



**大唐国际发电股份有限公司**

**DATANG INTERNATIONAL POWER GENERATION CO., LTD.**

(Stock code: 00991)

**FOCUS ON  
ENERGY BUSINESS  
STRIVE FOR  
GREATER SUCCESS**

2014 ANNUAL REPORT



**FOCUS ON**  
**ENERGY**  
**BUSINESS**  
**STRIVE FOR**  
**GREATER**  
**SUCCESS**

Datang Power will continue to focus on power generation business, and strive to comprehensively enhance the efficiency of the power generation business with lower costs, lower energy consumption, and more advanced technology. The Company will spare no effort to create the upgraded version of power generation business and to achieve healthy, sustainable development.





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# COMPANY PROFILE

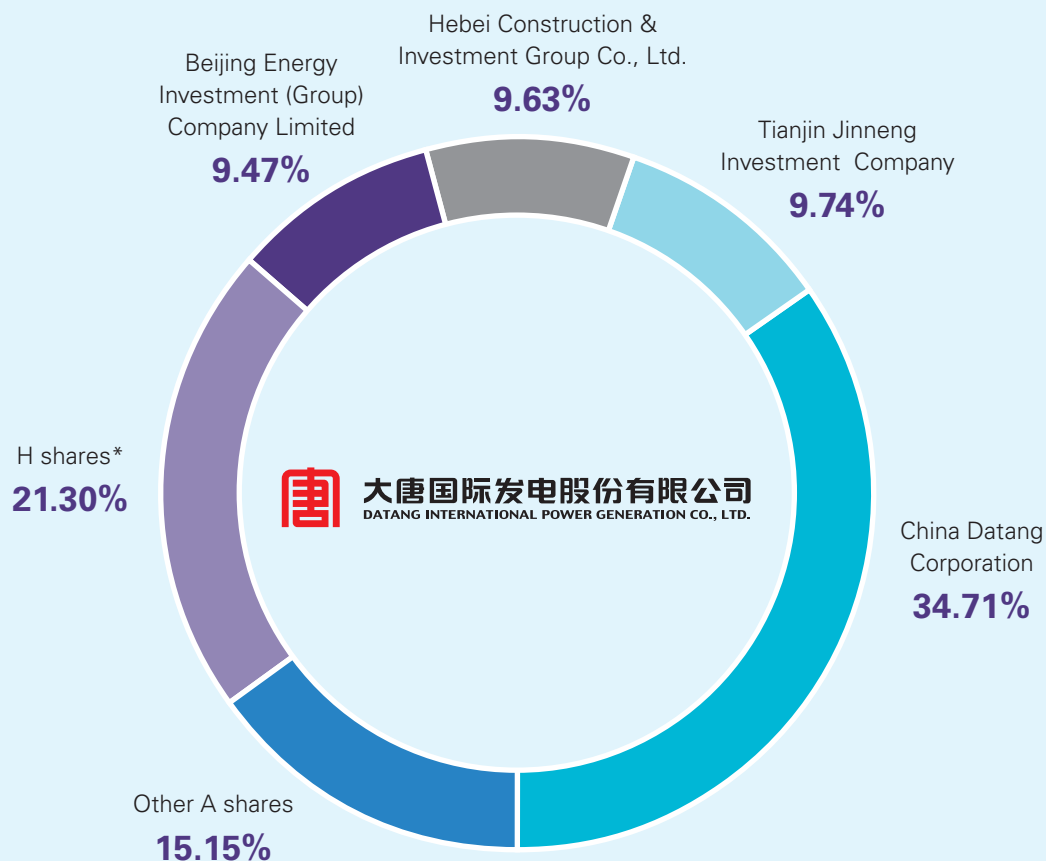
## COMPANY OVERVIEW

Datang International Power Generation Co., Ltd. ("Datang Power" or the "Company") was registered with the State Administration for Industry and Commerce of the People's Republic of China (the "PRC") on 13 December 1994. Datang Power is one of the largest independent power generation companies in the PRC. As at 31 December 2014, the total consolidated assets of the Company and its subsidiaries amounted to RMB307.528 billion. Total installed capacity under management of the Company amounted to 41.3413 million KW. The Company mainly engages in power generation business and also in businesses such as coal, coal-to-chemical, transportation and recycling economy. The operating projects and the projects under construction spread across 18 provinces (municipalities and autonomous regions) throughout the country.

## ADHERENCE TO THE PHILOSOPHY OF EFFICIENCY VALUE

Datang Power always adheres to the core philosophy of "Value Mindset and Efficiency-oriented Principle", and follows the path of scientific development unswervingly in pursuit of high-quality and rapid development, actively explores the way to build a sustainable development model and strives to create more economic value for stakeholders.

## EQUITY STRUCTURE AND SHAREHOLDING OF THE COMPANY



\* Excluding China Datang Corporation

## FACILITATION OF CONTINUOUS STRUCTURE OPTIMISATION

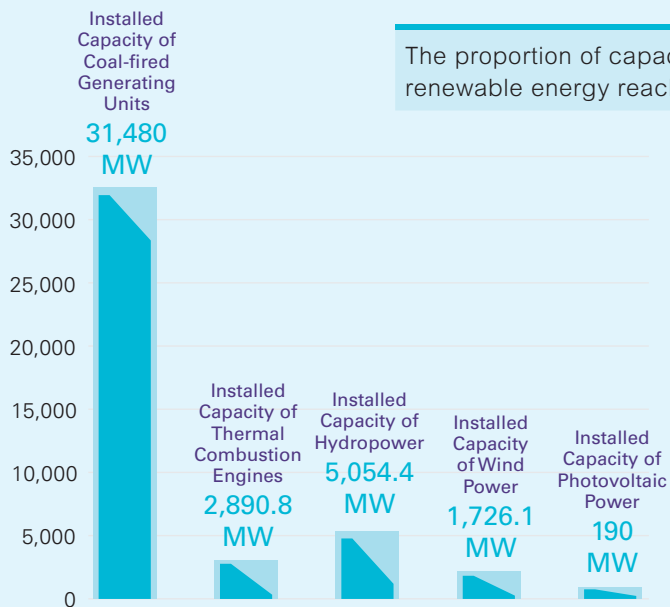
Datang Power continuously adjusts and optimises its regional structure, business structure, power generation structure and shareholding structure to strengthen the leading position of its principal power generation business.

## COMMITMENT TO THE POWER GENERATION BUSINESS UPGRADE

Datang Power pursues clean and efficient development of coal-fired power business, develops hydropower business proactively, wind power business continuously, photovoltaic power business orderly and thermal power business moderately. Datang Power is committed to upgrading its power generation business as a whole.

### ► BUSINESS SEGMENTS OF THE COMPANY

#### The Prominent Edge of the Power Generation Business



The proportion of capacity in clean and renewable energy reached 23.85%.

- Managing an installed capacity of approximately 41,341.345 MW
- Total power generation of 188.8449 billion kWh
- Accumulated profit of the power generation segment of RMB12.422 billion

► Unit 1 and 2 of Fujian Ningde Nuclear Power Company Limited, which the Company owns a large proportion of the shares, have officially commenced commercial operation and contributed stable profits to the Company.



# OUR HISTORY

▶ Over the past two decades, the Company took root in the society, promoting social progress while realising our own growth. In 2014, we were among the “Platts’ Top 250 Global Energy Companies” for the eighth consecutive year, with the overall ranking of 119; and ranked 8th amongst the world’s independent power generation companies, and won “the 35th place in the Best Overall Performance in Asia Award”. We won “Gold Award for 2014 Financial Performance, Corporate Governance, Social and Environmental Responsibilities and Investor Relations Management” by “The Asset” Magazine, and “2013 Top 100 Listed Companies in China” by Warton Economic Institute and China Business Top 100 Forum.

Datang Power was founded, with an installed capacity of 2,850 MW

**1994**

Listed on Shanghai Stock Exchange, it became the first power company listed in London, Hong Kong and Shanghai, with an installed capacity approximately 20,000 MW

**2006**

It developed a Medium Term Development Plan, with its installed capacity exceeded 25,000 MW following the optimization of the Company’s generation structure; it was recognized as a model company in ensuring power supply for the Olympic Games

**2008**

**1997**

Listed on Hong Kong Stock Exchange and London Stock Exchange, it became the first Chinese power company listed in Hong Kong, the first Chinese company listed in London, with an installed capacity of 3,150 MW

**2007**

Its installed capacity reached 20,135 MW; it was among the “Top 100 Chinese Listed Companies” and rated the “Most Competitive Overseas-Listed Chinese Company”

**2009**

Its installed capacity exceeded 30,000 MW; with its industrial structure, power source and staff structure were optimized; it appeared for the first time on “Fortune Global 500” and won “Gold Award for Company” by “The Asset” Magazine



Its installed capacity exceeded 35,000 MW; it was honoured "Top 250 Global Energy Companies" by Platts and "the Fastest-growing Asian Energy Company"

**2010**

Its installed capacity reached 39,147 MW; it was rated "Listed Company of the Greatest Investment Value" and "The Listed Company with Best Investor Relations Management"

**2012**

Its installed capacity exceeded 40,000 MW; it was recognised as amongst the "Top 250 Global Energy Companies" by Platts for the eighth consecutive year

**2014**

**2011**

Its installed capacity reached 38,484 MW; it won "Titanium Award for Corporate Governance, Social and Environmental Responsibilities, and Investor Relations" and "Award for Listed Company of the Greatest Investment Value during the 12th Five-year Plan Period"

**2013**

Its installed capacity reached 39,187 MW; it was rated "The Most Socially Responsible Listed Company" and "China's Top 10 Listed Company in Corporate Governance"



# DISTRIBUTION OF PROJECTS



- Thermal power projects in operation
- Hydropower projects in operation
- Wind power projects
- ☀ PV projects
- Thermal power projects under construction
- Hydropower projects under construction
- Nuclear projects (partial shareholding)
- ▲ Coal-based olefin projects
- ▲ Coal-to-gas projects
- ▲ High-aluminum fly ash alumina extraction projects
- ▲ Fertiliser projects
- Shipment projects
- Coal mining projects





## MAJOR EVENTS IN 2014

**1** On 26 May, the Zhejiang Shaoxing Jiangbin Natural Gas-Thermal Power Project was awarded the "China Electric Power Quality Engineering Project Award 2014" by China Electric Power Construction Enterprise Association. (Awarded "China Construction Engineering Luban Award" in the year)

**2** On 17 June, unit 1 of the newly completed project of Chongqing Datang International Shizhu Power Generation Company Limited commenced operation after a 168-hour full load trial operation was successfully completed.

