830
— Repayment of loans		**(37,830,711)**	(41,133,502)
Obligation under finance leases			
— Proceeds obtained under sales and leaseback arrangement		**2,260,530**	800,000
— Lease payment under sales and leaseback arrangement		**(664,238)**	(271,037)
Bills financing			
— Proceeds from bank acceptance bills discounted		**1,705,138**	769,000
— Repayment of bank acceptance bills		**(1,858,543)**	(370,000)
Payment for the acquisition of non-controlling interests		**—**	(44,952)
Capital injection from non-controlling interests	22 (b) (iii)	**254,410**	715,378
Dividends paid to non-controlling interests	22 (b) (iii)	**(849,727)**	(256,366)
Dividends distribution		**(1,658,494)**	(479,120)
Other financing activities		**(95,503)**	134,445
Net cash generated from/(used in) financing activities		**3,860,114**	(1,404,324)
Net increase/(decrease) in cash and cash equivalents		**2,284,943**	(140,058)
Cash and cash equivalents at 1 January		**2,920,016**	3,060,074
Cash and cash equivalents at 31 December	31	**5,204,959**	2,920,016

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

1. BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the "Company") was established in Shandong province of the People's Republic of China (the "PRC") on 28 June 1994 as a joint stock limited company and the address of its registered office is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the generation and sale of electricity, heat and coal. Majority of electricity generated is supplied to the local power grid companies where the power plants are located.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current year by the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and revised IFRSs to the extent that they are relevant to the Group for the current and prior years reflected in these financial statements.

(b) Basis of preparation of the financial statements

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value in use in IAS 36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Basis of preparation of the financial statements *(Continued)*

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

Judgement made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 48.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control is achieved when the Company:

— has power over the investee;

— is exposed, or has rights, to variable returns from its involvement with the investee; and

— has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

— the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

— potential voting rights held by the Group, other vote holders or other parties;

— rights arising from other contractual arrangements; and

— any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss and calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(f)). All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

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

(d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

— deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

— liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

— assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

(f) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Investments in associates and joint ventures *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method.

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence or joint control over the investee.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

(g) Other investments in equity securities

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

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

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

Quoted debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the statement of financial position at amortised cost less impairment losses (see note 2(m)).

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

Available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see note 2(m)).

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate capitalisation of borrowing costs (see note 2(w)).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group will capitalise the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

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

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

Buildings	20–45 years
Generators, machinery and equipment	5–20 years
Motor vehicles, furniture, fixtures, equipment and others	5–10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group’s mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

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

(i) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(m)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(h) above when the relevant assets are completed and ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Intangible assets (other than goodwill)

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

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

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

Concession assets	the shorter of remaining concession period or 25 years
Development right of hydropower	45 years
Others	5–10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Leased assets *(Continued)*

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset, or any deficit of sales proceeds lower than the carrying amount of the asset, is deferred and amortised as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the right to use an asset held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the accounting periods covered by the lease term. Lease incentives received are recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(l) Lease prepayments

Lease prepayments represent cost of land use rights and sea use rights paid to the PRC's land bureau and oceanic bureau respectively. Lease prepayments are stated at cost, less accumulated amortisation and any impairment losses (see note 2(m)). Amortisation is charged to profit or loss from the date of initial recognition on a straight-line basis over the respective periods of the rights which mainly range from 10 years to 70 years.

(m) Impairment of assets

(i) Impairment of investments in equity securities and receivables

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

— significant financial difficulty of the debtor;

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Impairment of assets *(Continued)*

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

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

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

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

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

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

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

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

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Impairment of assets *(Continued)*

(ii) Impairment of other assets

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

— property, plant and equipment;

— construction in progress;

— lease prepayments;

— intangible assets;

— Investments in associates and joint ventures;

— other non-current assets (other than financial assets); and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption are carried at the lower of cost and net realisable values.

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

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

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

(o) Trade debtors and bills receivable and other receivables ("Trade and other receivables")

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

(p) Cash and cash equivalents

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

(q) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payables, amount due to the parent company, trade creditors and bills payable, other payables, long-term debentures payables, long-term payables, are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values, and are subsequently measured at the higher of:

— the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

— the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(ii) Provisions and contingent liabilities

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

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

(t) Revenue recognition

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

(i) Electricity income

Electricity income is recognised when electricity is supplied to the power grid companies.

(ii) Heat income

Heat income is recognised when heat is supplied to customers.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Revenue recognition *(Continued)*

(iii) Sale of coal

Income from the sale of coal is recognised when the risks and rewards to the ownership of the goods have been passed to the customers.

(iv) Service concession construction revenue

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

(v) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

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

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and consequently are recognised in profit or loss as income on a systematic basis over the useful life of the asset.

(viii) Upfront connection and installation fees

Upfront connection and installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected service terms after the completion of the installation work.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency translation differences relating to funds borrowed relevant to construction in progress, to the extent that they are regarded as an adjustment to interest costs, are capitalised during the construction period (see note 2(i)). All other exchange differences are dealt with in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax

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

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

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

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

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

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

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

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

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

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

  — the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Borrowing costs

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

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

(x) Employee benefits

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

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

(ii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(y) Research expenditure

Expenditure on research activities is recognised as expenses in the period in which it is incurred.

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(aa) Segment reporting

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

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

(ab) Dividends

Dividends are recognised as a liability in the period in which they are declared.

3. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new or revised IFRSs:

- Amendments to IFRS 10, IFRS12 and IAS 27 – Investment Entities
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Interpretations Committee ("IFRIC") 21 – Levies

The application of the new or revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

4. TURNOVER

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

	2014	2013
	RMB'000	*RMB'000*
Sale of electricity	**63,761,606**	62,154,933
Sale of heat	**2,988,856**	2,962,605
Sale of coal	**1,031,309**	931,917
	67,781,771	66,049,455

The Group's customers are mainly local power grid companies. There is only one customer sales with whom have exceeded 10% of the Group's revenue. In 2014, revenue from sale of electricity to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately Renminbi ("RMB") 32,153 million (2013: RMB31,737 million). Details of concentration of credit risk arising from this customer are set out in note 47(b).

5. PERSONNEL COSTS

	2014	2013
	RMB'000	*RMB'000*
Wages, welfare and other benefits	**2,521,607**	2,313,029
Retirement costs *(note 42)*	**573,994**	490,819
Other staff costs	**635,175**	620,103
	3,730,776	3,423,951

6. TAX AND LEVIES ON OPERATION

Tax and levies on operation represent city maintenance and construction tax and education surcharge, which are calculated at 1-7% and 3-5% (2013: 1-7% and 3-5%), respectively, of net value added tax ("VAT") payable.

7. INVESTMENT INCOME

	2014 *RMB'000*	2013 *RMB'000*
Gain on disposal of a subsidiary *(note 44)*	**115,835**	—
Gain on disposal of an associate *(note 23 (d))*	**48,517**	—
Gain on disposal of available-for-sale investment	**—**	271
Dividend income from listed available-for-sale investment	**2,050**	1,893
Dividend income from unlisted available-for-sale investments	**861**	935
	167,263	3,099

8. OTHER REVENUE AND NET INCOME

	2014 *RMB'000*	2013 *RMB'000*
Other revenue		
Government grants *(note (a))*	**270,445**	268,185
Revenue from upfront connection and installation fees for heating networks *(note 38)*	**111,835**	91,406
Others	**44,607**	6,966
	426,887	366,557
Other net income		
Net loss on disposal of property, plant and equipment	**(571,449)**	(404,293)
Net income from sale of materials	**380,560**	291,965
Electricity price regulation fund *(note (b))*	**(124,823)**	(121,663)
Others	**(10,126)**	(47,183)
	(325,838)	(281,174)

Notes:

(a) Government grants mainly represent the grants from government for heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

In addition, for grants related to assets, such grants have been deferred and released to profit or loss in accordance with the useful lives of the related assets. In 2014, the Group received such grants amounting to RMB154 million (2013: RMB184 million), and the amount released to profit or loss is RMB61 million (2013: RMB61 million).

(b) Electricity price regulation fund represents the expenses levied on electricity supplied by subsidiaries located in Ningxia Hui Autonomous Region ("Ningxia") to other provinces in the PRC. Payment or collection of such fund to government is based on regulations issued by Ningxia local authorities.

9. FINANCE COSTS

	2014	2013
	RMB'000	RMB'000
Interest on loans and other financial liabilities wholly repayable within five years	**4,461,595**	3,993,877
Interest on loans and other financial liabilities not wholly repayable within five years	**2,323,447**	2,656,759
Less: interest capitalised	**(699,349)**	(639,269)
	6,085,693	6,011,367
Net foreign exchange loss/(gain)	**10,071**	(48,230)
Amortisation on unrecognised finance charges	**150,332**	79,339
Other finance costs	**71,805**	41,531
	6,317,901	6,084,007

The borrowing costs have been capitalised at an average rate of 6.38% per annum (2013: 6.26%) for construction in progress.

10. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	2014	2013
	RMB'000	RMB'000
Amortisation		
— Lease prepayments	**69,685**	72,535
— Intangible assets and other assets	**156,948**	146,074
Auditors' remuneration	**9,600**	8,600
Cost of inventories expensed	**36,032,935**	38,861,805
Depreciation	**7,839,052**	7,289,314
Impairment losses		
— Trade debtors and bills receivable	**79,269**	11,473
— Deposits, other receivables and prepayments	**5,873**	76
— Inventories	**21,016**	—
— Construction in progress	**48,158**	5,987
— Property, plant and equipment	**1,506,847**	419,620
— Available-for-sale investments	**—**	1,161
— Long-term receivables	**—**	97,861
Reversal of impairment losses		
— Trade debtors and bills receivable	**(156)**	(544)
— Deposits, other receivables and prepayments	**(45,267)**	(7,975)
— Inventories	**(979)**	—
Operating lease charges in respect of land and buildings	**107,746**	104,770
Research and development costs	**19,701**	30,261

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executive's and supervisors' emoluments are as follows:

2014	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Li Qingkui	—	—	—	—	—
Chen Jianhua*	—	388	44	448	880
Chen Dianlu	—	—	—	—	—
Chen Bin	—	—	—	—	—
Geng Yuanzhu	—	388	42	448	878
Wang Yingli	—	—	—	—	—
Gou Wei	—	—	—	—	—
Chu Yu	—	—	—	—	—
Independent non-executive directors					
Wang Yuesheng	—	70	—	—	70
Wang Jixin	—	30	—	—	30
Ning Jiming	—	70	—	—	70
Yang Jinguan	—	70	—	—	70
Ding Huiping	—	40	—	—	40
Supervisors					
Li Xiaopeng	—	—	—	—	—
Peng Xingyu	—	—	—	—	—
Chen Bin	—	314	37	362	713
	—	1,370	123	1,258	2,751

2013	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Yun Gongmin	—	—	—	—	—
Chen Feihu	—	—	—	—	—
Chen Dianlu	—	—	—	—	—
Chen Jianhua*	—	385	40	448	873
Wang Yingli	—	—	—	—	—
Chen Bin	—	—	—	—	—
Geng Yuanzhu	—	257	23	299	579
Chu Yu	—	—	—	—	—
Gou Wei	—	104	11	123	238
Independent non-executive directors					
Wang Yuesheng	—	70	—	—	70
Ning Jiming	—	70	—	—	70
Yang Jinguan	—	70	—	—	70
Wang Jixin	—	70	—	—	70
Supervisors					
Peng Xingyu	—	—	—	—	—
Li Xiaopeng	—	—	—	—	—
Chen Bin	—	311	34	362	707
	—	1,337	108	1,232	2,677

* Mr. Chen Jianhua, Director, was also chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors, supervisors, or the chief executive of the Company waived any remuneration in 2014 (2013: Nil).