**3** On 19 June, the new project of "replacing small units with larger units" of Hebei Datang Yu Xian power plant was officially approved by National Development and Reform Commission.

**4** On 20 June, the whole set of the "two-with-one" units of the Beijing Gaojing Thermal Power Plant Gas-fired and Thermal Co-generation Project successfully completed a 168-hour full load trial operation.

**5** On 7 July, the "Resolution on the Entering into of the Restructuring Framework Agreement with China Reform Holdings Corporation Ltd. for Coal Chemical-Related Projects" was considered and approved at the eleventh meeting of the eighth session of the Board of the Company.

**6** On 23 July, all coal-fired units of Beijing Gaojing Thermal Power Plant Gas-fired Plant closed down after 55-year operation.

**7** On 29 July, unit 2 of Chongqing Datang International Shizhu Power Generation Company Limited commenced operation after completing a 168-hour full load trial operation successfully.

**8** On 3 September, expansion project of Inner Mongolia Autonomous Region Tuoketuo power plant phase V was officially approved by National Development and Reform Commission.

**9** On 12 October, the whole set of the "one-with-one" units of the Beijing Gaojing Thermal Power Plant Gas-fired and Thermal Co-generation Project successfully completed a 168-hour full load trial operation.

**10** On 27 October, the Company established Liaoning Datang International Shendong Thermal Power Company Limited, solely invested in thermal power generation units with capacity of 2 X 350 MW.



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On 31 December, the Company established Datang Tibet Wangpai Hydropower Development Company Limited to invest in partial stakeholding of the hydropower generation units with total installed capacity of 1,890 KW



#### ▶ MAJOR HONORS AND AWARDS OF THE COMPANY

1. The Company was listed amongst the “Top 250 Global Energy Companies” of Platts Energy Information for eighth consecutive year and received “The 35th place in Best Overall Performance in Asia Award”.
2. The Company received the “Gold Award for 2014 Financial Performance, Corporate Governance, Social and Environmental Responsibilities and Investor Relations Management” from “The Asset” Magazine.
3. The Company received the “2013 Top 100 Listed Companies in China” from Warton Institute of Economic Institute and China Business Top 100 Forum.

# FINANCIAL AND OPERATING HIGHLIGHTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in millions of RMB)

For the year ended 31 December	2010 (restated)	2011 (restated)	2012 (restated)	2013 (restated)	2014
Operating revenue	60,672	72,382	77,598	75,227	70,194
Profit before tax	4,567	3,573	7,415	7,959	5,172
Income tax expense	(883)	(671)	(1,360)	(2,367)	(3,284)
Profit for the year attributable to:					
– Owners of the Company	2,479	1,935	3,991	3,403	1,767
– Non-controlling interests	1,297	1,159	2,260	2,189	121

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in millions of RMB)

As at 31 December	2010 (restated)	2011 (restated)	2012 (restated)	2013 (restated)	2014
Total assets	214,358	249,124	276,707	299,940	307,528
Total liabilities	(176,264)	(198,870)	(220,695)	(236,110)	(244,070)
Non-controlling interests	(7,481)	(11,586)	(14,699)	(20,065)	(19,293)
Equity attributable to owners of the Company	30,613	38,668	41,314	43,765	44,165

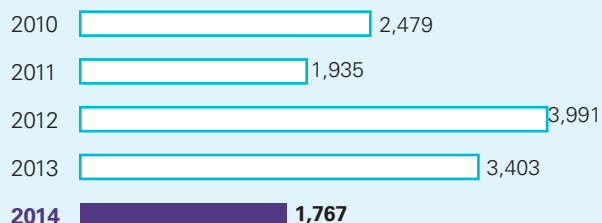
### ▶ CONSOLIDATED OPERATING REVENUE

(RMB million)



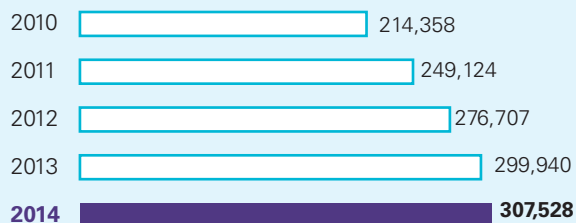
### ▶ CONSOLIDATED PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB million)



### ▶ CONSOLIDATED ASSETS

(RMB million)



### ▶ TOTAL INSTALLED CAPACITY

(MW)



### ▶ GROSS POWER GENERATION

(billion kWh)



### ▶ ON-GRID GENERATION

(billion kWh)



## CHAIRMAN'S STATEMENT



Company hold onto its management philosophy of “Value-Oriented and Efficiency-Focused”, as well as its entrepreneurial spirit to be practical, dedicated, innovative and progressive. By carrying out structure optimisation, transformation and quality enhancement on one hand, operation standardisation, cost reduction and efficiency improvement on the other hand, we have achieved significant progress in reform and development, as well as fruitful result in operation and management.

**Mr. Chen Jinhang**  
*Chairman*



**Time** flies, Datang International Power Generation Co., Ltd. has welcomed its twentieth anniversary of development.

The Company's mission has been to generate returns to shareholders and to contribute to the community while maintaining a simultaneous growth in scale and efficiency for the past twenty years. Its asset distribution has expanded from 3 provinces and municipalities to 18 provinces, regions and municipalities, scale of installed capacity increased by 13.6 times, total assets by 42.1 times and accumulated profits of RMB73 billion, which have created stable and lucrative returns for its shareholders and made a positive contribution for securing the energy demanded for social and economic development.

Adhering to the development philosophies of "clean and efficient, green and environmental protection", proportion of the Company's high efficiency and large capacity power generation units and clean energy has been increasing for the past twenty years. Average capacity of single coal-fired power generation units increased from 158,000 KW to 429,000 KW, coal consumption decreased from 377g/kWh to 309g/kWh while clean energy's installed capacity amounted to 9.861 million KW, accounting for 23.9% of our total installed capacity.

The Company's stable and healthy development was supported and aided by our shareholders and the society in the past twenty years. On behalf of the Board and management of the Company, I would like to extend our sincere gratitude to all the shareholders and our supporters from different sectors for their continuous interest in and support to the development of the Company.

2014 was a difficult and unusual year in the Company's development progress. In the face of the complicated and ever-changing internal and external situations, the Company hold onto its management philosophy of "Value-Oriented and Efficiency Focused", as well as its entrepreneurial spirit to be practical, dedicated, innovative and progressive. By carrying out structure optimization, transformation and quality enhancement on one hand, operation standardization, cost reduction and efficiency improvement on the other hand, we have achieved significant progress in reform and development, as well as fruitful result in operation and management.

Power generation business's revenue reached record high this year. Centering around the target of economic efficiency enhancement, we continued to deepen our comprehensive planning, comprehensive budgeting and comprehensive risk and responsibility management to actively respond to adverse market conditions such as slowdown in the growth of electricity demand. We grasped



## CHAIRMAN'S STATEMENT

the favorable opportunity of low coal price to achieve further cost control and comprehensively improved our profit, with power generation business realised a total profit of approximately RMB12.4 billion, representing a year-on-year increase of 33.83%, which was a historical high level since the Company's establishment.

We achieved new breakthrough in the production quality of our power generation project over the past year. We focused on structure optimisation, actively pushed forward the preliminary work of strategically important projects and obtained official approval for power generation projects with total capacity of 2.786 million KW, including 2 coal-fired projects with total capacity of 2.52 million KW and 4 wind power projects with total capacity of 266,000 KW. Insisting on our dedicated standard of "short construction time, low construction price, excellent quality and high efficiency", we promoted our effort in design optimisation and achieved significant improvement in the production quality of our construction projects, which further consolidated our leading position in our primary power generation business. 10 power generation projects have

been put into operation and Zhejiang Jiangbin Thermal Power was awarded the "Luban Award" and Electric Power Quality Engineering Project Award.

New progress has been made in optimising our energy saving and emission reduction targets over the past year. Riding on our technological progress, management innovation and process reengineering, emissions target for all of our major pollutants and further optimisation of our energy consumption indicators was achieved by emphasizing on optimising our systems, enhancing equipment maintenance effort and accelerating environmental protection modification, with coal consumption for power generation decreased by 4.5g kWh compared with last year, saving 790,000 tonnes of coal in aggregate. Beijing Gaojing Thermal Power Plant has shut down all its coal-fired power generation units and a 1.38 million KW gas-fired power generation unit has been put into operation. By reducing annual coal consumption by 2.3 million tonnes, SO<sub>2</sub> by 664 tonnes and NO<sub>x</sub> by 590 tonnes, it made a great contribution to improving the air quality of Beijing.





The Company achieved remarkable results in talent building over the past year. We adhered to the people-oriented principle and actively established a mechanism to attract, cultivate and retain talents. By putting more effort in staff training, we completed training for cadres of various levels over 4 years and organised trainings for 322,000 staffs, while 10 people were named “central enterprise technical experts”. We strengthened our humanistic care philosophy and implemented 70 improvement projects which solved the most concerned, immediate and practical problems of our staffs. The cohesiveness and competitiveness of the Company have steadily enhanced, providing a solid support for realising of our operation and development goals.

The Company has maintained a good market image over the past year. We focused on the communication and information exchange with investors and were widely recognised due to our outstanding operating results and sound brand image. The Company received awards such as the “Top 250 Global Energy Companies” for the eighth consecutive times and the “Best Overall Performance in Asia Award” from Platts, the “Gold Award for 2014 Financial Performance, Corporate Governance, Social and Environmental Responsibilities and Investor Relations

Management” from “The Asset” Magazine and also the “2013 Top 100 Listed Companies in China”.