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2013: one) directors whose emoluments are disclosed in note 11. The aggregate of the emoluments of the remaining three highest paid individuals (2013: four) are as follows:

	2014 *RMB'000*	2013 *RMB'000*
Salaries and other emoluments	**947**	1,252
Retirement benefits	**113**	135
Bonuses	**1,109**	1,476
	2,169	2,863

The emoluments of the three (2013: four) individuals with the highest emoluments are within the following bands:

	2014 Number of individuals	2013 Number of individuals
Nil – HK$1,000,000	**3**	4

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

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

	2014 *RMB'000*	2013 *RMB'000*
Current tax		
Charge for PRC enterprise income tax for the year	**2,120,505**	1,331,008
Under/(over) provision in respect of prior years	**13,042**	(9,765)
	2,133,547	1,321,243
Deferred tax *(note 37(b))*		
Origination and reversal of temporary differences and tax losses	**(197,276)**	194,238
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**1,936,271**	1,515,481

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

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

	2014 *RMB'000*	2013 *RMB'000*
Profit before taxation	**9,458,091**	7,094,676
Notional PRC enterprise income tax expense at a statutory tax rate of 25% (2013: 25%)	**2,364,523**	1,773,669
Tax effect of non-deductible expenses	**137,316**	49,551
Tax effect of non-taxable income	**(39,850)**	(10,050)
Preferential tax rate on subsidiaries' profit or loss *(note (a))*	**(106,645)**	(146,502)
Tax credit *(note (b))*	**(101,097)**	(133,550)
Tax effect of share of profits less losses of associates	**(178,342)**	(135,181)
Tax effect of tax losses and deductible temporary difference not recognised	**407,141**	299,272
Utilisation of tax losses and deductible temporary previously not recognised	**(559,817)**	(171,963)
Under/(over) provision in respect of prior years	**13,042**	(9,765)
	1,936,271	1,515,481

Notes:

(a) The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (2013: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company, which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (2013: 7.5%, 12.5% or 15%).

(b) Tax credit represents additional deductions in relation to equipment for environmental protection pursuant to the applicable PRC tax laws and regulations.

14. OTHER COMPREHENSIVE INCOME/EXPENSE

	2014 *RMB'000*	2013 *RMB'000*
Available-for-sale equity securities:		
Changes in fair value recognised for the year	**32,890**	(8,512)
Net deferred tax (charged)/credited to other comprehensive income *(note 37(b)(i))*	**(5,836)**	2,169
Other comprehensive income/(expense), net of income tax	**27,054**	(6,343)

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2014 of RMB5,959 million (2013: RMB4,097 million) and the weighted average of 8,018,787,948 ordinary shares in issue during the year (2013: 7,371,084,200 shares).

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the years ended 31 December 2014 and 2013.

16. SEGMENT INFORMATION

The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity and the revenue has been disclosed in note 4. The Group's assets are mainly located in the PRC.

17. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings	Generators, machinery and equipment	Mining structures and mining rights	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2013	41,551,589	97,320,570	8,001,429	2,365,132	149,238,720
Additions	31,020	41,406	96,759	129,396	298,581
Through acquisition of a subsidiary	93,199	—	1,611,387	3,106	1,707,692
Transferred from construction in progress *(note 18)*	2,892,289	8,180,724	171,708	392,932	11,637,653
Net decrease arising from sales and leaseback arrangements	—	(277,514)	—	—	(277,514)
Adjustment	—	—	(59,815)	—	(59,815)
Disposals/write-offs	(102,868)	(1,402,467)	(76,034)	(72,099)	(1,653,468)
At 31 December 2013	44,465,229	103,862,719	9,745,434	2,818,467	160,891,849
Additions	5,141	493,883	19,491	44,671	563,186
Through acquisition of a subsidiary *(note 43)*	11,729	—	—	—	11,729
Transferred from construction in progress *(note 18)*	4,559,343	12,844,169	—	233,427	17,636,939
Net decrease arising from sales and leaseback arrangements	—	(868,626)	—	—	(868,626)
Adjustment	—	—	(12,628)	—	(12,628)
Transfer to construction in progress *(note 18)*	(130,844)	(713)	—	(3,436)	(134,993)
Through disposal of a subsidiary *(note 44)*	(98,416)	(232,405)	—	(3,447)	(334,268)
Disposals/write-offs	(28,615)	(1,189,177)	(154,287)	(55,614)	(1,427,693)
At 31 December 2014	48,783,567	114,909,850	9,598,010	3,034,068	176,325,495
Accumulated depreciation and impairment					
At 1 January 2013	7,209,540	26,978,061	45,544	1,065,199	35,298,344
Charge for the year	1,552,692	5,768,142	46,067	233,506	7,600,407
Written back on sales and leaseback arrangements	—	(254,840)	—	—	(254,840)
Disposals	(55,723)	(1,090,515)	(6)	(71,176)	(1,217,420)
Impairment loss *(note (i))*	179,580	227,208	—	12,832	419,620
At 31 December 2013	8,886,089	31,628,056	91,605	1,240,361	41,846,111
Charge for the year	1,599,799	6,012,774	54,325	254,887	7,921,785
Written back on sales and leaseback arrangements	—	(794,161)	—	—	(794,161)
Transfer to construction in progress *(note 18)*	(920)	(208)	—	(783)	(1,911)
Through disposal of a subsidiary *(note 44)*	(98,416)	(232,405)	—	(3,447)	(334,268)
Disposals	(23,170)	(757,021)	(3,738)	(49,522)	(833,451)
Impairment loss *(note (i))*	—	—	1,506,847	—	1,506,847
At 31 December 2014	10,363,382	35,857,035	1,649,039	1,441,496	49,310,952
Net book value					
At 31 December 2014	38,420,185	79,052,815	7,948,971	1,592,572	127,014,543
At 31 December 2013	35,579,140	72,234,663	9,653,829	1,578,106	119,045,738

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

17. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

(a) The Group *(Continued)*

Notes:

(i) Impairment loss

The recoverable amount of the relevant group of assets of property, plant and equipment had been determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2013: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2013: zero growth rates). The cash flows are discounted using a discount rate from 8.00% to 8.15% (2013: 8%). The discount rates used are pre-tax and reflect specific risks relating to the relevant the group of assets.

Other key assumptions for the value in use calculations include the expected sales price, demand of products in specific regions where these assets are located, production capacities, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

In 2014, due to the external environment deterioration, the utilisation of operation of coal mines of the Group was below expectation and the selling price was at a low level. Each coal mining assets constitutes a cash-generating unit ("CGU"). Based on the impairment testing results, the mining rights of certain coal mines of the Group were impaired of RMB1,507 million, with impairment losses recognised accordingly.

In 2013, pursuant to the government policy of energy saving and pollutant reduction, the Group ceased operation of its all coal-fired generators of a subsidiary. As a result, full impairment amounted to RMB194 million had been recognised for related property, plant and equipment. Also, there had been consecutive poor performance of a biomass energy power plant. Since it constituted a cash-generating unit CGU, recognised impairment losses amounted to RMB226 million as a result of the impairment testing.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of RMB4,967 million as at 31 December 2014 (2013: RMB3,139 million).

(b) The Company

	Buildings	Generators, machinery and equipment	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2013	5,582,948	15,338,099	565,485	21,486,532
Additions	38	842	11,374	12,254
Transferred from construction in progress *(note 18)*	32,872	606,131	11,667	650,670
Disposals	(12,655)	(262,803)	(5,881)	(281,339)
Transferred to a subsidiary	—	—	(2,216)	(2,216)
At 31 December 2013	5,603,203	15,682,269	580,429	21,865,901
Additions	—	611	8,901	9,512
Transferred from construction in progress *(note 18)*	140,241	1,041,650	25,515	1,207,406
Disposals	—	(242,632)	(13,623)	(256,255)
At 31 December 2014	5,743,444	16,481,898	601,222	22,826,564
Accumulated depreciation				
At 1 January 2013	2,861,088	10,199,205	360,556	13,420,849
Charge for the year	207,525	681,459	19,660	908,644
Disposals	(12,655)	(224,276)	(4,945)	(241,876)
Transferred to a subsidiary	—	—	(1,145)	(1,145)
At 31 December 2013	3,055,958	10,656,388	374,126	14,086,472
Charge for the year	201,241	740,654	19,199	961,094
Disposals	—	(180,936)	(12,809)	(193,745)
At 31 December 2014	3,257,199	11,216,106	380,516	14,853,821
Net book value				
At 31 December 2014	2,486,245	5,265,792	220,706	7,972,743
At 31 December 2013	2,547,245	5,025,881	206,303	7,779,429

All of the Group's buildings are located in the PRC.

18. CONSTRUCTION IN PROGRESS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**16,811,390**	13,378,268	**2,393,550**	1,096,374
Additions	**20,472,907**	15,163,092	**3,149,799**	1,959,052
Through acquisition of a subsidiary *(note 43)*	**12,693**	38,719	**—**	—
Transferred from property, plant and equipment *(note 17)*	**133,082**	—	**—**	—
Transferred to property, plant and equipment *(note 17)*	**(17,636,939)**	(11,637,653)	**(1,207,406)**	(650,670)
Impairment loss *(note (i))*	**(48,158)**	(5,987)	**(10,038)**	(2,487)
Write-offs *(note (i))*	**—**	(48,379)	**—**	(8,719)
Disposal	**—**	(76,670)	**—**	—
Through disposal of a subsidiary *(note 44)*	**(586)**	—	**—**	—
At 31 December	**19,744,389**	16,811,390	**4,325,905**	2,393,550

Notes:

(i) In 2014, certain projects of the Group were identified that they have no economic value for further development or the likelihood to obtain preliminary approval by the National Development and Reform Commission or its local counterparties is remote. As a result, the carrying amount of related preliminary projects of RMB48 million (2013: RMB6 million) was fully impaired as at 31 December 2014. In addition, no construction in progress had been written off in 2014 (2013: RMB48 million).

(ii) As of 31 December 2014, the Group has no pledged construction in progress (2013: RMB1,590 million) to secure Group's interest-bearing bank borrowings.

19. LEASE PREPAYMENTS

(a) The Group

Lease prepayments represent cost of land use rights and sea use right paid to the Ministry of Land and Resources of the People's Republic of China and State Oceanic Administration of the People's Republic of China, respectively.

	2014	2013
	RMB'000	*RMB'000*
Current asset	**70,168**	69,369
Non-current asset	**1,976,102**	2,027,296
	2,046,270	2,096,665
Leasehold land and sea use rights outside Hong Kong:		
Long lease	**14,875**	15,137
Medium-term lease	**2,031,395**	2,081,528
	2,046,270	2,096,665

Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's lease prepayment, which had an aggregate net book value of RMB151 million as at 31 December 2014 (2013: RMB154 million).

19. LEASE PREPAYMENTS *(CONTINUED)*

(b) The Company

	2014	2013
	RMB'000	*RMB'000*
Current asset	**8,648**	8,648
Non-current asset	**95,882**	104,531
	104,530	113,179
Leasehold land and sea use rights outside Hong Kong:		
Long lease	**10,595**	10,781
Medium-term lease	**93,935**	102,398
	104,530	113,179

20. INTANGIBLE ASSETS

(a) The Group

	Land use rights	Concession assets	Development right of hydropower	Others	Total
	RMB'000	*RMB'000* *(note 49)*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2013	893,449	2,946,886	1,382,954	39,770	5,263,059
Additions	—	—	—	20,348	20,348
Disposals	(162,471)	(173)	—	(1,306)	(163,950)
At 31 December 2013	730,978	2,946,713	1,382,954	58,812	5,119,457
Additions	—	976	—	65,621	66,597
Through acquisition of a subsidiary *(note 43)*	—	754,164	—	14	754,178
Disposals	—	(45)	—	—	(45)
At 31 December 2014	730,978	3,701,808	1,382,954	124,447	5,940,187
Accumulated amortisation					
At 1 January 2013	—	326,831	—	16,675	343,506
Charge for the year	—	121,569	—	9,720	131,289
Disposals	—	(32)	—	—	(32)
At 31 December 2013	—	448,368	—	26,395	474,763
Charge for the year	—	148,203	—	8,745	156,948
At 31 December 2014	—	596,571	—	35,140	631,711
Net book value					
At 31 December 2014	730,978	3,105,237	1,382,954	89,307	5,308,476
At 31 December 2013	730,978	2,498,345	1,382,954	32,417	4,644,694

20. INTANGIBLE ASSETS *(CONTINUED)*

(a) The Group *(Continued)*

Intangible assets of the Group's consolidated statement of financial position mainly represent land use rights assigned by the PRC's land bureau with indefinite land use period and concession assets to operate wind power plants granted by the government under service concession arrangements, and development right of hydropower. Useful lives of land use rights are indefinite and titles of these rights are not transferable.

Development right of hydropower was obtained through acquisition of Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company") in 2011. As at the acquisition date, all preliminary hydropower projects of Shuiluohe Company had obtained approval for basin development and preliminarily work from the Development and Reform Commission of Sichuan Province. Amortisation of development right of hydropower will start after related hydropower plants are put into operation over its estimated useful life on a straight-line basis.

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

(b) The Company

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Cost		
At 1 January	**18,503**	14,345
Additions	**11,076**	4,158
At 31 December	**29,579**	18,503
Accumulated amortisation		
At 1 January	**10,067**	7,442
Charge for the year	**1,900**	2,625
At 31 December	**11,967**	10,067
Net book value		
At 31 December	**17,612**	8,436

21. GOODWILL

(a) The Group and the Company

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
At 1 January	**1,033,120**	1,052,953	**46,524**	46,524
Arising on acquisition of a subsidiary *(note 43)*	**3,062**	—	**—**	—
Disposal of a subsidiary *(note 44)*	**(15,070)**	—	**—**	—
Other disposal *(note (i))*	**—**	(19,833)	**—**	—
At 31 December	**1,021,112**	1,033,120	**46,524**	46,524
Impairment				
At 1 January	**—**	(6,155)	**—**	—
Impairment loss written off in the year	**—**	6,155	**—**	—
At 31 December	**—**	—	**—**	—
Net book value				
At 31 December	**1,021,112**	1,033,120	**46,524**	46,524

Notes:

(i) In 2013, pursuant to the State policy of energy saving and pollutant reduction, the Group disposed of certain generators, the goodwill allocated to those CGUs have been derecognised.

(ii) The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Laicheng Power Plant	**19,031**	19,031	**45,457**	45,457
Huadian Weifang Power Generation Company Limited	**20,845**	20,845	**—**	—
Hebei Huadian Shijiazhuang Thermal Power Company Limited	**99,946**	99,946	**—**	—
Hangzhou Huadian Banshan Power Generation Company Limited	**59,322**	59,322	**—**	—
Hebei Huarui Energy Group Corporation Limited	**38,491**	38,491	**—**	—
Huadian Longkou Power Generation Company Limited *(note)*	**327,420**	342,490	**—**	—
Shaoguan Pingshi Power Plant Company Limited (Plant B)	**340,376**	340,376	**—**	—
Lixian Star River Hydropower Company Limited	**37,419**	37,419	**—**	—
Lixian Star River Ganbao Hydropower Company Limited	**51,765**	51,765	**—**	—
State Development Zhangjiakou Wind Power Company Limited	**3,062**	—	**—**	—
Others	**23,435**	23,435	**1,067**	1,067
Total	**1,021,112**	1,033,120	**46,524**	46,524

Note: Huadian Longkou Power Generation Company Limited ("Longkou Power") is formerly known as Shandong Century Electric Power Development Corporation Limited.

21. GOODWILL *(CONTINUED)*

(b) Impairment tests for CGUs containing goodwill

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2013: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2013: zero growth rates). The cash flows are discounted using a discount rate of 8% to 9% (2013: 8% to 9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

Other key assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Unlisted investments, at cost	**36,345,602**	33,037,483
Less: impairment loss	**(2,049,144)**	(43,680)
	34,296,458	32,993,803

(a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2014, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Sichuan Guang'an Power Generation Company Limited 四川廣安發電有限責任公司 ("Guang'an Company")	1,785,860	80	—	Generation and sale of electricity
Huadian Qingdao Power Generation Company Limited 華電青島發電有限公司	700,000	55	—	Generation and sale of electricity and heat
Huadian Weifang Power Generation Company Limited 華電濰坊發電有限公司 ("Weifang Company")	1,250,000	45 *(note (i))*	—	Generation and sale of electricity and heat
Huadian Zibo Thermal Power Company Limited 華電淄博熱電有限公司	773,850	100	—	Generation and sale of electricity and heat
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	750,000	87.5	—	Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	474,172	93.26	—	Generation and sale of electricity and heat

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	848,686	90	—	Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited 安徽華電宿州發電有限公司	854,914	97	—	Generation and sale of electricity
Huadian Ningxia Lingwu Power Generation Company Limited 華電寧夏靈武發電有限公司 ("Lingwu Company")	2,050,239	65	—	Generation and sale of electricity
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,416,090	100	—	Generation and sale of electricity
Huadian Zouxian Power Generation Company Limited 華電鄒縣發電有限公司 ("Zouxian Company")	3,000,000	69	—	Generation and sale of electricity
Huadian International Ningxia New Energy Power Company Limited 華電國際寧夏新能源發電有限公司	1,598,000	100	—	Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,000,000	65	—	Generation and sale of electricity and heat
Huadian Inner Mongolia Kailu Wind Power Company Limited 華電內蒙古開魯風電有限公司	797,128	100	—	Generation and sale of electricity
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	560,500	75	—	Generation and sale of electricity and heat
Hangzhou Huadian Banshan Power Generation Company Limited 杭州華電半山發電有限公司	1,219,182	64	—	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	789,740	82	—	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited 河北華電石家莊裕華熱電有限公司	500,000	—	100	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	440,000	90	—	Generation and sale of electricity and heat
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	975,563	64	—	Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100	—	Sale of electricity and investment on power resources
Shanxi Maohua Energy Investment Company Limited 山西茂華能源投資有限公司	2,500,000	100	—	Sale of coal and investment in coal, electricity and heat industry

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	%	%	
Hebei Huadian Guyuan Wind Power Company Limited 河北華電沽源風電有限公司	386,100	100	—	Generation and sale of electricity
Longkou Power 華電龍口發電股份有限公司	488,000	84.31	—	Generation and sale of electricity and heat
Shaoguan Pingshi Power Plant Company Limited (Plant B) 韶關市坪石發電廠有限公司(B廠)	989,000	100	—	Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited 華電萊州發電有限公司	1,440,000	75	—	Generation and sale of electricity
Hebei Huadian Kangbao Wind Power Company Limited 河北華電康保風電有限公司	145,600	100	—	Generation and sale of electricity
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	836,250	95	—	Generation and sale of electricity
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	568,000	90	—	Generation and sale of electricity and heat
Shantou Huadian Power Generation Company Limited 汕頭華電發電有限公司	30,000	51	—	Generation and sale of electricity
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	502,370	100	—	Sale of heat
Ningxia Zhongning Power Generation Company Limited 寧夏中寧發電有限責任公司 ("Zhongning Power")	285,600	50	—	Generation and sale of electricity
Huadian Laizhou Port Company Limited 華電萊州港務有限公司	215,130	65	—	Port construction and operation
Huadian Laizhou Wind Power Company Limited 華電萊州風力發電有限公司	91,914	100	—	Generation and sale of electricity
Inner Mongolia Haoyuan Coal Company Limited 內蒙古浩源煤炭有限公司	3,000	85	—	Sales of mining equipment and components
Inner Mongolia Alax League Shunge Mining Industry Corporation Company Limited 內蒙古阿拉善盟順舸礦業集團順舸礦業有限責任公司	30,000	100	—	Coal mine improvement and sales of mining equipment
Shuiluohe Company 四川涼山水洛河電力開發有限公司	624,218	—	57	Generation and sale of electricity
Tianjin Huadian Fuyuan Thermal Power Company Limited 天津華電福源熱電有限公司	257,000	100	—	Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	258,280	56	—	Generation and sale of electricity and heat
Huadian Zhejiang Longyou Thermal Company Limited 華電浙江龍遊熱電有限公司	180,000	100	—	Generation and sale of electricity and heat

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	400,000	70	—	Generation and sale of electricity and heat
Huadian Shuozhou Thermal Company Limited 華電朔州熱電有限公司	40,000	100	—	Generation and sale of electricity and heat
Shenzhen Huanyu Star River Investment Company Limited 深圳市環宇星河投資有限責任公司	20,000	100	—	Investment on hydropower resources
Inner Mongolia Huatong Ruisheng Energy Company Limited 內蒙古華通瑞盛能源有限公司	35,000	90	—	Production and sale of coal
Huadian Zaozhuang New Energy Power Generation Company Limited 華電棗莊新能源發電有限公司	50,000	100 *(note (ii))*	—	Generation and sale of electricity
Huadian Xuwen Wind Power Company Limited 華電徐聞風電有限公司	20,000	100 *(note (ii))*	—	Generation and sale of electricity
Huadian Shangdu Wind Power Company Limited 華電商都風電有限公司	20,000	100 *(note (ii))*	—	Generation and sale of electricity
Huadian Guangdong Shunde Energy Company Limited 華電廣東順德能源有限公司	14,444	90 *(note (ii))*	—	Generation and sale of electricity
Huadian Foshan Energy Company Limited 華電佛山能源有限公司	10,000	100 *(note (ii))*	—	Generation and sale of electricity
Huadian Feicheng New Energy Power Generation Company Limited 華電肥城新能源發電有限公司	92,000	100 *(note (ii))*	—	Investment on new energy power resources
State Development Zhangjiakou Wind Power Company Limited 國投張家口風電有限公司 ("Zhangjiakou Wind") *(note 43)*	200,000	100	—	Generation and sale of electricity

Notes:

(i) According to the articles of association of these companies, the Company holds majority of members in the board of directors which is the governing body of these companies and therefore has the power to direct the relevant activities of these companies, and is exposed, or has rights, to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns.

(ii) These companies were newly set up in 2014.

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

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests.

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
				RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Weifang Company	the PRC	**55%**	55%	**417,031**	313,873	**1,846,578**	1,432,503
Zouxian Company	the PRC	**31%**	31%	**190,516**	205,110	**1,227,215**	1,221,297
Lingwu Company	the PRC	**35%**	35%	**225,479**	310,564	**1,123,351**	1,115,366
Individually immaterial subsidiaries with non-controlling interests						**7,034,138**	6,700,020
Total						**11,231,282**	10,469,186

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

(i) Weifang Company and its subsidiary

	2014	2013
	RMB'000	*RMB'000*
Current assets	**847,517**	613,481
Non-current assets	**5,096,363**	5,209,831
Current liabilities	**(996,033)**	(1,407,530)
Non-current liabilities	**(1,599,272)**	(1,819,988)
Total equity	**3,348,575**	2,595,794

	2014	2013
	RMB'000	*RMB'000*
Revenue	**4,247,131**	4,141,319
Expenses	**(3,488,893)**	(3,571,898)
Profit and total comprehensive income for the year	**758,238**	569,421
Net cash inflow from operating activities	**1,154,321**	1,129,200
Net cash outflow from investing activities	**(333,031)**	(381,054)
Net cash outflow from financing activities	**(757,923)**	(737,247)
Net cash inflow	**63,367**	10,899

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

(ii) Zouxian Company

	2014 *RMB'000*	2013 *RMB'000*
Current assets	**539,422**	326,884
Non-current assets	**5,519,770**	5,509,545
Current liabilities	**(1,082,523)**	(858,614)
Non-current liabilities	**(1,017,912)**	(1,038,146)
Total equity	**3,958,757**	3,939,669

	2014 *RMB'000*	2013 *RMB'000*
Revenue	**3,888,844**	4,630,997
Expenses	**(3,274,277)**	(3,969,351)
Profit and total comprehensive income for the year	**614,567**	661,646
Dividends paid to non-controlling interests	**184,598**	100,843
Net cash inflow from operating activities	**1,102,386**	1,335,753
Net cash outflow from investing activities	**(356,517)**	(168,657)
Net cash outflow from financing activities	**(733,088)**	(1,148,107)
Net cash inflow	**12,781**	18,989

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

(iii) Lingwu Company

	2014	2013
	RMB'000	*RMB'000*
Current assets	**1,595,834**	1,580,668
Non-current assets	**9,717,668**	10,150,919
Current liabilities	**(2,910,612)**	(1,834,525)
Non-current liabilities	**(5,517,591)**	(6,576,389)
Total equity	**2,885,299**	3,320,673

	2014	2013
	RMB'000	*RMB'000*
Revenue	**4,938,969**	5,098,864
Expenses	**(4,294,744)**	(4,211,539)
Profit and total comprehensive income for the year	**644,225**	887,325
Dividends paid to non-controlling interests	**289,605**	—
Net cash inflow from operating activities	**1,702,612**	1,818,973
Net cash outflow from investing activities	**(355,990)**	(330,875)
Net cash outflow from financing activities	**(1,423,869)**	(1,429,848)
Net cash (outflow)/inflow	**(77,247)**	58,250

According to the resolution of shareholders' meeting of Lingwu held in December 2014, the non-controlling interest of Lingwu used its dividend to contribute RMB45 million as capital injection to Lingwu.

(c) Acquisition of non-controlling interests

In 2013, the Group acquired 40% and 49.70% of additional interests in Longkou Dongyi Wind Power Company Limited ("Dongyi Company") and Shijiazhuang Guanghua Thermal Power Company Limited ("Guanghua Company"), respectively. The Group' interests in these two companies increased to 100%. The consideration of RMB45 million has been paid in cash. The difference between the considerations paid of RMB45 million and the carrying amounts of non-controlling interests of RMB0.47 million (being the proportionate share of the carrying amount of the net assets of Dongyi Company and Guanghua Company) has been debited to capital reserve and retained profits, respectively.