Looking forward to the future, standing on a new starting point and initiating a new journey, the Company, together with its investors, will actively adapt to the “New Normal” economic development to seize new opportunities and respond to new challenges. Focusing on quality and efficiency enhancement and driven by promotion of comprehensive innovation, we aim to upgrade our power generation business to continuously strengthen the Company’s core competitiveness, and to create greater value for our shareholders and produce more wealth to the society with better business results.

**Mr. Chen Jinhang**

*Chairman*



# MANAGEMENT DISCUSSION AND ANALYSIS

- ▶ In the year of 2014, the Company firmly adhered to the philosophy of “Value-Oriented and Efficiency-Focused”. With safety and stability as basis and economic effectiveness as core value, the Company prioritises development and implementation to consolidate its leading position in the power generation sector while accelerating the optimisation of its business structure, strengthening its corporate image in general and striving to launch a new phase of scientific development.



## A. OVERVIEW

The Company is one of the largest independent power generation companies in the People's Republic of China (the "PRC") and primarily engages in power generation businesses with its main focus on coal-fired power generation businesses. In the year of 2014, the Company firmly adhered to the philosophy of "Value-Oriented and Efficiency-Focused". With safety and stability as basis and economic effectiveness as core value, the Company priorities development and implementation to consolidate its leading position in the power generation sector while accelerating the optimisation of its business structure, strengthening its corporate image and striving to launch a new phase of scientific development.

## B. REVIEW ON THE OPERATING RESULTS OF VARIOUS BUSINESSES

### 1. Power Generation Business

The power generation businesses of the Company and its subsidiaries are primarily distributed across Beijing, Tianjin, Hebei Province, the Inner Mongolia Autonomous Region, Shanxi Province, Liaoning Province, Gansu Province, Jiangsu Province, Zhejiang Province, Yunnan Province, Fujian Province, Guangdong Province, Chongqing, Jiangxi Province, the Ningxia Autonomous Region, Qinghai Province, Sichuan Province and Tibet Autonomous Region. As at 31 December 2014, the Company managed an installed capacity of approximately 41,341.345 MW.

(1) Power production. During the Year, total power generated by the Company and its subsidiaries amounted to approximately 188.8449 billion kWh, representing a year-on-year decrease of approximately 1.58%. The accumulative on-grid power generation amounted to approximately 178.6369 billion kWh, representing a year-on-year decrease of approximately 1.54%. Utilisation hours of generating units accumulated to 4,701 hours, representing a year-on-year decrease of 281 hours. The equivalent availability coefficient of the operational generating units amounted to 93.70%, representing a year-on-year increase of approximately 1.93%. No casualties or material damage to the facilities occurred to the Company and its subsidiaries during the course of power production.

- (2) Energy conservation and emission reduction. In 2014, the Company adhered to target management, dynamic benchmarking, the focus on economic operation of power generation facilities, and the intensification of technological renovation on energy conservation and facilities treatment. During the Year, total coal consumption for power supply was 309.27g/kWh, representing a year-on-year decrease of 4.50g/kWh. Electricity consumption rate of power plants was 4.19%, representing a year-on-year decrease of 0.08%. The total desulfurisation facilities operation rate and the total overall desulfurisation efficiency rate amounted to 99.96% and 95.61%, respectively. The Group's emission rates of sulfur dioxide, nitrogen oxides, waste water and smoke ash were 0.25g/kWh, 0.36g/kWh, 0.021kg/kWh and 0.07g/kWh respectively, representing a year-on-year decrease of 26.47%, 57.14%, 44.74% and 30.00%, respectively. During the Year, a total of 15 power generating units of certain power generation companies of the Company carried out denitrification transformation projects.
- (3) Preliminary works. In 2014, the Group obtained official approvals for 7 power generation projects, including 2 coal-fired power projects, 1 hydropower capacity expansion project and 4 wind power projects, with a total approved capacity of 2,796 MW in total. Details are as follows:

<b>Coal-fired power projects:</b>	Hebei Wei County power plant 2×600MW project, Inner Mongolia Autonomous Region Tuoketuo power plant phase 5 2×660MW project, 2,520 MW in total.
<b>Hydropower capacity expansion project:</b>	Chongqing Haokou 10MW capacity expansion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Wind power projects:

Ningxia Hongsibao phase 1 100 MW, Liaoning Datang International Changtu Sanshengtun 50 MW, Liaoning Datang International Fuxin Sifangmiao 50 MW, Jiangxi Datang International Xunwu Luanluozhang 66 MW, 266 MW in total.

- (4) Project construction. In 2014, the Company focused on optimising its designs with an aim to develop high quality projects. During the Year, the Company added installed capacity of 2,754.39 MW. During the Year, the Zhejiang Shaoxing Jiangbin Gas-Thermal Power Project was awarded the 2014 China power generation construction "Outstanding Construction Award" and the "Luban Award" for China construction projects, while the Gao Jing gas-fired thermal power joint production project was awarded the 2013 "Great Wall Cup (Structure of Construction Project)" in Beijing.

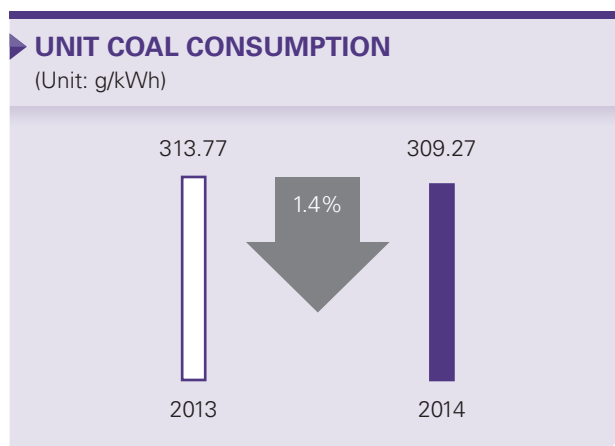
As at the end of 2014, coal-fired generating units, thermal combustion engines, hydropower, wind power and photovoltaic power accounted for 76.15%, 6.99%, 12.23%, 4.17% and 0.46% of the Company's installed power generation capacity, respectively. The proportion of capacity in clean and renewable energy reached 23.85%, representing a further improvement in the power generation structure.

## 2. Coal Chemical and Coal Business

During the Year, the Datang Inner Mongolia Duolun Coal Chemical Project (the "Duolun Coal Chemical Project") with an annual output of 460,000 tonnes of polypropylene, the Inner Mongolia Datang International Keshiketeng Coal-based Natural Gas Project (the "Keqi Coal-based Natural Gas Project") with an annual output of 4 billion cubic meters of natural gas, and the Liaoning Datang International Fuxin Coal-based Natural Gas Project (the "Fuxin Coal-based Natural Gas Project") with annual production scale of 4 billion cubic meters of natural gas, and Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company"),

being constructed by the Company with controlling interests, and wholly-owned subsidiary Datang Hulunbeier Fertiliser Company Limited ("Hulunbeier Fertiliser Company") commenced construction or production as scheduled. Of these projects:

- (1) The Duolun Coal Chemical Project: Each of the three gasifiers of the project has reached its record-high effective gas load. A comprehensive management of equipment was completed by undergoing extensive maintenance works, and therefore, preliminarily satisfied the conditions for long term, stable operation. During the Year, 92,100 tonnes of polypropylene, 387,100 tonnes of methanol and 99,100 tonnes of propene were produced.



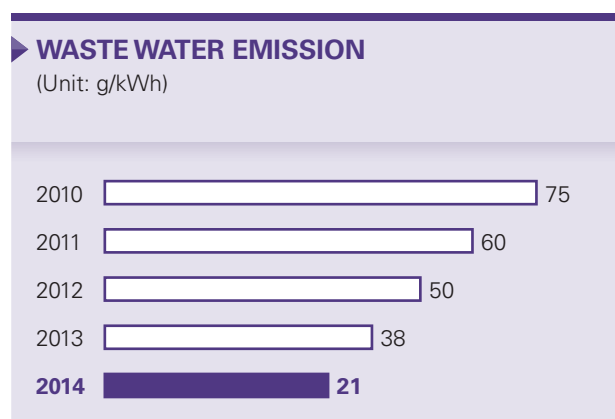
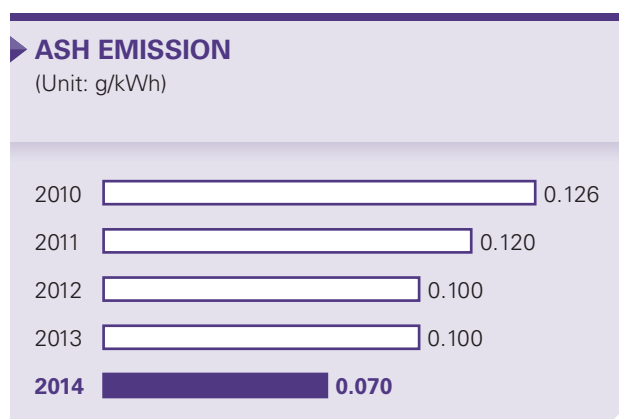
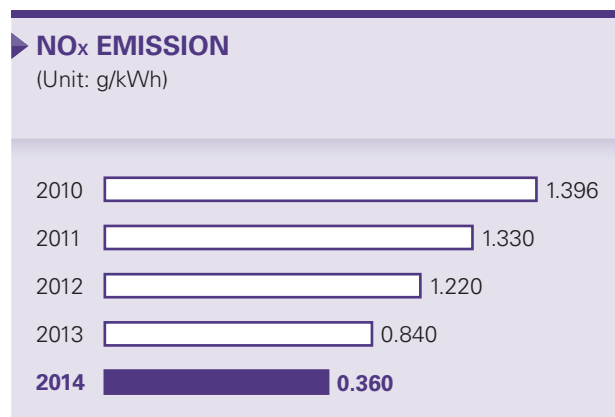
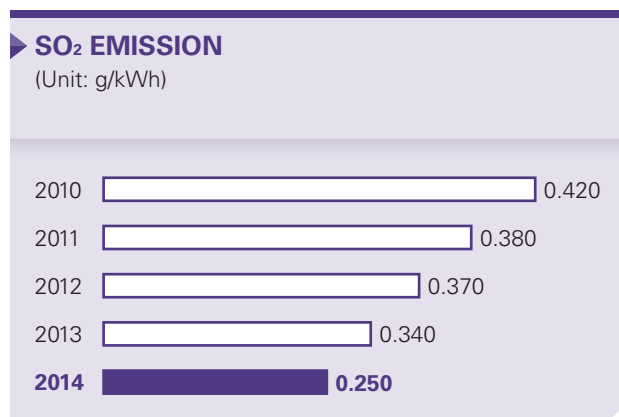
- (2) The Keqi Coal-based Natural Gas Project: The project carried out a series of successful heavy-loading trial run and obtained desirable results. The gas production capability of the chemical facilities during the trial run reached target level. As at the end of the Year, 354 million standard cubic metres of natural gas were produced.
- (3) The Fuxin Coal-based Natural Gas Project: As at the end of the Year, 90% of the land construction of the series of the Fuxin Coal-based Natural Gas Project was completed, 95% of the equipment installation was completed; 89% of the pipeline network and 70% of electrical instruments were installed; 60% of the heat tracing pipelines, erosion prevention and heat preservation work were completed.

- (4) Xilinhaote Mining Company: This company is mainly engaged in the development, construction and operation of Shengli Open-pit Coal Mine East Unit 2 Project. The coal extracted from the project was mainly used as the raw coal for the chemical projects of the Company. During the Year, a total of 6.4023 million tonnes of coal was produced.
- (5) Hulunbeier Fertiliser Company: This company is mainly engaged in the production and operation of urea. The project has commenced production on 1 October 2013. During the Year, a total of 242,400 tonnes of urea was produced.

## C. MAJOR FINANCIAL INDICATORS AND ANALYSIS

### 1. Operating Revenue

During the Year, the Group realised a consolidated operating revenue of approximately RMB70,194 million, representing a decrease of approximately 6.69% over the Previous Year, among which, revenue from electricity sales decreased by approximately RMB1,648 million over the Previous Year.



# MANAGEMENT DISCUSSION AND ANALYSIS



## 2. Operating Costs

During the Year, total operating costs of the Group amounted to approximately RMB57,145 million, representing a decrease of approximately RMB2,761 million or 4.61% over the Previous Year. Among which, fuel cost accounted for approximately 51.05% of the operating costs, and depreciation cost accounted for approximately 20.04% of the operating costs. Since the standard coal unit price of the Company for power generation decreased by RMB46.98/tonne over the Previous Year, the fuel cost for power generation of the Company decreased by RMB2,331 million as a result.

## 3. Net Finance Costs

During the Year, finance costs of the Group amounted to approximately RMB8,704 million, representing an increase of approximately RMB348 million or approximately 4.18% over the Previous Year. The reason for the increase lies on the increase in interest expense of the expensing of new units.

## 4. Total Profit and Net Profit

During the Year, the Group reported a total profit before tax amounting to approximately RMB5,172 million, representing a decrease of approximately 35.01% over the Previous Year. Net profit attributable to equity holders of the Company amounted to

approximately RMB1,767 million, representing a decrease of 48.06% over the Previous Year. The decrease in the Group's profit before tax is mainly due to the impairment losses on assets.

The 2015 first extraordinary general meeting of the Company held on 10 February 2015 considered and approved making impairment provisions in the Year 2014, and the nineteenth meeting of the eighth session of the Board held on 18 March 2015 considered and approved the Company making bad debts provisions, which together decreased the Company's total profit for 2014 in the consolidated financial statements by RMB3,245.92 million, decreased the Company's net profit attributable to the parent company in the consolidated financial statements for 2014 by RMB1,969.83 million and decreased the parent company's net profit by RMB1,757.46 million.

Power generation segment of the Company realised a total profit of approximately RMB12.422 billion, representing a year-on-year increase of approximately RMB3.140 billion (Thermal power (including combustion engine) realised a total profit of approximately RMB12.270 billion, representing a year-on-year increase of approximately RMB2.677 billion). The profit increase in the power generation segment is primarily attributable to the decrease in fuel costs.

## 5. Financial Position

As at 31 December 2014, total assets of the Group amounted to approximately RMB307,528 million, representing an increase of approximately RMB7,588 million as compared to the end of 2013. The increase in total assets was mainly due to the increase in construction-in-progress and fixed-assets as well as other non-current assets as a result of the development strategy implemented by the Group.

Total liabilities of the Group amounted to approximately RMB244,070 million, representing an increase of approximately RMB7,960 million over the end of 2013. Of the total liabilities, non-current liabilities increased by approximately RMB1,853 million over the end of 2013. The increase in total liabilities was mainly due to the increase in the Group's financial lease payables and debentures to support daily operation and infrastructure development.



Equity attributable to equity holders of the Company amounted to approximately RMB44,165 million, representing an increase of approximately RMB400 million over the end of 2013. Net asset value per share attributable to equity holders of the Company amounted to approximately RMB3.32, representing an increase of approximately RMB0.03 per share over the end of 2013.

## 6. Liquidity

As at 31 December 2014, the assets-to-liabilities ratio of the Group was 79.37%. The net debt-to-equity ratio (i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/total equity) was approximately 301.86%.

As at 31 December 2014, cash and cash equivalents of the Group amounted to approximately RMB5,013 million, among which approximately RMB190 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the Year.

As at 31 December 2014, short-term loans of the Group amounted to approximately RMB13,753 million, with annual interest rates ranging from 1.32% to 6.60%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB137,692 million and long-term loans repayable within one year amounted to approximately RMB13,233 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.13% to 7.14%. Loans equivalent to approximately RMB919 million were denominated in US dollar. The Group paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

## 7. Welfare Policy

As at 31 December 2014, the staff of the Group totaled 25,019. The Group has adopted the basic salary system on the basis of position-points salary distribution and a variety of incentive mechanisms so as to actively strengthen the positive incentive function of salary distribution. The Group is concerned about personal growth and occupational training of its staff. Led by the strategy of developing a strong corporation with talents, the Group relies on a three-tier management organisational structure and implements an all-staff training scheme for various levels. In 2014, 322,098 employees from various tiers attended trainings arranged by the Company, among which 214,177 employees attended on-the-job adaptability trainings, 26,636 employees attended professional qualification trainings, 32,472 employees attended technical level trainings, 6,306 employees attended continuing education trainings and 42,507 employees attended other trainings.

# MANAGEMENT DISCUSSION AND ANALYSIS

## D. OUTLOOK FOR 2015

In 2015, the PRC economic development will encounter a comprehensive change into new norms, with an approximately 7% of GDP growth as well as active fiscal and prudent monetary policies maintained. With reinforced implementation of material policies on people's livelihood, the PRC will steadily foster reforms on key social sectors and is set to stimulate the momentum and vitality of national economic development. Meanwhile, the promotion of the development under the "One Belt and One Road" by the State would also benefit energy enterprises. It is foreseen for Year 2015 that the volume of new installed capacity will remain stable, electricity and coal prices are expected to remain at a low level and in good supply situation, and power enterprises will remain in a stage of favourable operation.

In 2015, overall demand and supply of nationwide power will be balanced. Utilisation hours of the Company's equipment in some regions are expected to reduce. With the implementation of new standards of pollutant emissions and new environmental protection laws, enterprises will face more stringent requirements on pollutants emission and encounter increasingly significant risk on excessive emission, and subsequent modification of environmental protection facilities may affect the normal production and operation for some enterprises.

In the face of opportunities and challenges brought along by new norms, the Company will take the initiatives to adapt, place efforts on governance and in compliance with law, speed up the progress of structure adjustment, thoroughly stimulate the vitality of entrepreneurship and fully facilitate the overall advancement of power generation business, by continuously upholding its value and result-oriented philosophy, insisting on the very basis of quality and effectiveness enhancement, as well as setting the upgrading of power generation industry as the major goal.

The planned installed capacity of the Company's power generation projects in 2015 amounted to 2.148 million kW, and the Company will continue to carry forward the development of electricity-related business. Capital requirement for such investments are substantial, the funding needs for the projects will be satisfied by means such as the Company's own capital and bank borrowings.

In 2015, the Company will base itself on the upgrade of power generation business by pursuing clean and highly efficient development of coal power, proactive development of hydropower, accelerated development of wind power, orderly development of photovoltaic power and moderate development of thermal power. The Company will adopt the following key work measures:

### 1. Continue to step up safety management

Put further the new "Safe Production Law" into practice and implement the accountability system within the enterprise.

The Company will further foster the development on inherent safety and escalate its safety and risk assessments comprehensively, while optimising long-term mechanisms on potential hazard elimination and examination as well as against non-compliance.

Continue to promote reliability amelioration programs and strive to win more national "A grade generating units" titles.

### 2. Enhance corporate profitability by all means

The Company will take initiatives to adapt to the trend of power generation industry reform. In view of reform measures such as direct dealings with scalable users, the Company will proactively formulate corresponding strategies to strive for the maximum efficiency for power generation.

Optimisation of the coal import structure will be conducted, while a focus on cost control of fuels. The Company will actively expand funding channels and optimise the structure of borrowings to effectively lower financial expenses.



### **3. Promote all-round upgrade of power generation business**

The Company will actively promote the employment of new facilities, new technologies and new methods, and will fully explore technological projects and achievements in the initial stage of the project, infrastructure and production.

The Company will facilitate the preliminary works for key projects with high quality. The Company will endeavour to accomplish project approval for 3.22 million kW and realise the power generation project for the production of 2.148 million kW.


The Company will implement the new Environmental Protection Law and the State's new requirement on reduction of pollutant emission, as well as the integrated energy saving program in order to make sure the energy saving targets such as coal consumption in power generation can be achieved as scheduled.

### **4. Enhance corporate governance in compliance with law and internal control**

By fully putting the concept of corporate governance in compliance with law into practice at corporate level, the Company will apply the concepts and methods of rule of law to corporate governance to ensure safety in terms of production, operation, politics and image for its corporate system.

The Company will continue to strengthen the effectiveness of internal control, optimise the "Internal Control and Risk Management System" and complimentary measures and promote its internal control development on the basis of internal control evaluation. The Company will enhance the evaluation of risk issues and internal control defects to ensure all of its business operations are in compliance with law and regulations.