In 2014, there is no any acquisition of non-controlling interests for the Group.

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(Expressed in Renminbi)

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**—**	—	**6,267,600**	6,215,397
Share of net assets	**10,226,885**	10,329,396	**—**	—
	10,226,885	10,329,396	**6,267,600**	6,215,397
Less: impairment loss	**—**	—	**(344,000)**	(344,000)
	10,226,885	10,329,396	**5,923,600**	5,871,397

(a) General information of associates

The following list contains only the particulars of associates as at 31 December 2014, all of which are unlisted limited liabilities companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Huadian Property Company Limited 華電置業有限公司 ("Huadian Property") *(note (i))*	2,697,500	15.73	—	Property development
Huadian Coal Industry Group Company Limited 華電煤業集團有限公司 ("Huadian Coal") *(note (i))*	3,657,143	11.82	0.90	Provision of coal procurement service
China Huadian Finance Corporation Limited 中國華電集團財務有限公司 ("China Huadian Finance") *(note (i))*	5,000,000	14.93	1.532	Provision of corporate financial service to its group companies
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司	475,000	—	30	Generation and sale of electricity and heat
Hebei Jiantou Yuzhou Wind Power Company Limited 河北建投蔚州風能有限公司	364,000	—	44.08	Generation and sale of electricity
Hebei Xibaipo Second Power Generation Company Limited 河北西柏坡第二發電有限責任公司 ("Xibaipo Power Company")	880,000	—	35	Generation and sale of electricity and heat
Guodian Inner Mongolia Dongsheng Thermal Power Company Limited 國電內蒙古東勝熱電有限公司	500,000	—	20	Generation and sale of electricity and heat
Xingtai Guotai Power Generation Company Limited 邢臺國泰發電有限責任公司	400,000	—	35	Generation and sale of electricity and heat
Guodian Huai'an Thermal Power Company Limited 國電懷安熱電有限公司	514,800	—	35	Generation and sale of electricity and heat
Otog Front Banner Changcheng Mine Company Limited 鄂托克前旗長城煤礦有限責任公司 ("Changcheng Mine Company")	23,077	35	—	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited 內蒙古福城礦業有限公司 ("Fucheng Mining Company")	250,000	35	—	Sale of ores steels products

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(a) General information of associates *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights: Held by the Company	Proportion of ownership interest and voting rights: Held by subsidiaries	Principal activities
	RMB'000	%	%	
Otog Front Banner Changcheng No.3 Mining Company Limited (formerly known as Otog Front Banner Quanhui Trading Company Limited) 鄂托克前旗長城三號礦業有限公司	5,000	35	—	Production and sale of coal
Otog Front Banner Changcheng No.5 Mining Company Limited (formerly known as Otog Front Banner Baihui Trading Company Limited) 鄂托克前旗長城五號礦業有限公司	5,000	35	—	Production and sale of coal
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35	—	Production and sale of coal
Ningxia Ningdong Railway Corporation Limited 寧夏寧東鐵路股份有限公司 ("Ningdong Railway") *(note (i))*	3,533,368	8.49	—	Railway development and management
Ningxia Yinxing Coal Company Limited 寧夏銀星煤業有限公司 ("Yinxing Coal")	611,000	50	—	Production and sale of coal
Huadian Jinshajiang Upstream Hydropower Development Company Limited 華電金沙江上游水電開發有限公司 ("Jinshajiang Hydropower Company")	716,845	20	—	Generation and sale of electricity
Sichuan Huayingshan Longtan Coal Company Limited 四川華鎣山龍灘煤電有限責任公司 ("Longtan Coal Company")	144,250	—	45	Production and sale of coal
Sichuan Balanghe Hydropower Development Company Limited 四川巴郎河水電開發有限責任公司 ("Sichuan Balanghe Hydropower")	120,000	—	20	Generation and sale of electricity
Datang Xiangcheng Tangdian Hydropower Development Company Limited 大唐鄉城唐電水電開發有限公司 ("Xiangcheng Hydropower Company")	710,749	—	49	Generation and sale of electricity
Datang Derong Tangdian Hydropower Development Company Limited 大唐得榮唐電水電開發有限公司 ("Derong Hydropower Company")	170,000	—	49	Generation and sale of electricity
CNNP CHD Hebei Nuclear Power Company Limited 中核華電河北核電有限公司 ("Hebei Nuclear Power")	61,800	39 *(note (ii))*	—	Generation and sale of electricity

Notes:

(i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.

(ii) This company was newly set up in 2014.

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

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

(i) Huadian Coal

	2014	2013
	RMB'000	*RMB'000*
Current assets	**11,035,459**	7,855,566
Non-current assets	**49,180,470**	44,163,793
Current liabilities	**(20,008,740)**	(21,282,843)
Non-current liabilities	**(23,589,614)**	(14,833,934)

	2014	2013
	RMB'000	*RMB'000*
Revenue	**22,670,910**	21,407,044
Total comprehensive income/(expense) for the year attributable to equity shareholders of Huadian Coal	**215,941**	(187,071)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian Coal recognised in the consolidated financial statements:

	2014	2013
	RMB'000	*RMB'000*
Net assets	**16,617,575**	15,902,582
Non-controlling interests of Huadian Coal	**(7,579,055)**	(5,387,912)
Proportion of the Group's ownership interest	**12.72%**	12.72%
Carrying amount of the Group's interest	**1,149,700**	1,337,466

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates *(Continued)*

(ii) China Huadian Finance

	2014	2013
	RMB'000	*RMB'000*
Current assets	**20,596,785**	15,538,466
Non-current assets	**13,126,522**	15,352,531
Current liabilities	**(25,516,229)**	(22,975,186)
Non-current liabilities	**(1,019,665)**	(1,000,330)

	2014	2013
	RMB'000	*RMB'000*
Revenue	**1,587,707**	1,465,024
Profit for the year	**1,103,339**	1,009,283
Other comprehensive income for the year	**57,995**	991
Total comprehensive income for the year	**1,161,334**	1,010,274
Dividends received during the year	**146,413**	148,418

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Huadian Finance recognised in the consolidated financial statements:

	2014	2013
	RMB'000	*RMB'000*
Net assets	**7,187,413**	6,915,481
Proportion of the Group's ownership interest	**16.462%**	16.462%
Goodwill recognised at acquisition	**21,435**	21,435
Carrying amount of the Group's interest	**1,204,627**	1,159,861

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates *(Continued)*

(iii) Yinxing Coal

	2014 RMB'000	2013 RMB'000
Current assets	**83,029**	56,966
Non-current assets	**2,110,804**	2,097,301
Current liabilities	**(1,022,508)**	(1,233,237)
Non-current liabilities	**(404,325)**	(168,405)

	2014 RMB'000	2013 RMB'000
Revenue	**629,216**	606,390
Total comprehensive income for the year	**122,150**	136,345

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yinxing Coal recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net assets	**767,000**	752,625
Proportion of the Group's ownership interest	**50%**	50%
Effect of fair value adjustments at acquisition	**367,353**	369,860
Carrying amount of the Group's interest	**750,853**	746,173

(c) Aggregate information of associates that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of profit	**443,191**	330,196
The Group's share of profit and total comprehensive income	**443,191**	330,196
Aggregate carrying amount of the Group's interests in these associates	**7,121,705**	7,085,896

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(d) Disposal of an associate

In current year, the Group disposed of its entire interest in Linfen City Changfa Coal Coke Company Limited ("Linfen Changfa Company"), an associate of the Group, to a third party for consideration of RMB319 million. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	RMB'000
Proceeds of disposal	318,826
Less: carrying amount of the investment disposed	(270,309)
Gain recognised *(note 7)*	48,517
Consideration received:	
Received in cash	71,648
Received in bills receivable unsettled as at end of current year	24,000
Deferred sale proceeds recorded as other receivables	223,178
Total consideration received	318,826

(e) The joint venture held by the Company is not material to the consolidated financial statements.

24. AVAILABLE-FOR-SALE INVESTMENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Listed investments:				
— Equity securities listed in the PRC	**53,625**	30,282	**—**	—
Unlisted investments:				
— Equity securities	**334,368**	334,368	**130,109**	130,109
	387,993	364,650	**130,109**	130,109
Less: impairment loss	**(1,161)**	(1,161)	**—**	—
	386,832	363,489	**130,109**	130,109

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

25. OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
— Long-term receivables from subsidiaries	**—**	—	**112,873**	166,516
— Other long-term receivables	**194,417**	97,861	**244,127**	147,571
Deductible VAT and other tax	**1,688,077**	1,045,610	**200,054**	26,673
Deposits for sales and leaseback arrangements	**109,154**	105,530	**—**	—
Deposits on acquisition of mining rights	**—**	196,000	**—**	100,000
Deferred differences arising from sales and leaseback arrangements *(note(i))*	**154,248**	453,265	**—**	—
	2,145,896	1,898,266	**557,054**	440,760
Less: impairment loss *(note 10)*	**(97,861)**	(97,861)	**(147,571)**	(147,571)
	2,048,035	1,800,405	**409,483**	293,189

Note:

(i) Deferred differences arising from sale and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sale and leaseback arrangements which resulted in finance lease. The differences are deferred and amortised as adjustments to the depreciation of the assets over their estimated useful lives.

26. INVENTORIES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Coal, gas and stalk	**2,468,344**	2,392,106	**297,719**	188,664
Fuel oil	**78,053**	91,962	**8,494**	14,444
Materials, components and spare parts	**716,419**	672,246	**147,766**	167,323
	3,262,816	3,156,314	**453,979**	370,431

All of the inventories for future usage and sales are expected to be utilised within one year.

27. TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade debtors and bills receivable for the sale of electricity	**8,076,581**	7,302,703	**722,893**	684,476
Trade debtors and bills receivable for the sale of heat	**377,171**	463,741	**22,851**	25,952
Trade debtors and bills receivable for the sale of coal	**594,941**	670,439	**—**	—
	9,048,693	8,436,883	**745,744**	710,428
Less: allowance for doubtful debts	**(94,576)**	(34,158)	**—**	—
	8,954,117	8,402,725	**745,744**	710,428

Notes:

(i) As at 31 December 2014, trade and bills receivables of the Group include factored trade receivables with recourse totalling RMB442 million (2013: RMB484 million). These receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB400 million (2013: RMB450 million).

(ii) At 31 December 2014, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") with a carrying amount of RMB321 million (2013: RMB336 million) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated liabilities. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills is RMB321 million (2013: RMB336 million) as at 31 December 2014.

(iii) As at 31 December 2014, bank acceptance bills discounted or endorsed to banks and suppliers of RMB2,770 million (2013: RMB1,625 million) are derecognised by the Group (the "Derecognised Bills"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB1.3 million (2013: RMB3.86 million) in total and charged into profit or loss.

(iv) As at 31 December 2014, trade receivables amounted to RMB830 million (2013: RMB930 million) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred the significant risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was RMB0.7 million (2013: RMB1.3 million) in total and charged into profit or loss.

(a) Ageing analysis

As at 31 December 2014, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**8,552,193**	8,016,756	**745,744**	710,428
1 to 2 years	**111,498**	274,014	**—**	—
2 to 3 years	**204,242**	111,572	**—**	—
Over 3 years	**86,184**	383	**—**	—
	8,954,117	8,402,725	**745,744**	710,428

Receivables from sale of electricity and heat are due within 30 days and 90 days from the date of billing, respectively. Receivables from sale of coal are due within 60 days from the date of billing.

27. TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(b) Impairment of trade debtors and bills receivable

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

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**34,158**	23,229	**—**	—
Impairment loss recognised	**79,269**	11,473	**—**	—
Disposal of a subsidiary *(note 44)*	**(18,695)**	—	**—**	—
Reversal of impairment loss	**(156)**	(544)	**—**	—
At 31 December	**94,576**	34,158	**—**	—

At 31 December 2014, the Group's trade debtors and bills receivable totalling of RMB16 million (2013: RMB34 million) were individually determined to be impaired. Management assessed that the receivables is not expected to be recovered. Consequently, specific allowance for doubtful debts of RMB95 million (2013: RMB34 million) was recognised. The Group does not hold any collateral over these balances. None of the Company's trade debtors and bills receivable were individually determined to be impaired.

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

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**8,308,220**	7,635,780	**745,744**	710,428
Less than 1 year past due	**254,813**	382,004	**—**	—
1 to 2 years past due	**101,287**	274,658	**—**	—
2 to 3 years past due	**204,386**	110,283	**—**	—
More than 3 years past due	**85,411**	—	**—**	—
	8,954,117	8,402,725	**745,744**	710,428

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

28. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are mainly repayable or expected to be repaid within one year, unsecured, interest-bearing and denominated in RMB. In the opinion of the directors of the Company, the carrying amounts of amounts due from subsidiaries approximate their fair value.

29. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2014, deposits, other receivables and prepayments of the Group with gross amounts of RMB2,864 million (2013: RMB2,450 million) mainly represent prepayment for purchasing inventories and materials, deductible VAT recoverable, dividends receivable and other receivables.

As at 31 December 2014, specific allowance for doubtful debts of the Group amounted to RMB95 million (2013: RMB134 million), including bad debt allowance on receivables on Certified Emission Reductions of RMB85 million (2013: RMB85 million).

30. RESTRICTED DEPOSITS

Restricted deposits mainly represent deposits at banks and, a financial institution with maturity over three months and as collateral for bills payable.

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand	**1,708,016**	423,702	**1,458,109**	254,742
Cash at other financial institutions	**3,496,943**	2,486,184	**101,610**	117,072
Deposits with other financial institutions with original maturity less than three months	**—**	10,130	**—**	—
	5,204,959	2,920,016	**1,559,719**	371,814

32. BORROWINGS

(a) Bank loans

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year				
— short term bank loans	**13,359,907**	13,851,948	**5,321,957**	5,467,356
— current portion of long term bank loans	**5,483,338**	6,750,850	**305,000**	1,503,628
	18,843,245	20,602,798	**5,626,957**	6,970,984
After 1 year but within 2 years	**7,569,307**	5,853,409	**626,230**	340,000
After 2 years but within 5 years	**17,440,252**	17,094,320	**948,880**	1,192,787
After 5 years	**28,492,026**	27,825,666	**886,725**	62,213
	53,501,585	50,773,395	**2,461,835**	1,595,000
	72,344,830	71,376,193	**8,088,792**	8,565,984

32. BORROWINGS *(CONTINUED)*

(a) Bank loans *(Continued)*

As at 31 December 2014, all of the bank loans are unsecured, except for amounts totalling of RMB18,581 million (2013: RMB16,030 million) which are secured by the income stream in respect of the sale of electricity and trade debtors for the sale of electricity of certain subsidiaries, amounts totalling of RMB3,641 million (2013: RMB3,899 million) which are secured by lease prepayments and property, plant and equipment with an aggregate carrying amount of RMB5,118 million (2013: RMB4,882 million) of certain subsidiaries and amounts totalling of RMB2,084 million (2013: RMB2,176 million) are secured by guarantee from China Huadian and independent third parties. None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Renminbi loans		
Floating interest rates mainly ranging from 5.32% to 7.14% per annum as at 31 December 2014 (2013: 5.04% to 7.36%), with maturities up to 2037	**63,571,598**	61,798,067
Fixed interest rates mainly ranging from 4.60% to 6.75% per annum as at 31 December 2014 (2013: 4.50% to 6.50%), with maturities up to 2027	**7,552,660**	8,274,592
United States Dollar ("US$") loans		
Floating interest rates mainly ranging from 1.94% to 5.63% per annum as at 31 December 2014 (2013: 2.60% to 5.65%), with maturities up to 2027	**833,762**	657,699
Fixed interest rates mainly ranging from 2.94% to 3.10% per annum as at 31 December 2014 (2013: 2.60% to 3.80%), with maturities up to 2015	**315,023**	553,355
Euro loans		
Fixed interest rate of 2.50% per annum as at 31 December 2014 (2013: 2.50%), with maturity up to 2022	**71,787**	92,480
	72,344,830	71,376,193

32. BORROWINGS *(CONTINUED)*

(a) Bank loans *(Continued)*

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Renminbi loans		
Floating interest rates mainly ranging from 5.32% to 6.55% per annum as at 31 December 2014 (2013: 5.04% to 6.65%), with maturities up to 2032	**6,216,835**	5,936,450
Fixed interest rates mainly ranging from 5.04% to 6.00% per annum as at 31 December 2014 (2013: 5.40% to 6.30%), with maturities up to 2015	**1,000,000**	1,700,000
US$ loans		
Floating interest rates mainly ranging from 1.94% to 2.78% per annum as at 31 December 2014 (2013:2.60% to 3.37%), with maturities up to 2015	**556,934**	376,179
Fixed interest rates mainly ranging from 2.94% to 3.10% per annum as at 31 December 2014 (2013:2.60% to 3.80 %), with maturities up to 2015	**315,023**	553,355
	8,088,792	8,565,984

The Group and the Company have US$ bank loans amounting to US$187.74 million (2013: US$198.63 million) and US$142.50 million (2013: US$152.46 million), respectively. The Group has Euro bank loan amounting to Euro9.63 million (2013: Euro10.98 million).

(b) Loans from shareholders

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year — current portion of long term shareholders loans	**550,000**	1,473,136	—	47,480
After 1 year but within 2 years	—	658,894	—	87,430
After 2 years but within 5 years	**450,000**	261,513	—	50,678
After 5 years	**100,000**	100,000	—	—
	550,000	1,020,407	—	138,108
	1,100,000	2,493,543	—	185,588

32. BORROWINGS *(CONTINUED)*

(b) Loans from shareholders *(Continued)*

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Loans from Shandong International Trust Corporation ("SITC")		
Fixed interest rate of 7.30% per annum as at 31 December 2013, with maturity up to 2014	—	613,150
Loans from China Huadian		
Fixed interest rates ranging from 4.15% to 6.40% per annum as at 31 December 2014 (2013: Fixed interest rates ranging from 4.15% to 4.98%), with maturities up to 2021	**1,100,000**	1,290,000
Imputed interests rates ranging from 5.18% to 6.90% per annum as at 31 December 2013, with maturities up to 2017	—	590,393
	1,100,000	2,493,543

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Loans from China Huadian		
Imputed interests based on fixed interest rates ranging from 5.18% to 6.90% per annum as at 31 December 2013, with maturities up to 2017	—	185,588

During the current year, the Group and the Company early repaid certain interest-free loans from China Huadian with principal amount of RMB662 million and RMB204 million, respectively. The differences between the repayment and the carrying amount of the loans are debited to equity.

Except for above interest-free loans from China Huadian, other loans from SITC and China Huadian of the Group and the Company are unsecured, interest bearing based on their respective costs of funds and with repayment terms disclosed above.

32. BORROWINGS *(CONTINUED)*

(c) State loans

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year — current portion of long term state loans	**9,633**	10,631	**1,018**	1,018
After 1 year but within 2 years	**9,633**	10,631	**1,018**	1,018
After 2 years but within 5 years	**22,936**	31,861	**3,055**	3,054
After 5 years	**54,143**	64,823	**1,018**	2,037
	86,712	107,315	**5,091**	6,109
	96,345	117,946	**6,109**	7,127

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Renminbi loans		
Fixed interest rates mainly ranging from 2.55% to 2.82% per annum as at 31 December 2014 (2013: 2.55% to 2.82%), with maturities up to 2020	**7,363**	8,591
Floating interest rate of 3.05% per annum as at 31 December 2014 (2013: 3.30%), with maturities up to 2020	**4,091**	4,773
Euro loan		
Fixed interest rate of 3.09% per annum as at 31 December 2014 (2013: 3.09%), with maturities up to 2048	**84,891**	104,582
	96,345	117,946

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Renminbi loans		
Fixed interest rate of is 2.55% per annum as at 31 December 2014 (2013: 2.55%), with maturities up to 2020	**6,109**	7,127

32. BORROWINGS *(CONTINUED)*

(c) State loans *(Continued)*

The RMB state loans represent loans of RMB7.36 million (2013: RMB8.59 million) obtained from Ministry of Finance of the PRC in 2006 and a loan of RMB4.09 million (2013: RMB4.77 million) obtained from Ministry of Finance of Weifang Municipal Government in 2005.

The Euro state loan represents a loan facility maximum of Euro14.50 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. As at 31 December 2014, the total amount of the above state loan is Euro11.39 million (2013: Euro12.42 million).

All state loans are unsecured, except for amounts totalling RMB85 million (2013: RMB105 million) are secured by guarantee from an independent third party.

(d) Other loans

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year				
— short term other loans	**2,266,000**	1,215,000	**1,295,000**	95,000
— current portion of long term other loans	**1,264,120**	1,051,205	**703,000**	43,000
	3,530,120	2,266,205	**1,998,000**	138,000
After 1 year but within 2 years	**643,570**	1,129,245	**3,000**	703,000
After 2 years but within 5 years	**3,223,330**	2,346,510	**1,085,000**	388,000
After 5 years	**1,786,448**	2,733,668	**—**	700,000
	5,653,348	6,209,423	**1,088,000**	1,791,000
	9,183,468	8,475,628	**3,086,000**	1,929,000

32. BORROWINGS *(CONTINUED)*

(d) Other loans *(Continued)*

All of the other loans are unsecured except for amounts totalling RMB281 million (2013: RMB305 million) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totalling of RMB1,500 million (2013: RMB1,500 million) are secured by guarantee from China Huadian. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Loans from China Huadian Finance		
Floating interest rates ranging from 5.54% to 6.15% per annum as at 31 December 2014 (2013: 5.54% to 6.80%), with maturities up to 2025	**2,962,304**	3,260,155
Fixed interest rates ranging from 5.32% to 6.00% per annum as at 31 December 2014 (2013: 5.60% to 6.00%), with maturities up to 2015	**2,150,000**	985,000
Loans from China Fortune International Trust Co., Ltd. ("China Fortune Trust")		
Floating interest rate of 6.77% per annum as at 31 December 2014 (2013: 7.21%), with maturities up to 2017	**391,000**	394,000
Others		
Floating interest rates ranging from 4.44% to 7.21% per annum as at 31 December 2014 (2013: 4.44% to 7.21%), with maturities up to 2021	**3,640,164**	3,488,973
Fixed interest rates of 6.15% per annum as at 31 December 2014 (2013: 5.70% to 6.55%), with maturities up to 2016	**40,000**	347,500
	9,183,468	8,475,628

	The Company	
	2014	2013
	RMB'000	*RMB'000*
Loans from China Huadian Finance, Fortune Trust and subsidiaries of the Company		
Floating interest rates ranging from 5.70% to 6.77% per annum as at 31 December 2014 (2013: 6.15% to 7.21%), with maturities up to 2017	**391,000**	434,000
Fixed interest rates ranging from 5.32% to 6.00% per annum as at 31 December 2014 (2013: 5.40%), with maturities up to 2015	**1,295,000**	95,000
Others		
Floating interest rates ranging from 5.54% to 5.86% per annum as at 31 December 2014 (2013: 5.54% to 5.86%), with maturities up to 2019	**1,400,000**	1,400,000
	3,086,000	1,929,000

32. BORROWINGS *(CONTINUED)*

(e) Short-term debentures payable

	The Group and the Company	
	2014	2013
	RMB'000	*RMB'000*
First tranche of short-term debentures for the year of 2013	—	1,547,160
Second tranche of short-term debentures for the year of 2013	—	2,023,902
Third tranche of super short-term debentures for the year of 2013	—	3,057,751
Fourth tranche of super short-term debentures for the year of 2013	—	3,057,238
Fifth tranche of super short-term debentures for the year of 2013	—	3,545,858
Sixth tranche of super short-term debentures for the year of 2013	—	4,018,491
First tranche of short-term debentures for the year of 2014	**2,067,507**	—
Second tranche of super short-term debentures for the year of 2014	**3,077,397**	—
Second tranche of short-term debentures for the year of 2014	**1,549,452**	—
Third tranche of short-term debentures for the year of 2014	**3,049,015**	—
Third tranche of super short-term debentures for the year of 2014	**3,547,189**	—
Fourth tranche of super short-term debentures for the year of 2014	**3,514,670**	—
	16,805,230	17,250,400

On 15 April 2014, the Company issued the first tranche of short-term debentures of 2014 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB2,000 million with a maturity period of 365 days and bears interest at 4.90% per annum. The tranche is unsecured.

On 17 April 2014, the Company issued the second tranche of short-term debentures of 2014 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB1,500 million with a maturity period of 365 days and bears interest at 4.83% per annum. The tranche is unsecured.

On 4 June 2014, the Company issued the second tranche of super short-term debentures of 2014 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 270 days and bears interest at 4.60% per annum. The tranche is unsecured.

On 7 August 2014, the Company issued the third tranche of short-term debentures of 2014 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 365 days and bears interest at 4.65% per annum. The tranche is unsecured.

On 4 September 2014, the Company issued the third tranche of super short-term debentures of 2014 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 4.65% per annum. The tranche is unsecured.

On 4 November 2014, the Company issued the fourth tranche of super short-term debentures of 2014 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 4.12% per annum. The tranche is unsecured.

During the current year, the Group repaid two tranches of short-term debentures and five tranches of super short-term debentures totally amounting to principal amount of RMB20,500 million (2013: RMB18,500 million) at par value.

The effective interest rates of above debentures are ranging from 4.54% to 5.37% (2013: from 4.03% to 5.17%) per annum after considering the effect of issue costs.

32. BORROWINGS *(CONTINUED)*

(f) Long-term debentures payable

	The Group and the Company	
	2014	2013
	RMB'000	*RMB'000*
Second tranche of medium-term notes for the year of 2009	**—**	1,498,965
First tranche of medium-term notes for the year of 2010	**2,395,229**	2,388,033
First tranche of medium-term notes for the year of 2012	**1,489,243**	1,484,746
First tranche of non-public private placement bonds for the year of 2012	**4,997,041**	4,997,041
First tranche of non-public private placement bonds for the year of 2013	**2,996,498**	2,996,498
First tranche of medium-term notes for the year of 2014	**2,566,660**	—
	14,444,671	13,365,283
Less: Long-term debentures due within one year	**(7,392,270)**	(1,498,965)
	7,052,401	11,866,318

On 11 April 2014, the Company issued the first tranche of medium-term notes of 2014. These notes were unsecured 5-year notes totalling RMB2,600 million which were issued at par value of RMB100 each and bear interest at 5.90% per annum.

During the current year, the Company repaid one tranche of medium-term notes amounting to principal amount of RMB1,500 million (2013: Nil) at par value.

The effective interest rates of above long-term debentures are ranged from 4.14% to 6.29% (2013: from 4.14% to 5.34%) per annum after considering the effect of issue costs.

33. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 31 December 2014		At 31 December 2013	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**581,562**	**752,876**	362,372	376,437
After 1 year but within 2 years	**621,549**	**772,655**	277,246	305,459
After 2 years but within 5 years	**1,669,042**	**1,872,776**	646,771	821,805
After 5 years	**200,000**	**216,115**	204,393	335,573
	2,490,591	**2,861,546**	1,128,410	1,462,837
	3,072,153	**3,614,422**	1,490,782	1,839,274
Less: total future interest expenses		**(542,269)**		(348,492)
Present value of finance lease obligations		**3,072,153**		1,490,782

In 2014, the Group entered into nine new agreements with independent leasing companies to sell certain of the Group's facilities to those leasing companies and leaseback the facilities for a 5-year period. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 31 December 2014, the carrying amounts of the facilities held under finance lease included in generators, machinery and equipment of property, plant and equipment and concession assets amounted to RMB3,924 million and RMB265 million (2013: RMB1,712 million and RMB282 million), respectively.

34. TRADE CREDITORS AND BILLS PAYABLE

As at 31 December 2014, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**10,728,824**	9,219,493	**603,777**	553,472
1 to 2 years	**1,682,652**	1,585,383	**—**	—
Over 2 years	**2,070,411**	1,295,304	**—**	—
	14,481,887	12,100,180	**603,777**	553,472

35. OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial liabilities				
— Quality guarantee deposits	**1,695,114**	1,412,770	**118,396**	76,637
— Consideration payables on acquisitions	**885,669**	885,669	**835,373**	835,373
— Interest payables	**697,465**	657,604	**503,168**	433,790
— Wages payable	**137,995**	125,073	**26,425**	24,688
— Payables for installed capacity quota	**273,530**	273,530	**—**	—
— Payables for sewage charges	**52,470**	92,277	**15,374**	27,249
— Dividend payables to non-controlling interests	**262,659**	12,906	**—**	—
— Current portion of long-term payables *(note 36)*	**261,988**	268,050	**—**	—
— Others *(note (i))*	**1,146,704**	1,048,748	**47,992**	127,285
	5,413,594	4,776,627	**1,546,728**	1,525,022
Other tax payables	**478,774**	330,030	**64,481**	43,089
Receipts in advance	**1,349,167**	1,021,317	**5,515**	4,202
	7,241,535	6,127,974	**1,616,724**	1,572,313

Notes:

(i) Others mainly include payables on service fees, rental and other miscellaneous items.

(ii) All of the other payables of the Group and the Company are expected to be settled or recognised as income within one year or are repayable on demand.

36. LONG-TERM PAYABLES

Long-term payables mainly include:

(i) An amount of RMB462 million (2013: RMB484 million) represents payables to local governments for mining rights. Accordance with the repayment schedule set out in the relevant agreement, the current portion and non-current portion of this long term payable were RMB52 million and RMB410 million (2013: RMB52 million and RMB432 million).

(i) An amount of RMB210 million (2013: RMB453 million) represents an amount payable to a bank resulting from a financial guarantee provided by a subsidiary to an external party. The current portion and non-current portion of this long term payable were RMB210 million and nil (2013: RMB216 million and 237 million). The Company pledged its share in the subsidiary as the guarantee for such long payables, including the current portion of the long-term payables.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2014
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Taxation in the statement of financial position represents:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Net tax payable/(recoverable) at 1 January	**285,253**	137,984	**(23,903)**	(23,903)
Provision for the year *(note 13(a))*	**2,120,505**	1,331,008	**—**	—
Under/(over) provision in respect of prior years *(note 13(a))*	**13,042**	(9,765)	**—**	—
Income tax paid	**(2,022,712)**	(1,173,974)	**—**	—
Net tax payable/(recoverable) at 31 December	**396,088**	285,253	**(23,903)**	(23,903)
Representing:				
Tax payable	**579,543**	412,100	**—**	—
Tax recoverable – current portion	**(154,271)**	(84,120)	**—**	—
Tax recoverable – non-current portion, included in other non-current assets	**(29,184)**	(42,727)	**(23,903)**	(23,903)
	396,088	285,253	**(23,903)**	(23,903)

(b) Deferred tax assets and liabilities recognised

(i) The Group

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

	At 1 January 2013	Through disposal of a subsidiary	(Charged)/ credited to profit or loss	Credited to fair value reserve	At 31 December 2013	Through acquisition of a subsidiary	(Charged)/ credited to profit or loss	Charged to fair value reserve	At 31 December 2014
	RMB'000	*RMB'000*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*	*RMB'000 (note 43)*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*
Provision for inventories and receivables and impairment of property, plant and equipment and construction in progress	49,748	—	46,366	—	96,114	—	(4,830)	—	91,284
Depreciation of property, plant and equipment	(1,153,950)	—	(135,374)	—	(1,289,324)	—	(87,506)	—	(1,376,830)
Fair value adjustments on property, plant and equipment, construction in progress, intangible assets and equity investment	(1,629,659)	(28,360)	88,405	2,169	(1,567,445)	(15,402)	329,893	(5,836)	(1,258,790)
Long-term payables discounting	(149,002)	43,895	10,347	—	(94,760)	—	4,051	—	(90,709)
Expenses to be claimed on paid basis	8,106	—	(264)	—	7,842	—	656	—	8,498
Tax losses	435,272	—	(218,715)	—	216,557	10,772	(131,193)	—	96,136
Others	15,934	—	14,997	—	30,931	—	86,205	—	117,136
	(2,423,551)	15,535	(194,238)	2,169	(2,600,085)	(4,630)	197,276	(5,836)	(2,413,275)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised *(Continued)*

(ii) The Company

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

	At 1 January 2013	Credit to profit or loss	At 31 December 2013	Credit to profit or loss	At 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision for inventories and receivables	14,083	—	14,083	—	14,083
Through acquisition of a subsidiary	(1,067)	124	(943)	124	(819)
Fair value adjustment on equity investment	(62,280)	—	(62,280)	—	(62,280)
Expenses to be claimed on paid basis	2,101	—	2,101	—	2,101
	(47,163)	124	(47,039)	124	(46,915)

(iii) Reconciliation to the statement of financial position

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	**388,527**	259,669	**—**	—
Net deferred tax liabilities recognised in the statement of financial position	**(2,801,802)**	(2,859,754)	**(46,915)**	(47,039)
	(2,413,275)	(2,600,085)	**(46,915)**	(47,039)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB2,788 million (2013: RMB3,944 million) and deductible temporary differences of approximately RMB1,265 million (2013: RMB792 million) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
2014	**—**	23,969	**—**	—
2015	**90,119**	512,916	**—**	—
2016	**640,883**	1,889,297	**572,993**	1,248,374
2017	**586,087**	651,288	**343,702**	343,702
2018	**651,929**	866,203	**243,699**	243,699
2019	**818,547**	—	**—**	—
	2,787,565	3,943,673	**1,160,394**	1,835,775

38. DEFERRED INCOME

Deferred income represents the unearned portion of upfront connection and installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront connection and installation fee recognised for the year amounting to RMB112 million (2013: RMB91 million) is included in "Other revenue" in the consolidated statement of profit or loss and other comprehensive income (note 8).

39. PROVISION

The provision represents the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	The Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**80,050**	—
Additions	**—**	80,050
Accretion expense	**6,408**	—
At 31 December	**86,458**	80,050

40. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balance of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Retained profits	Total equity
	RMB'000 *(note 40(c))*	*RMB'000* *(note 40(d)(i))*	*RMB'000* *(note 40(d)(ii))*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2013	7,371,084	5,879,416	1,486,024	68,089	1,466,177	16,270,790
Dividends recognised as distribution	—	—	—	—	(479,120)	(479,120)
Appropriation of general reserve	—	—	69,927	—	(69,927)	—
Profit and total comprehensive income for the year	—	—	—	—	752,706	752,706
Balance at 31 December 2013	7,371,084	5,879,416	1,555,951	68,089	1,669,836	16,544,376
Shares issued	1,436,206	2,975,664	—	—	—	4,411,870
Dividends recognised as distribution	—	—	—	—	(1,658,494)	(1,658,494)
Appropriation of general reserve	—	—	220,173	—	(220,173)	—
Early repayments of certain interest-free loans from China Huadian *(Note 32(b))*	—	(14,111)	—	—	—	(14,111)
Profit and total comprehensive income for the year	—	—	—	—	2,437,671	2,437,671
Balance at 31 December 2014	8,807,290	8,840,969	1,776,124	68,089	2,228,840	21,721,312

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Dividends

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

	2014	2013
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.270 per share (2013: RMB0.225 per share)	**2,377,968**	1,658,494

Pursuant to a resolution passed at the Directors' meeting held on 30 March 2015, final dividend of RMB0.270 per share will be payable to shareholders for 2014, subject to the approval of the shareholders at the coming annual general meeting.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.225 per share (2013: RMB0.065per share)	**1,658,494**	479,120

(c) Share capital

	2014		2013	
	No. of shares		No. of shares	
	'000	*RMB'000*	*'000*	*RMB'000*
Ordinary shares, registered issued and fully paid:				
A shares of RMB1 each				
At 1 January	**5,940,056**	**5,940,056**	5,940,056	5,940,056
Shares issued	**1,150,000**	**1,150,000**	—	—
At 31 December	**7,090,056**	**7,090,056**	5,940,056	5,940,056
H shares of RMB1 each				
At 1 January	**1,431,028**	**1,431,028**	1,431,028	1,431,028
Shares issued	**286,206**	**286,206**	—	—
At 31 December	**1,717,234**	**1,717,234**	1,431,028	1,431,028
Total				
At 31 December	**8,807,290**	**8,807,290**	7,371,084	7,371,084
At 1 January	**7,371,084**	**7,371,084**	7,371,084	7,371,084

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Share capital *(Continued)*

All shares rank pari passu in all material respects.

On 18 July 2014, the Company completed a non-public offering to its parent company, China Huadian, of 1,150,000,000 A shares with a nominal value of RMB1.00 each at an issue price of RMB2.895 per share. Upon completion, the total number of shares of the Company increased from 7,371,084,200 shares to 8,521,084,200 shares.

On 30 July 2014, an aggregate of 286,205,600 new H shares of RMB1.00 each at an issue price of HK$4.92 per share was issued by the Company. Upon completion, the total number of shares of the Company increased from 8,521,084,200 shares to 8,807,289,800 shares.

(d) Nature and purposes of reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of a joint venture or an associate's capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

(ii) Statutory surplus reserves

General reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for coal mining companies, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety at the mines, and are not available for distribution to shareholders.

(iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Weifang Company relating to the previously held interest of the Group.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held by the Group and the Group's share of the cumulative net change in the fair value of available-for-sale securities of an associate at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(g) and 2(m)(i).