## FULFILLMENT OF SOCIAL RESPONSIBILITIES

- 
- ▶ As an energy company that is essential to the national economy and the people's livelihood, we always bear in mind our mission, and combine our own development with social prosperity and ecological civilisation, aiming to become a responsible, strong, and reliable integrated energy company. By running our business operations responsibly, we maintain the ability to generate sustainable profit while fulfilling the needs of social development and advancement, achieving sustainable development for both the Company and the society.

## OUR RESPONSIBILITY

As an energy company that is essential to the national economy and the people's livelihood, we always bear in mind our mission, and combine our own development with social prosperity and ecological civilisation, aiming to become a responsible, strong, and reliable integrated energy company. By running our business operations responsibly, we will strive to meet all social development needs and will achieve sustainable development for both the company and the society, while making profits in a sustainable way.

## ESSENCE OF SOCIAL RESPONSIBILITY

- **Scientific development**

We steadfastly honor our core philosophy of "Value-Oriented and Efficiency-Focused". We will pursue high-quality and rapid development, actively exploring ways to build a sustainable development model that builds Datang Power into a domestically respected and world leading integrated energy company with strong development capacity, profitability and competitiveness. We believe this approach will create even greater economic value for our stakeholders.

- **All-win in harmony**

We adhere to the "practical, dedicated, innovative, progressive" spirit that characterizes Datang Power and we respect business ethics, honesty and trustworthiness, and always serve the local economy. We work tirelessly to maintain social stability and unity, and will continue our track-record of devotion to public welfare. We will also pursue win-win cooperation in our operations and seek positive returns that benefit society.



- **Safe production**

We are building an intrinsically safe enterprise. Our top priority is safety and we secure this by focusing on prevention activities and comprehensively promoting and implementing safety practices. We have strengthened our scientific and safe development philosophy to ensure our long-standing safety record and reputation.

- **Staff growth**

We hold our employees in the highest regard. We respect, trust and care for their well-being. We safeguard their health and security, and offer courses to develop their work skills and to facilitate an environment where they can share in the Company's growth and expansion.

- **Green operations**

We are constructing a "resource-saving and environmentally friendly" company, and we regularly challenge constraints associated with the environment and limited resources. We do this to create new opportunities that will bolster our development. We also make a concerted effort to coordinate our economic efficiency and environmental protection activities.








## SOCIAL RESPONSIBILITY MANAGEMENT

We formulate a social responsibility report as a key step in streamlining our social responsibility management, establish and improve a closed-loop social responsibility management process. Each year we release a social responsibility report to disclose the Company's operations and allow stakeholders to better recognise and understand Datang Power. After the report is released, by means such as public inquiry, media focus analysis, we actively track and understand the stakeholders' comments, suggestions on the disclosed information and their needs. We include these responses in our routine management, improve and optimise the current operating mode, and respond in the following report. This way, we can enhance our management and comprehensive value creation capabilities.

# FULFILLMENT OF SOCIAL RESPONSIBILITIES

## MANAGEMENT OF STAKEHOLDERS

Ensuring the rights of stakeholders to access information, to participate and to supervise is an important means to enhance understanding and mutual trust, and improve business performance. In 2014, we continued to increase our transparency, exchange ideas and experience and collaborate through diversified channels with stakeholders, realising value growth while meeting the expectations of stakeholders.

Stakeholders	Concerns	Communication Methods	Performance Indicators	Examples of Practices
 <b>Government</b>	<ul style="list-style-type: none"> <li>National policies and energy security</li> <li>Power and heat supply</li> <li>Legal compliance</li> <li>Tax</li> <li>Structural optimization</li> <li>Energy conservation and emission reduction</li> <li>Increasing employment</li> <li>Management and technological innovation</li> </ul>	<ul style="list-style-type: none"> <li>Laws, regulations and policies</li> <li>Relevant meetings</li> <li>Work Reports</li> <li>Statistical statements</li> <li>Information submission</li> <li>Senior management meetings</li> </ul>	<ul style="list-style-type: none"> <li>Scale of installed capacity</li> <li>Power generation capacity</li> <li>Total Profit and tax</li> <li>Jobs provided</li> <li>Energy conservation indicators</li> <li>Emissions reduction indicators</li> <li>Proportion of clean and renewable energies</li> <li>Innovation results</li> </ul>	<ul style="list-style-type: none"> <li>On 9 January, we had a meeting with the Large Dam Safety Supervision Center of the National Energy Administration of the PRC</li> <li>On 26 January, we participated in the 12th (Enlarged) Meeting of the 12th Term of Beijing Shi Zong Gong Hui</li> <li>On June 4, we signed an agreement for the Chengdong Cogeneration Project with Qinghai Xining Municipal Government</li> </ul>
 <b>Shareholders</b>	<ul style="list-style-type: none"> <li>Honesty and keeping promises</li> <li>Profit level</li> <li>Standardized operations</li> </ul>	<ul style="list-style-type: none"> <li>Setting laws and policies</li> <li>Company announcements</li> <li>Periodic reports</li> <li>Contracts and agreements</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder dividends</li> <li>Shareholder rights and interests</li> <li>Sales income</li> <li>Company profit</li> </ul>	<ul style="list-style-type: none"> <li>On 24 January, we held the 2014 First Extraordinary General Meeting of shareholders and the 7th meeting of the 8th session of the board of Directors</li> <li>On 26 and 27 March, we held 2013 annual results press conferences in Hong Kong and Shanghai</li> <li>On 12 June, we held 2013 Annual General Meeting of shareholders and the 10th meeting of the 8th session of the board of Directors</li> </ul>
 <b>Staff</b>	<ul style="list-style-type: none"> <li>Democratic rights</li> <li>Health and safety</li> <li>Salary and wellbeing</li> <li>Personal development</li> <li>Education and training</li> </ul>	<ul style="list-style-type: none"> <li>Staff representative's meeting</li> <li>Reasonable suggestions</li> <li>Interview</li> <li>Collective contracts</li> <li>Labor contracts</li> <li>Transparency of company affairs</li> </ul>	<ul style="list-style-type: none"> <li>Work environment</li> <li>Accident rate</li> <li>Labor union membership rate</li> <li>Collective contract coverage ratio</li> <li>Salary levels</li> <li>Investment in staff training</li> <li>Staff turnover rate</li> </ul>	<ul style="list-style-type: none"> <li>On 16 January, we held the 2nd meeting of the 5th employee representative assembly</li> <li>On 27 June, we held the 2013-2014 symposium for personnel taking temporary jobs for field practices</li> <li>On 11 August, the 6th leadership training program for young cadres opened</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>Harmonious community</li> <li>Charity work</li> <li>Safety and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative construction</li> <li>Charitable activities</li> <li>Safety and environmental protection promotion</li> </ul>	<ul style="list-style-type: none"> <li>Investments in community building</li> <li>Investment in public welfare</li> <li>Number of pollution complaints</li> </ul>	<ul style="list-style-type: none"> <li>On 1 June, we organized volunteers to poverty-stricken areas to bring warmth to children in need of special care</li> <li>On 25 July, we held a company open day</li> </ul>
 <b>Client</b>	<ul style="list-style-type: none"> <li>Safe and stable supply</li> <li>Electricity price and heat price</li> </ul>	<ul style="list-style-type: none"> <li>Contracts and agreements</li> <li>Power and heat products</li> <li>Relevant technical services</li> </ul>	<ul style="list-style-type: none"> <li>Client satisfaction level</li> </ul>	<ul style="list-style-type: none"> <li>On 22 May, we participated in FGD coordination meeting of Northern China Branch of State Grid Corporation of China</li> <li>On 20 June, we participated in the Beijing-Tianjin-Tangshan grid 2014 for accommodating summer peaks and the meeting between the grid company and paver generation company</li> <li>On 27 November, we communicated with the head of North China Grid on energy trading, relations between grid and generator, and major electricity supply assurance events</li> </ul>
 <b>Partner</b>	<ul style="list-style-type: none"> <li>Honesty and legal compliance</li> <li>Long-term cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Contracts and agreements</li> <li>Products and services</li> </ul>	<ul style="list-style-type: none"> <li>Honesty level</li> <li>Contract completion rate</li> <li>Period of cooperation</li> <li>Profit</li> </ul>	<ul style="list-style-type: none"> <li>On 3 January, we talked with EDF (China) Investment Co., Ltd. on cooperation</li> <li>On 18 April, we signed a cooperation agreement with Kailuan (Group) Co., Ltd.</li> <li>On 25 April, we signed a strategic cooperation memorandum with Datong Coal Mine Group</li> </ul>
 <b>Social Organization</b>	<ul style="list-style-type: none"> <li>Contributions to the society</li> <li>Influence on sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Activities</li> </ul>	<ul style="list-style-type: none"> <li>Frequency and degree of participation in activities</li> <li>Membership fee amount</li> </ul>	<ul style="list-style-type: none"> <li>On 19 June, we participated in the "Academician Tour" program to Datang High Alumina Coal R&amp;D Center organized by China International Association of Circular Economy</li> <li>We launched an engineering master training program with Zhejiang University, with 117 masters graduated in 2014 from electrical, thermal dynamics and control disciplines</li> </ul>

## LOW-CARBON THERMAL POWER

As “low-carbon and green” becoming the theme of today’s development, we recognize that providing a steady stream of clean energy to communities has become an incumbent duty of power generation companies, and reducing carbon emissions from power generation is a necessary measure to cope with climate change. Promoting low-carbon thermal power is particularly important for Datang Power as thermal power is our core business.

We have continued to optimise the thermal power structure, give priority to the development of high-capacity, high-parameter, low-consumption, low-emission and energy-efficient generating units and cogeneration as well as gas turbine units of high integrated energy efficiency, in an effort to minimize the environmental impact. By the end of 2014, the installed capacity of thermal power reached 34,371 MW.

## CLEAN ENERGY

To achieve sustainable economic and social development, it is necessary to gradually reduce dependence on non-renewable resources. Looking ahead to future, we will constantly optimise the energy structure, and accelerate the development of hydropower, wind power, solar and other renewable energy. By the end of 2014, 23.93% of the Company’s power is generated from clean energy and renewable energy.

## TECHNOLOGICAL INNOVATION

Under the economic new normal, the only way to constantly create value for the society is to make proactive changes and continuous innovations. Through ways such as improving the science and technology management system, setting up research bases and technology associations, increasing input in R&D, and strengthening external cooperation, we continue to enhance the ability of autonomous innovation and value creation, drive business



development by innovation, and achieve maximum economic, social and environmental benefits. By the end of 2014, we had undertaken 6 national “863” programs, 12 national, provincial, or ministerial science and technology programs, won 2 State Scientific and Technological Progress Award, and make 98 industry-level and provincial-level scientific and technological achievements.

## RESOURCE CONSERVATION

We use resources and energy in a responsible way, strengthen energy conservation management, and actively develop and introduce energy-saving technologies and equipment, to recycle slag, fly ash and waste water. In 2014, we completed a number of major renovation projects such as Hebei Wangtan Power Generation Company and Hebei Douhe Power Plant. Unit 2 of Ningde Power Generation Company and Unit 3 of Zhejiang Wushashan Power Generation Company became China Datang Corporation’s benchmark coal-fired units.

## POLLUTION PREVENTION

We strive to integrate pollution prevention and control into the whole process of business operations, and strictly comply with the relevant provisions of the state on pollutant emissions, reduce sulfur dioxide, greenhouse gases and waste water, gases and slag. In 2014, we completed DeNox renovation for 15 units, upgrading of ESPs for 32 units and FGD for 22 units. All 300 MW and larger units have been renovated according to the new environmental regulations, and 26 units have commenced renovation to meet special environmental emission limits, effectively reducing the adverse effects of emissions on the environment.

## ECOLOGICAL PROTECTION

We integrate the ecological civilisation concepts of respecting nature, living in harmony with nature and protecting nature into the production operations, focusing on water and soil conservation and biodiversity at early stage, during construction and operation, striving to build a win-win situation of rational exploitation of resources and ecological environment protection, taking concrete actions to create a livable and beautiful living space, and a beautiful ecological environment.

## EDUCATION ON ENVIRONMENTAL PROTECTION

We strive to improve staff awareness and quality in respect of environmental protection, and establish the concept of electricity conservation, energy conservation and emission reduction, and low carbon. In 2014, we organised trainings on new environmental regulations and policies, conducted “World Environment Day” and other activities, effectively publicising the green philosophy.

## HUMAN RESOURCES OVERVIEW



- ▶ The Company optimised the allocation of human resources; improved the incentive mechanism and consolidated staff training, assuring a solid organisation and supply of high-quality staff.

## 1. COMPOSITION OF EMPLOYEES (SPECIALITY, EDUCATIONAL BACKGROUND)

Total number of employees: 25,019.

By category: Corporate management: 6,073; professional technicians: 3,911; production personnel: 13,652; logistic staff: 1,383.

By educational background: Postgraduate and above: 785; Undergraduate: 11,857; College graduate: 7,305; Secondary technical school or below: 5,072.

## 2. MANAGEMENT

In 2014, the Company's human resources department upheld the philosophy of "Value-Oriented and Efficiency-Focused", and focused on the Company's core tasks by strengthening the construction of management team, optimising management structure and innovating management model. With stringent labour and determination, the Company regulated remuneration management, enhanced remuneration incentives and consolidated vocational training to enhance staff's quality. The Company rectified issues identified during audit and successfully attained the yearly missions and goals.



## 3. TRAINING

The Company vigorously implemented a strategy which focuses on talent development to ensure that the business continues to thrive with the establishment of three teams of talented staff. It employed training as an important tool to improve the overall quality of employees, enhance corporate cohesion and shape an excellent corporate culture. By taking a number of initiatives such as the compilation and the implementation of third-tier training programmes, the development of well-targeted professional training and the establishment of a platform to attract a pool of talented staff, and by adopting a number of supporting measures such as the establishment of an ongoing training mechanism, the constant reinforcement of the training infrastructure and the increased commitment to training, the Company pushed forward the development of its vocational training programmes in a comprehensive and vigorous manner. These initiatives have helped to secure a talent pool for the Company. In 2014, the Company's training courses were cumulatively attended by 322,098 man-times, of which 214,177 were in relation to position adaption, 26,636 on professional qualification, 32,472 on technical grading, 6,306 on continuous education and 42,507 on other training. A total of 2,548 employees of the Company passed professional and technical qualification assessments during the year, of whom 161 received senior titles; 620 received intermediate titles; and 1,767 received junior titles. 116 people obtained technician qualification through the Company's system in 2014 and total accumulated number reaching 1,482, of whom 15 acquired senior technician qualifications while total accumulated number reaching 251.

# HUMAN RESOURCES OVERVIEW

## 4. IMPLEMENTING MEASURES

- (1) Enhanced the construction of management team and continuously improved the quality of management team. Talented management would be promoted while quality staff would be assigned to teams at all level; optimised routine management and supervision, and kept on enhancing the management standard of cadre; strengthened training for leaders to enhance their performance and capabilities; escalated efforts on nurturing young management and improved the quality of reserve management team.
- (2) Optimised the three-tier system, enhanced personnel deployment and regulated labour management; Optimised the Company's three-tier management system and increased operating efficiency of the organisation; strengthened labour number adjustment and optimised human resources deployment; rationalised talent promotion path and regulated management of dispatched labour.
- (3) Regulated remuneration management and continuously strengthened remuneration incentive functions; increased the application of performance appraisal results and enhanced remuneration incentive mechanism; optimised system and structure to further build up regulated management; proactively fostered optimised management.
- (4) Optimised training mechanism, enhanced talent structure and increased talents' efficiency; rationally formulated training programme and commenced vocational training; promoted on skill competitiveness to facilitate the development and emergence of skilled talents; attached importance on vocational skills evaluation and enhanced the quality of evaluation; underwent construction of hardware and software, and strengthened education and training in support of the system; commenced talent appraisal to foster the Company's talent bank development.
- (5) Standardised fundamental management of human resources and enhanced work efficiency; improved and optimised system, and established a comprehensive human resources system and structure for the Company; strengthened the construction of human resources information system to ensure the completeness, accuracy and timeliness of information; enhanced file management of leaders; explored and established the management standards and evaluation mechanism of fundamental work.



## 5. ACHIEVEMENTS AND AWARDS

TITLE OF OUTSTANDING INDIVIDUAL		GRANTED BY
Technical Expert of Central Enterprise	10	State-owned Assets Supervision and Administration Commission
Technical Expert in China Power Industry	2	China Electricity Council
Outstanding Technical Expert in China Power Industry	5	China Electricity Council
Top Twenty Outstanding Talents of the Corporation	5	China Datang Corporation
"112 Talent" of the Corporation	763	China Datang Corporation
Technical Expert of the Corporation	19	China Datang Corporation
Outstanding Technical Contestants of the Corporation	42	China Datang Corporation



## 6. BOARD, SUPERVISORY COMMITTEE AND SENIOR MANAGEMENT OVERVIEW (AS AT THE DATE OF THIS REPORT)



**Chen Jinhang**

*Chairman and Non-executive Director*

Aged 59, is a professor-grade senior engineer with postgraduate qualifications. Mr. Chen is currently Chairman and Party Committee Secretary of China Datang Corporation ("CDC"). He started to work at First Power Plant in Heze, Shandong, in December 1972, and has successively served as Director and General Manager of Shandong Electric Power Group Corporation, Party Secretary and General Manager of Shanxi Electric Power Corporation, Party Committee Member and Deputy General Manager of State Grid Corporation of China as well as Director, General Manager and Party Committee Member of CDC. He took up the current position since April 2013. Mr. Chen has long been engaged in electricity production and business management, and has extensive knowledge and practical experience in electricity production and business management.



**Hu Shengmu**

*Non-executive Director*

Aged 54, university graduate, is a senior accountant. He is currently the Party Committee Member and Chief Accountant of CDC. Mr. Hu worked in Beijing Power Supply Bureau in 1981 and had since been the Deputy Head and the Deputy Manager of the Finance Department of the North China Power Administration Bureau (NCPGC), the Chief Accountant (Financial Manager) of the Company, the Chief Accountant of NCPGC, and Chief Accountant of CDC. He was appointed the current position in August 2004. Mr. Hu has long been involved in financial management of power system. He is knowledgeable in financial management and has extensive experience in financial practices.



**Wu Jing**

*Vice-Chairman, Executive Director, President of the Company*

Aged 58, is a professor-grade senior engineer who holds a post-graduate degree. He is currently President, deputy Party Committee Secretary and Vice-Chairman of the Company. He served as the Deputy Chief of the maintenance division, Deputy Chief of biological technology division, Assistant to General Engineer, Deputy General Engineer and Deputy Chief of Han Cheng Power Plant; Deputy Chief and Chief of Weihe Power Plant; Deputy Chief of Weihe Power Generation Company Limited and Chief of Weihe Power Plant; Party Committee Member and Vice President of Xinjiang Electric Power Corporation; Party Committee Member and Deputy General Manager of Shaanxi Electric Power Corporation; the Chief of the Development and Planning Department, Deputy Chief Economist and the Chief of the Development and Planning Department, and Chief Economist of CDC. Mr. Wu has long been involved in power generation and economic management, and has extensive experience in management of power generation.

# HUMAN RESOURCES OVERVIEW

**Liang Yongpan**

*Non-executive Director*

Aged 49, university graduate, is a senior engineer. Mr. Liang served as the Deputy Division Head and Deputy Plant Head (Production) of the Production Division of Lanzhou No. 2 Thermal Power Factory, General Manager of Lanzhou Xigu Thermal Power Co. Ltd., Member of Party Committee, Vice General Manager and Chairman of the Labour Union of Gansu branch of CDC and Datang Gansu Power Generation Co., Ltd., Deputy Head of Planning, Investment and Financing Department of CDC, as well as the Secretary of Party Committee and General Manager of Datang Gansu Power Generation Co., Ltd. Since May 2014, he served as the Head of Planning and Marketing Department of CDC. Mr. Liang has long been involved in the production, operation and management work of power generation enterprises. Mr. Liang has extensive experience in production, operation and management of power generation companies.