(e) Distributability of reserves

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs. As of 31 December 2014, the retained profits available for distribution were RMB2,229 million (2013: RMB1,670 million).

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(f) Capital management

The Group's capital management objectives are:

— to ensure the Group's ability to continue as a going concern;

— to provide an adequate return to shareholders; and

— to maintain an optimal capital structure to reduce cost of capital.

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratio as at 31 December 2014 and 2013 were as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Total liabilities	**145,913,567**	139,816,889	**45,459,708**	44,075,846
Total assets	**188,850,029**	173,296,596	**67,181,020**	60,620,222
Liabilities to assets ratio	**77%**	81%	**68%**	73%

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian	Parent company of the Company
SITC	A shareholder with significant influence over the Company
China Huadian Engineering (Group) Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Energy Company Limited	A fellow subsidiary of the Company
China Huadian Group Capital Holdings Limited	A fellow subsidiary of the Company
Fortune Trust	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
Shanghai Huadian Power Development Generation Company Limited	A fellow subsidiary of the Company
Huadian Hubei Power Generation Company Limited	A fellow subsidiary of the Company
Guizhou Wujiang Hydropower Development Company Limited	A fellow subsidiary of the Company
Huadian Property	An associate of the Group
China Huadian Finance	An associate of the Group
Longtan Coal Company	An associate of the Group
Huadian Coal	An associate of the Group
Beijing Huabin Investment Company Limited *(note (iii))*	A subsidiary of an associate of the Group
Huadian Technology & Trade Company Limited	A subsidiary of an associate of the Group
Yinxing Coal	An associate of the Group
Derong Hydropower Company	An associate of the Group
Hebei Tianwei-huarui Electric Company Limited	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Xibaipo Power Company	An associate of the Group
Linfen Changfa Company *(note (iv))*	An associate of the Group
Ningdong Railway	An associate of the Group
Changcheng Mine Company	An associate of the Group
Fucheng Mining Company	An associate of the Group
Shuozhou Tong-coal Wantongyuan Erpu Coal Transportation and Sales Company Limited	An associate of the Group
Xiangcheng Hydropower Company	An associate of the Group
Jinshajiang Hydropower Company	An associate of the Group
Hebei Nuclear Power	An associate of the Group
Sichuan Balanghe Hydropower	An associate of the Group

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2014 and 2013:

	2014	2013
	RMB'000	*RMB'000*
Sale of electricity to		
Fellow subsidiaries	**127,351**	53,741
Purchase of electricity from		
An associate	**—**	26,391
Fellow subsidiaries	**149,201**	—
Sale of coal to		
An associate	**—**	12,778
Fellow subsidiaries	**110,024**	2,148
Purchase of coal from		
Associates	**3,616,103**	1,927,569
Fellow subsidiaries	**457,148**	235,775
Purchase of construction service and equipment from		
An associate	**15,128**	—
Fellow subsidiaries	**1,863,565**	1,282,889
Loan provided to		
An associate	**96,411**	—
Loans obtained from		
China Huadian	**1,357,345**	32,638
An associate	**6,986,000**	3,575,000
Loans repaid to		
China Huadian and SITC	**2,750,888**	559,118
An associate	**6,118,851**	5,988,350
Fellow subsidiaries	**3,000**	103,000

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

	2014	2013
	RMB'000	*RMB'000*
Bills receivable discounted to		
An associate	**1,667,554**	260,000
Derecognised bills receivable collected by		
An associate	**1,447,423**	110,000
Lease payment under sales and leaseback arrangement to		
An associate	**60,298**	63,542
Interest expenses paid to		
China Huadian and SITC	**86,714**	145,477
An associate	**306,358**	322,541
Fellow subsidiaries	**28,547**	32,191
Interest income from		
Associates	**45,554**	42,512
Repair and maintenance service income from		
Fellow subsidiaries	**1,105**	1,786
Rental and property management service expenses to		
Associates	**57,328**	57,328
A fellow subsidiary	**—**	720
Guarantee service expenses paid to		
China Huadian	**6,377**	6,100
Other service expenses paid to		
China Huadian	**60,646**	—
Associates	**138,723**	106,131
Fellow subsidiaries	**92,633**	76,371
Additional capital injection in		
Associates	**137,744**	242,253

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	2014	2013
	RMB'000	*RMB'000*
Construction in progress-construction and construction material prepayments		
Fellow subsidiaries	**192,163**	364,777
Deposits, other receivables and prepayments		
China Huadian	**62**	—
Associates *(note (iv))*	**89,900**	152,823
Other long-term receivables		
An associate	**96,556**	—
Cash and cash equivalents and restricted deposits		
Deposits with an associate	**3,752,397**	2,496,314
Loans from shareholders		
China Huadian	**(1,100,000)**	(1,880,393)
SITC	**—**	(613,150)
Other loans		
An associate	**(5,112,304)**	(4,245,155)
A fellow subsidiary	**(391,000)**	(394,000)
Trade creditors and bills payable		
Associates	**(217,120)**	(45,921)
Fellow subsidiaries	**(390,602)**	(633,072)
Other payables		
Associates	**(1,843)**	(65)
Fellow subsidiaries	**(365,115)**	(345,665)
Obligation under finance leases		
An associate	**(127,500)**	(177,500)

Notes:

(i) At 31 December 2014, Guang'an Company, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB76 million (2013: RMB87 million); Zhongning Power, a subsidiary of the Group, provided guarantees to banks for loans granted to China Aluminium Ningxia Energy Group Company Limited (formerly known as Ningxia Power Company (Group) Limited, hereinafter referred to as "Ningxia Power Company"). At 31 December 2014, the financial guarantee to Ningxia Power Company is released (2013: RMB20 million).

(ii) At 31 December 2014, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB3,171 million (2013: RMB3,192 million).

(iii) Beijing Huabin Investment Company Limited is formerly known as Beijing Anfu Real Estate Development Company Limited.

(iv) In 2014, the Group disposed all of its interests in Linfen Changfa Company, an associate of the Group. The Group's other receivables to Linfen Changfa Company amounting to RMB61 million has been settled after the disposal.

(v) At 31 December 2014, cash and cash equivalents of the Company amounting to RMB102 million (2013: RMB117 million) are deposits with its associate, Huadian Finance, which is a financial institution. Except for those mentioned above, and loans from shareholders, other loans and amount due from subsidiaries, set out in note 32(b), 32(d) and 28, the management consider there is no material balances due from/(to) shareholders, fellow subsidiaries and associates of the Company.

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Salaries and other emoluments	**3,411**	3,493
Retirement benefits	**367**	340
Bonuses	**3,614**	3,739
	7,392	7,572

Total remuneration is included in "personnel costs" (see note 5).

(c) Contributions to defined contribution retirement plans

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

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

— sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2014, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 95% of its sale of electricity.

— depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

— other transactions

Other collectively significant transactions with other government-related entities also included a large portion of fuel purchases, and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(e) Commitment with related parties

	2014 RMB'000	2013 RMB'000
Capital commitment	**132,179**	137,043
Commitment on properties rental and management fees	**171,984**	57,328

42. RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2013: 15% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group's staff participate in a retirement plan managed by China Huadian to supplement the above-mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

The Group's contribution to these plans amounted to RMB574 million during the year (2013: RMB491 million) which was charged to the consolidated statement of profit or loss and other comprehensive income.

43. ACQUISITION OF A SUBSIDIARY

On 1 April 2014, the Group acquired 100% interests in Zhangjiakou Wind. Zhangjiakou Wind is principally engaged in the generation and sale of electricity and was acquired with the objective of improving the Group's power of generation and sale of electricity in Hebei Province.

Consideration transferred

The fair value of the total consideration transferred was RMB225 million, which was fully paid in cash by the Group.

Acquisition-related costs

Acquisition-related costs amounting to RMB0.3 million have been excluded from the cost of acquisition and have been recognised directly as an expense in the current reporting period and included in the 'administrative expenses' line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	11,729
Construction in process	12,693
Intangible assets	754,178
Trade debtors and bills receivable	12,001
Deposits, other receivables and prepayments	296
Cash and cash equivalents	6,298
Trade creditors and bills payable	(2,320)
Other payables	(33,307)
Bank loans	(535,000)
Deferred tax liabilities	(4,630)
	221,938

43. ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

Goodwill arising on acquisition

	RMB'000
Consideration transferred	225,000
Less: recognised amount of identifiable net assets acquired (100%)	(221,938)
Goodwill on acquisition	3,062

Goodwill arising on the acquisition of Zhangjiakou Wind represented the anticipated future operating synergies in the wind power operation from the combination.

The trade and bills receivables acquired with a fair value of RMB12 million at the date of the acquisition had gross contractual amounts of RMB12 million.

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	225,000
Less: cash and cash equivalent balances acquired	(6,298)
Goodwill on acquisition	218,702

Impact of acquisition on the results of the Group

Included in the profit for the year is RMB0.55 million profit attributable to Zhangjiakou Wind. Turnover for the year includes RMB55 million attributable to Zhangjiakou Wind. Had the acquisition of Zhangjiakou Wind been effected at the beginning of the year, the total amount of turnover of the Group for the year would have been RMB67,796 million and the amount of the profit for the year would have been RMB7,519 million.

The 'pro-forma' information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Zhangjiakou Wind been acquired at the beginning of the year, the directors calculated depreciation and amortisation of property, plant and equipment and intangible assets based on the recognised amounts at the date of the acquisition.

44. DISPOSAL OF A SUBSIDIARY

On 31 October 2014, Longkou Power, a subsidiary of the Company, disposed of its entire interest in its subsidiary, Penglai Donghai Thermal Power Company Limited ("Penglai Donghai") for a consideration of RMB1. Penglai Donghai is principally engaged in the generation and sale of electricity and heat in Shandong Province, with installed capacity of 2 x 28 million wart ("MW").

Analysis of assets and liabilities over which control was lost

	RMB'000
Construction in process *(note 18)*	586
Lease prepayments	30,715
Inventories	1,922
Trade debtors and bills receivable	18,695
Allowance for doubtful debts on trade debtors and bills receivable	(18,695)
Deposits, other receivables and prepayments	8,270
Allowance for doubtful debts on deposits, other receivables and prepayments	(412)
Cash and cash equivalents	7,933
Other loans	(200,000)
Trade creditors and bills payable	(1,033)
Other payables	(32,354)
Net liabilities disposed of	(184,373)

Gain on disposal of a subsidiary

	RMB'000
Consideration received	—
Net liabilities disposed of	(184,373)
Non-controlling interests	53,468
Goodwill *(note 21)*	15,070
Gain on disposal	115,835

Net cash outflow on disposal of a subsidiary

	RMB'000
Consideration received in cash and cash equivalents	—
Less: cash and cash equivalent balances disposed of	7,933
	(7,933)

45. COMMITMENTS

(a) Capital commitments

The Group and the Company had capital commitments at 31 December as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Contracted for but not provided in the financial statements				
— Development of power plants	**12,037,472**	11,443,935	**3,996,667**	2,335,616
— Improvement projects and others	**641,954**	653,073	**109,711**	50,787
	12,679,426	12,097,008	**4,106,378**	2,386,403
Authorised but not contracted for				
— Development of power plants	**27,490,768**	27,826,508	**3,375,083**	6,347,319
— Improvement projects and others	**1,707,329**	2,758,839	**647,461**	877,437
	29,198,097	30,585,347	**4,022,544**	7,224,756
	41,877,523	42,682,355	**8,128,922**	9,611,159

(b) Operating lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	The Group and the Company	
	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**91,505**	88,924
After 1 year but within 5 years	**232,750**	117,406
After 5 years	**213,202**	234,190
	537,457	440,520

46. CONTINGENT LIABILITIES

As at 31 December 2014, a subsidiary of the Company was the defendant in certain lawsuits for events incurred before the acquisition date. At the end of the reporting period, above lawsuits were in progress whose final outcomes cannot be determined at present, the directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

At 31 December 2014, except for guarantees provided by the Group as disclosed in note 41(a), the Company provided guarantees to banks for loans granted to certain subsidiaries amounting to RMB1,899 million (2013: RMB2,517 million).

Apart from the above litigations and guarantees, the Group has no other material contingent liabilities as at 31 December 2014 (2013: Nil).

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
— Loans and receivables (including cash and cash equivalents)	**16,105,619**	12,223,694	**13,629,432**	10,674,888
— Available-for-sale investments	**386,832**	363,489	**130,109**	130,109
	16,492,451	12,587,183	**13,759,541**	10,804,997
Financial liabilities				
— Amortised cost	**137,417,698**	132,226,089	**45,246,206**	43,883,957

Exposure to interest rate, credit, currency and liquidity risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Interest rate risk

The interest rates and terms of repayment of the outstanding interest-bearing liabilities of the Group and the Company are disclosed in note 32. At 31 December 2014, fixed rate borrowings comprise 37% and 80% of total borrowings of the Group and the Company respectively (2013: 38% and 80%).