**Zhou Gang**

*Executive Director, Vice President of the Company and Secretary to the Board of the Company*

Aged 51, master, is a senior engineer. He is currently the Party Committee Member, Vice President of the Company and Secretary to the Board of the Company. Mr. Zhou started his career in 1985 in Fu Chun Jiang Hydropower Plant of East China Electricity Administrative Bureau. Mr. Zhou later worked for China National Water Resources & Electric Power Materials & Equipment Co., Ltd. as Deputy Manager of the Information Department, Deputy Director and then Director of the General Manager's Office, Deputy General Engineer and Deputy General Manager; Deputy General Manager of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. and General Manager of its Shanghai company as well as Deputy Director of the International Cooperation Division of the General Manager's Office of CDC. Mr. Zhou took up the current position since June 2007. Mr. Zhou has extensive experience in international cooperation, power resources management and power generation enterprise operation and management.

**Cao Xin***Non-executive Director*

Aged 43, is a doctoral candidate at Renmin University of China with a major in national economics, and is a principal senior economist. Mr. Cao started to work at Hebei Construction Investment Company in July 1992, and has successively served as project manager and assistant to manager of the industrial branch office of Hebei Construction Investment Company, Assistant to Manager and deputy manager of the asset management branch company of Hebei Construction Investment Company, manager of public utilities second department of Hebei Construction Investment Company cum General Manager of Hebei Construction Investment New Energy Co., Ltd., Assistant to General Manager of Hebei Construction Investment Company cum Secretary of Party Committee of Hebei Construction Investment New Energy Co., Ltd., a standing member of the Party Committee of Hebei Construction Investment Company and Secretary of Party Committee and President of China Suntien Green Energy Corporation Ltd., Secretary of Party Committee and General Manager of Hebei Construction Investment New Energy Co., Ltd., member of the standing committee of Party Committee of Hebei Construction & Investment Group Co., Ltd. and the Chairman of China Suntien Green Energy Corporation Ltd. He has been serving as member of the standing committee of Party Committee and Vice General Manager of Hebei Construction & Investment Group Co., Ltd. as well as the Chairman of China Suntien Green Energy Corporation and Chairman of Hebei Financing and Investment Holding Group Limited since January 2015. Mr. Cao has long been engaged in the management of energy projects and has extensive knowledge and practical experience in energy production and business management.

**Cai Shuwen***Non-executive Director*

Aged 52, is a doctoral candidate at Nankai University with a major in global economy, and is a senior engineer. Mr. Cai started to work at a machinery factory in Huiyang, Baoding, in August 1984 and has successively served as Director and Manager of Zhuhai Jintong Plastics Co. Ltd., Associate of Energy Project Office, Energy and Transport Project Division and Energy Branch Company of Hebei Construction Investment Company, Deputy General Manager of Hebei Hanfeng Power Generation Co., Ltd., Deputy General Manager of Energy Business Second Department of Hebei Construction Investment Company cum Deputy General Manager and Manager of Hebei Hanfeng Power Generation Co., Ltd., Manager of Energy Business Department of Hebei Construction Investment Company and Chief of Infrastructure Management Department of Hebei Construction & Investment Group Co., Ltd. Since July 2013, he has been serving as General Manager and director of Hebei Construction Investment Energy Investment Co., Ltd. Mr. Cai has long been engaged in electricity production, technology and business management, and has extensive knowledge and practical experience in electricity production and business management.

## HUMAN RESOURCES OVERVIEW



**Liu Haixia**

*Non-executive Director*

Aged 53, graduated from North China Power College majoring in power plant thermal energy. He subsequently pursued a postgraduate degree in Business Administration at the Renmin University of China. He is a senior engineer and Vice President of Beijing Energy Investment Holding Company Limited. Mr. Liu joined Beijing Electric Power Company in 1983 and since then took up positions of Technician, Engineer and Assistant to Manager and Deputy Manager. He has been Assistant to President of Beijing International Power Development and Investment Company since 1998. He has been Assistant to President of Beijing Energy Investment (Group) Company Limited since December 2004. He has been Vice President of Beijing Energy Investment (Group) Company Limited since May 2009. With his long-standing involvement in corporate management and planning management of power companies, Mr. Liu has acquired extensive experience in corporate management and industrial planning and investment.



**Guan Tiangang**

*Non-executive Director*

Aged 47, graduated from North China Power College majoring in thermal dynamics and received a master degree in Finance from the Renmin University of China. She is a senior engineer and currently the Chief Engineer of Beijing Energy Investment (Group) Company Limited. She started her career in 1990, and had worked as a teacher in Shijingshan Thermal Power Plant Education Centre and as Project Manager of the Investment Department of Beijing International Power Development and Investment Company. She then became the Deputy Manager of the Power Investment and Management Department of Beijing International Power Development and Investment Company and Manager of the Power Generation and Operation Department of Beijing International Power Development and Investment Company. She has become the Manager of the Power Generation and Operation Department of Beijing Energy Investment (Group) Company since December 2004. Since January 2007, she has become the Vice President and the Secretary to the Board of Directors of Beijing Jingneng International Energy Company Limited. She has been the Chief Engineer of Beijing Energy Investment (Group) Company Limited since May 2009. Ms. Guan has long been engaged in the work of power investment operation, and has extensive experience in power investment and finance planning and management.



### **Yang Wenchun**

*Non-executive Director*

Aged 49, a senior engineer who holds a bachelor's degree majoring in automatic control at Harbin Engineering University and a master's degree majoring in business administration at Tianjin University. He is currently the Manager of integrated planning department of Tianjin Energy Investment Group Limited. Mr. Yang served as an engineer of maintenance workshop, Director of operation workshop, Assistant to General Engineer of expansion department of Tianjin Yangliuqing Thermal Power Plant, Head of Power Generation Department of Huaneng Yangliuqing Thermal Power Plant, Assistant to President, Assistant to President and General Manager of the industrial company, Assistant to President as well as Head and Deputy General Manager of Production Safety and Technology Department of Huaneng Yangliuqing Thermal Power Co., Ltd., Assistant to President and Manager of asset management department and Assistant to President of Tianjin Jineng Investment Company. He served as the Manager of integrated planning department of Tianjin Energy Investment Group Limited since November 2013. Mr. Yang has long been involved in production, operation, management and administrative work of power generation enterprises. He has extensive experience in production, operation and management of power generation companies.



### **Dong Heyi**

*Independent Non-executive Director*

Aged 63, graduated with a bachelor's degree majoring in mechanical manufacturing technology and equipment from the Department of Mechanical Engineering of Northeastern University. Mr. Dong currently serves as Vice President and Secretary General of China National Association of Engineering Consultants. He commenced career in 1982 and has successively worked in the office of the State Economic and Trade Commission, State Planning Commission and National Development and Reform Commission as Chief of the Secretariat, Deputy Director of Office and Inspector. Mr. Dong has long been engaged in national macroeconomic research and management, and has extensive experience in economic management.



### **Ye Yansheng**

*Independent Non-executive Director*

Aged 63, is a senior economist with postgraduate qualifications. He commenced career in 1970 and has successively served as Deputy General Manager of the Personnel Department, Secretary of Commission for Discipline Inspection and Deputy General Manager of Shandong Electric Power Corporation, as well as Deputy General Manager of North China Power Grid Co., Ltd. and the Party Committee Secretary, Vice President and Vice Editor of State Grid News, the Chairman of labour union (bureau level) of Huabei Dianweiwang Co., Ltd., and the Principal Bureau-level Researcher of North China Power Grid Co., Ltd. Mr. Ye has long been engaged in the management power enterprises and has extensive experience in the management of power enterprises.

# HUMAN RESOURCES OVERVIEW

**Zhao Jie**

*Independent Non-executive Director*

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Aged 58, is currently Deputy General Manager of China Energy Construction Group Corporation. Ms. Zhao joined the North China Electric Power Design Institute after graduating with a bachelor's degree from the Department of Electrical Engineering of Tsinghua University Branch Campus in 1983, and has previously served as Deputy Head, Deputy Chief Design Engineer, Deputy Director, Project Manager, Deputy Chief Engineer and Deputy Dean. Ms. Zhao served as Deputy Dean of the Electric Power Planning and Design Institute in 1998, General Manager of China Power Engineering Consulting Corporation in 1999, and Deputy General Manager of China Power Engineering Consulting Group Corporation in 2003 and Deputy General Manager of China Energy Construction Group Corporation and Dean of its Electric Power Planning and Design Institute. Ms. Zhao has long been engaged in electric power design and planning, with extensive experience in electric power design and planning.

**Jiang Guohua**

*Independent Non-executive Director*

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Aged 43, graduated from University of California, Berkeley, with a doctorate degree in accountancy, is currently Professor of Accountancy of the Guanghua School of Management at Peking University, as well as a doctoral supervisor. Dr. Jiang is the Executive Director of the Sixth and Seventh Session of Branch of Financial cost of Accounting Society of China, and Committee Member of Education Committee of Accounting Society of China, as well as an Independent Director of Lushang Property Company Limited (Stock Code 600223). Dr. Jiang has long engaged in theoretical and practice researches in the field of accountancy, and analysis of issues regarding investor protection, corporate governance and the regulation of the stock market.

**Feng Genfu***Independent Non-executive Director*

Aged 57, a professor and a doctoral supervisor who holds a doctorate degree in Economics. He served as the Dean, a doctoral supervisor and a professor of the School of Finance and Economics of the School of Finance and Economics of Xi'an Jiaotong University since May 2000. Dr. Feng served as the Director and Chief Editor of the editorial department of university journal, and a Dean, a professor and a doctoral supervisor of the Business School of Shaanxi Institute of Finance and Economics. Dr. Feng is currently an Independent Director of Shaanxi Fenghuo Electronics Co., Ltd. (Stock Code 000561), the Executive Vice President of China Industry Economic Research Institute and the Executive Director of Chinese Institute of Business Administration. Dr. Feng has long been involved in education and administration management of Economics and Finance. He has extensive experience in Economics and Finance.