Sensitivity analysis

At 31 December 2014, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's and the Company's profit after tax and total equity by approximately RMB568 million and RMB70 million (2013: RMB537 million and RMB58 million), respectively.

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit after tax (and retained profits) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2013.

(b) Credit risk

The Group and the Company's credit risk is primarily attributable to trade debtors and bills receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivable, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group and the Company generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group and the Company does not obtain collateral from customers.

The Group and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 32% and 71% (2013: 33% and 69%) of the total trade debtors and bills receivable were due from the Group's largest customer and the five largest customers respectively. At the end of the reporting period, 92% and 100% (2013: 96% and 100%) of the total trade debtors and bills receivable were due from the Company's largest customer and the five largest customers respectively.

Except for the financial guarantees given by the Group as set out in note 41(a), the Group and the Company does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 41(a).

Further quantitative disclosures in respect of the Group and the Company's exposure to credit risk arising from trade debtors and bills receivable are set out in note 27.

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of the reporting period, the Group and the Company had net current liabilities of RMB49,345 million and RMB20,746 million (2013: RMB45,138 million and RMB17,535 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB110.1 billion (2013: RMB76.1 billion) and an aggregate amount of debentures and bonds of RMB16.5 billion (2013: RMB10 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2014.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	2014						2013					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures payable	**17,111,747**	**—**	**—**	**—**	**17,111,747**	**16,805,230**	17,600,339	—	—	—	17,600,339	17,250,400
Bank loans	**22,725,391**	**10,806,819**	**24,684,974**	**40,993,392**	**99,210,576**	**72,344,830**	24,440,177	8,954,681	24,184,442	39,963,838	97,543,138	71,376,193
Loans from shareholders	**610,340**	**32,950**	**548,850**	**105,924**	**1,298,064**	**1,100,000**	1,615,038	716,367	360,597	110,074	2,802,076	2,493,543
State loans	**12,027**	**11,556**	**25,878**	**65,546**	**115,007**	**96,345**	13,831	13,304	36,716	78,734	142,585	117,946
Other loans	**4,025,247**	**990,543**	**3,900,262**	**1,868,797**	**10,784,849**	**9,183,468**	2,756,511	1,518,830	3,123,873	2,942,904	10,342,118	8,475,628
Trade creditors and bills payable	**14,481,887**	**—**	**—**	**—**	**14,481,887**	**14,481,887**	12,100,180	—	—	—	12,100,180	12,100,180
Amount due to the parent company	**65,073**	**—**	**—**	**—**	**65,073**	**65,073**	14,326	—	—	—	14,326	14,326
Obligations under finance lease	**752,876**	**772,655**	**1,872,776**	**216,115**	**3,614,422**	**3,072,153**	376,437	305,459	821,805	335,573	1,839,274	1,490,782
Other payables	**5,413,594**	**—**	**—**	**—**	**5,413,594**	**5,413,594**	4,776,627	—	—	—	4,776,627	4,776,627
Long-term debentures payable (Including current portion of long-term debentures payable)	**7,985,797**	**3,282,454**	**4,476,986**	**—**	**15,745,237**	**14,444,671**	2,072,453	7,832,397	4,656,372	—	14,561,222	13,365,283
Long-term payables	**—**	**65,375**	**217,127**	**1,032,428**	**1,314,930**	**410,447**	—	385,342	156,150	1,648,530	2,190,022	765,181
Financial guarantee contracts	**75,600**	**—**	**—**	**—**	**75,600**	**—**	107,597	—	—	—	107,597	—
	73,259,579	**15,962,352**	**35,726,853**	**44,282,202**	**169,230,986**	**137,417,698**	65,873,516	19,726,380	33,339,955	45,079,653	164,019,504	132,226,089

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(c) Liquidity risk *(Continued)*

The Company

	2014						2013					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures payable	**17,111,747**	**—**	**—**	**—**	**17,111,747**	**16,805,230**	17,600,339	—	—	—	17,600,339	17,250,400
Bank loans	**5,882,266**	**777,905**	**1,199,789**	**1,368,892**	**9,228,852**	**8,088,792**	7,262,642	434,688	1,306,052	87,077	9,090,459	8,565,984
Loans from shareholders	**—**	**—**	**—**	**—**	**—**	**—**	57,838	100,537	68,496	—	226,871	185,588
State loans	**1,174**	**1,148**	**3,288**	**1,044**	**6,654**	**6,109**	1,200	1,174	3,366	2,140	7,880	7,127
Other loans	**1,849,189**	**70,268**	**1,234,105**	**—**	**3,153,562**	**3,086,000**	153,613	810,937	566,755	727,984	2,259,289	1,929,000
Trade creditors and bills payable	**603,777**	**—**	**—**	**—**	**603,777**	**603,777**	553,472	—	—	—	553,472	553,472
Amount due to the parent company	**760**	**—**	**—**	**—**	**760**	**760**	821	—	—	—	821	821
Amount due to subsidiaries	**664,140**	**—**	**—**	**—**	**664,140**	**664,140**	501,260	—	—	—	501,260	501,260
Other payables	**1,546,727**	**—**	**—**	**—**	**1,546,727**	**1,546,727**	1,525,022	—	—	—	1,525,022	1,525,022
Long-term debentures payable (Including current portion of long-term debentures payable)	**7,985,797**	**3,282,454**	**4,476,986**	**—**	**15,745,237**	**14,444,671**	2,072,453	7,832,397	4,656,372	—	14,561,222	13,365,283
	35,645,577	**4,131,775**	**6,914,168**	**1,369,936**	**48,061,456**	**45,246,206**	29,728,660	9,179,733	6,601,041	817,201	46,326,635	43,883,957

(d) Currency risk

(i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from borrowings which are denominated in US dollars and Euro, as well as cash and cash equivalents denominated in HK dollars. Depreciation or appreciation of US dollars, Euro and HK dollars against Renminbi would affect the financial position and operating results of the Group.

(ii) Exposure to currency risk

The following table details the Group's and the Company's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date.

The Group

	2014			2013		
	United States Dollars	Euro	Hong Kong Dollars	United States Dollars	Euro	Hong Kong Dollars
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,867**	**—**	**110,155**	3,808	—	—
Bank loans	**(1,148,785)**	**(71,787)**	**—**	(1,211,054)	(92,480)	—
State loans	**—**	**(84,891)**	**—**	—	(104,582)	—
Long-term payables (including current portion of long-term payables)	**(209,938)**	**—**	**—**	(453,292)	—	—
Net exposure	**(1,354,856)**	**(156,678)**	**110,155**	(1,660,538)	(197,062)	—

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

The Company

	2014			2013		
	United States Dollars	Euro	Hong Kong Dollars	United States Dollars	Euro	Hong Kong Dollars
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,805**	**—**	**110,155**	3,786	—	—
Bank loans	**(871,957)**	**—**	**—**	(929,534)	—	—
Net exposure	**(868,152)**	**—**	**110,155**	(925,748)	—	—

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The Group

	2014			2013		
	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
US$	**(10)**	**123,318**	**123,318**	(10)	131,041	131,041
Euro	**(10)**	**8,489**	**8,489**	(10)	14,780	14,780
HK$	**(10)**	**(11,015)**	**(11,015)**	(10)	—	—

The Company

	2014			2013		
	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
US$	**(10)**	**86,815**	**86,815**	(10)	69,431	69,431
HK$	**(10)**	**(11,015)**	**(11,015)**	(10)	—	—

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's and the Company's profit after tax and equity measured in the Group's functional currency.

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group and the Company to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2013.

(Expressed in Renminbi)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(e) Fair values

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at At 31 December 2014	 At 31 December 2013	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities *classified as Available-for-sale investment--listed equity securities* in the consolidated statement of financial position	**7,886,010 shares of the Bank of Communications Co., Ltd.- RMB54 million**	7,886,010 shares of the Bank of Communications Co., Ltd.- RMB30 million	Level 1	Quoted bid prices in an active market.

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

(ii) Financial instruments carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in the consolidated financial statements approximate their fair values.

48. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment for non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36, Impairment of assets.

The carrying amounts of individual assets or the CGUs containing the non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The assets or the CGUs are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

In determining the value in use, expected cash flows generated by the assets or the CGUs are discounted to their present value, which requires significant judgement relating to level of sale volume, tariff and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariff and amount of operating costs.

48. ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(b) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment for bad and doubtful debts

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

(d) Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

(e) Useful life of land use rights

Note 20 contains information relating to the indefinite life of the acquired land use rights which were assigned by the PRC's land bureau with indefinite land use period. Where the expectation is different from the original assumptions, such difference will impact carrying amount of the intangible assets and amortisation and impairment loss on intangible assets charged to profit or loss in the period in which such assumptions have been changed.

(f) Provision on remediation costs

The estimation of the liabilities for mine disposal and environmental restoration involves the estimates of the amount and timing of future cash outflows as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including the size of mining area, future production development plan and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred.

49. SERVICE CONCESSION ARRANGEMENT

The Group entered into to certain service concession agreements with local governments (the "Grantors") to construct and operate wind power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to dispose of the wind power plants at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognised intangible assets (note 20) related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

(Expressed in Renminbi)

50. PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be China Huadian, which is a state-owned enterprise established in the PRC. China Huadian does not produce financial statements available for public use.

51. POSSIBLE IMPACT OF AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a number of amendments to standards, and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements.

IFRS 9	Financial instruments [1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

51. POSSIBLE IMPACT OF AMENDMENTS TO STANDARDS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 *(CONTINUED)*

IFRS 9 Financial Instruments *(Continued)*

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2014.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

The Group is in the process of making an assessment of the impact of these amendments to standards and new standard. So far it has concluded that the adoption of them is unlikely to result in significant impact on the Group's results of operations and financial position.

Five Years Financial Summary

	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	**2014** ***RMB'000***
Turnover	45,197,500	54,178,060	59,079,714	66,049,455	**67,781,771**
Profit before taxation	202,421	164,993	2,637,279	7,094,676	**9,458,091**
Income tax credit	(116,536)	(29,919)	(689,531)	(1,515,481)	**(1,936,271)**
Profit for the year	85,885	135,074	1,947,748	5,579,195	**7,521,820**
Attributable to:					
Equity shareholders of the Company	169,897	73,814	1,446,792	4,096,933	**5,959,045**
Non-controlling interests	(84,012)	61,260	500,956	1,482,262	**1,562,775**
Profit for the year	85,885	135,074	1,947,748	5,579,195	**7,521,820**
Total non-current assets	118,956,666	136,057,039	147,992,396	156,315,197	**168,114,901**
Total current assets	9,604,733	13,001,813	17,228,652	16,981,399	**20,735,128**
Total assets	128,561,399	149,058,852	165,221,048	173,296,596	**188,850,029**
Total current liabilities	(46,660,227)	(54,003,678)	(56,412,527)	(62,119,087)	**(70,080,098)**
Total non-current liabilities	(60,038,351)	(71,255,137)	(81,077,965)	(77,697,802)	**(75,833,469)**
Net assets	21,862,821	23,800,037	27,730,556	33,479,707	**42,936,462**
Total equity attributable to equity shareholders of the Company	16,175,971	16,285,073	19,444,378	23,010,521	**31,705,180**
Non-controlling interests	5,686,850	7,514,964	8,286,178	10,469,186	**11,231,282**
Total equity	21,862,821	23,800,037	27,730,556	33,479,707	**42,936,462**

Supplements

1. DIFFERENCES ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

RECONCILATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit and net assets attributable to equity shareholders of the Company are analysed as follows:

		Net profit attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
		2014	2013	**31 Dec 2014**	31 Dec 2013
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts under CAS		**5,901,814**	4,138,608	**31,654,587**	22,960,403
Adjustments:					
Business combination involving entities under common control	(i)	**(29,311)**	(191,784)	**463,919**	493,230
Government grants	(ii)	**29,431**	27,652	**(444,060)**	(456,551)
Maintenance, production and other similar funds	(iii)	**56,245**	38,428	**818**	(11,857)
Taxation impact of the adjustments		**6,775**	49,640	**(78,483)**	(85,258)
Attributable to non-controlling interests		**(5,909)**	34,389	**108,399**	110,554
Amounts under IFRSs		**5,959,045**	4,096,933	**31,705,180**	23,010,521

Notes:

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other similar funds are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

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