**Yu Meiping***Chairman of the Supervisory Committee*

Aged 52, started to work in September 1984. With a bachelor degree, she is a senior economist as well as a senior political officer, and currently a Party Committee Member and Leader of the discipline inspection team of the Company. Ms. Yu started to work in the economic committee of Xi'an Municipal Government in 1984, and has served as a cadre in the economic research centre of Xi'an Municipal Government, the Principal Staff Member of the first supervision bureau of the State's Ministry of Supervision, the Deputy Director of the fourth unit of the first discipline and inspection office and the Director of the corporate guidance division of the first discipline, inspection and supervision office of the Central Commission for Discipline Inspection, the Deputy Chief of the corporate supervision bureau of the CDC and Deputy Director (Person-in-Charge) of the department of corporate supervision (office of discipline and inspection division of the Party Committee) of CDC, as well as Chairperson of the Labour Union. Ms. Yu has long been engaged in roles in relation to discipline, inspection and supervision, and has extensive experience in discipline, inspection, supervision and corporate supervision and management.

## HUMAN RESOURCES OVERVIEW



### **Zhang Xiaoxu**

*Vice Chairman of the Supervisory Committee*

Aged 51, is a senior accountant with a bachelor degree, graduated from Central Party Correspondence School with bachelor of Economics and Management. He also obtained diploma of industrial accounting from Liaoning Radio And TV University. Mr. Zhang is currently Manager of Financial Department of Tianjin Jinneng Investment Company. Mr. Zhang commenced career in Liaoning Fushun First Construction Company in 1982. He served as Accountant in Liaoning Fushun First Construction Company, Accountant and Chief Accountant of Liaoning Power Plant; and Deputy Head and Head of Finance Department, Deputy Chief Accountant, Chief Accountant of Liaoning Nenggong Power Generation Co., Ltd., and Manager of Financial Department of Tianjin Jinneng Investment Company. He became the Manager of the settlement center of Tianjin Energy Investment Group Co., Ltd. since December 2013. Mr. Zhang has long been engaged in financial management and has extensive practical working experience.



### **Li Baoqing**

*Member of the Supervisory Committee*

Aged 49, is a graduate of public finance studies from the Research Institute for Fiscal Science of the Ministry of Finance, a doctoral candidate, and a senior accountant. Mr. Li started to work at the North China power grid system in 1987, and has successively served as the Deputy Manager cum chief engineer of the Fourth Company of Beijing Coal-fired Power Generation Construction Company, the Deputy Director and Director of the funding division, finance department of North China Power Group Company, the Deputy Director (Person-in-Charge) and Director of the funding and property rights division, finance department of CDC, Deputy General Manager of China Datang Finance Co., Ltd. and Director of the financial management department of CDC cum general manager and Deputy Party Committee Secretary of China Datang Finance Co., Ltd., and the General Manager of China Datang Corporation Capital Holding Co., Ltd. He became the director of human resources department of CDC since May 2014. Mr. Li has long been engaged in financial and operation management for power generation companies and has extensive management experience in financial and power generation companies.





### **Guo Hong**

*Member of the Supervisory Committee*

Aged 46, graduated from Tsinghua University majoring in business administration. With a post-graduate master degree, she is a senior economist, and currently an officer of the human resources department of the Company. Ms. Guo Hong started her career in China National Water Resources & Electric Power Materials & Equipment Co., Ltd. in 1991, and has served as Deputy Manager of the development department, Deputy Officer and then officer of the human resources department, Deputy Chief economist of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. and concurrently as the Manager of the Import and Export Company of China National Water Resources & Electric Power Materials & Equipment Co., Ltd. From May 2007, she acted as the department head of the senior management personnel management office of the human resources department of CDC, and has been an officer of the human resources department of the Company since March 2014. Ms. Guo Hong is familiar with the development and management of human resources in power generation companies and has extensive experience in human resources management in power generation companies.



### **Wang Guoping**

*Vice President of the Company*

Aged 58, a postgraduate, a senior accountant and currently the Party Secretary and Deputy General Manager of the Company. Mr. Wang once served as Deputy Section Chief of the Finance Office of Electric Power Bureau of Hunan Province; Deputy Chief of Hunan Yiyang Electric Power Bureau; Deputy Director of the Finance Office and Audit Office, Director of the Finance Office and Deputy Chief Accountant of Electric Power Bureau of Hunan Province; Deputy Supervisor of the Audit Department of State Power Corporation of China; Supervisor of the Audit Department, Deputy Chief Auditor cum Supervisor of the Audit Department as well as Chief Auditor cum Supervisor of the Audit Department of CDC. Mr. Wang has long been engaged in the financial management and auditing for power companies, and has extensive experience in financial management and auditing.



### **Jian Yingjun**

*Vice President of the Company*

Aged 51, a senior engineer with university education and currently a member of the Party Committee and Deputy General Manager of the Company. He served as the Chief Engineer of Jilin Thermoelectricity Plant, Deputy General Manager and General Manager of Huichun Power Generation Co., Ltd., Party Member and Deputy General Manager of Anhui branch of CDC and Anhui Electric Power Corporation Ltd., General Manager of Anhui Electric Power Corporation Ltd. Secretary of Party Committee and General Manager of Datang Jilin Power Generation Company Limited as well as the Director of Fuel Management Department of CDC. Mr. Jian has long been involved in the production, operation and management work of power generation enterprises, and has extensive experience in production, operation and management.

## HUMAN RESOURCES OVERVIEW



### **Fu Guoqiang**

*Vice President of the Company*

Aged 51, university graduate, is a senior accountant and a Certified Public Accountant. He is currently a member of the Party Committee and Deputy General Manager of the Company. He was previously Head of the Finance and Assets Management Department of Hebei Power Company Manager of the Finance Department of North China Power Generation Corporation and Head of the Finance and Assets Management Department of CDC. He has been Deputy General Manager since August 2011. Mr. Fu has long been engaged in finance management in power system and has extensive practical experience in operation and management.



### **Wei Yuan**

*Vice President of the Company*

Aged 59 and obtained a university degree. He is a senior economist and is now a Party Committee Member and the Vice President of the Company. Mr. Wei started his career in 1970. He has served as Deputy General Manager and General Manager of Tangshan Power Plant; Party Secretary of Dou He Power Plant; General Manager of Qinhuangdao Thermal Power Plant; Deputy Chief Economist and Manager of Planning and Development Department of Beijing Datang Power Generation Co., Ltd.; Party Committee Member and Deputy General Manager of Datang International Power Generation Co., Ltd.; General Manager and Deputy Party Secretary of Hunan Branch of CDC and Hunan Huayin Electric Power Company Limited. Mr. Wei has long been involved in production and operation management as well as administrative management of power generation enterprises. He also has extensive experience in operation of power generation.



### **Fu Dong**

*Vice President of the Company*

Aged 47 with a bachelor degree. He is a senior engineer and is now a Party Committee Member, the Vice President of the Company and the Chairperson of the Labour Union. Mr. Fu started his career in Xia Hua Yuan Power Plant in 1989 and served as Chief Engineer there; Deputy General Manager and Chief Engineer of Panshan Power Generation Company; General Manager of Ningde Power Generation Company; General Manager and Deputy Party Committee Secretary of Datang Fujian branch company; Deputy Director of Planning and Development Department of CDC; the Deputy General Manager (person-in-charge) and Vice Secretary of the Party Committee of the Henan branch of CDC and Party Committee Secretary and General Manager of Henan Branch of CDC. Mr. Fu is knowledgeable in operation management of power plants production. He also has extensive experience in corporate production and management.

**Meng Fankui***Vice President of the Company*

Aged 51, a senior engineer who holds a post-graduate degree and currently a member of the Party Committee and Deputy General Manager of the Company. He served as the Deputy Chief of Zhangjiakou Power Plant, Chief of Xia Hua Yuan Power Plant, Chief of Zhangjiakou Power Plant, General Manager and Deputy Party Secretary of Inner Mongolia Branch Company of Datang and General Manager of Tuoketuo Power Generation Company. He served as the Deputy Party Secretary (responsible for leading the work of party group) and Deputy General Manager of Datang Hebei Power Generation Co., Ltd. Mr. Meng has long been involved in production, operation, management and administrative work of power generation enterprises. He has extensive experience in production, operation and management of power generation companies.

**Liu Quancheng***Chief Accountant of the Company*

Aged 51, a senior accountant with university education and currently a member of the Party Committee and Chief Accountant of the Company. He served as the Chief Accountant of Xinxiang Thermal Power Plant, Chief Accountant of Luoyang Shouyangshan Power Plant, Director and Deputy Chief of Supervision and Audit Department, Deputy Chief Accountant and Director and then Chief Accountant of Finance and Property Right Management Department of Henan branch of CDC. He served as the Deputy Director of Financial Management Department of CDC. He now serves as a Director of Guangxi Guiguan Electric Power Co., Ltd. (Stock Code: 600236). Mr. Liu has long been involved in the financial management work of power generation enterprises, and has extensive experience in financial management.

# HUMAN RESOURCES OVERVIEW

## 7. RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- (1) Due to work adjustment or expiration of term of office, as considered and approved by general meeting of the Company, Mr. Fang Qinghai, Mr. Li Gengsheng and Mr. Li Hengyuan resigned respectively in 2014.
- (2) Due to work adjustment, and as considered and approved by the staff representative meeting of the Company, staff's representative supervisor Mr. Guan Zhenquan resigned in 2014.
- (3) Due to work adjustment, as considered and agreed by the Board, Vice President of the Company Mr. Wang Zhenbiao resigned on 12 January 2015.
- (4) Due to work adjustment, chief financial officer of the Company Mr. Wang Xianzhou resigned on 12 January 2015.
- (5) Biography of abovementioned Directors, supervisors and senior management resigned are as follows:

Fang Qinghai: Aged 60, post-graduate, is a senior engineer and has been the non-executive director of the Company. Mr. Fang ceased to be the Non-executive Director of the Company on 30 October 2014 due to work adjustment. Mr. Fang has been involved in the power system for many years and is well experienced in power generation and operation.

Li Gengsheng: Aged 54, a Ph. D. holder and enjoys special government allowances, a professor-grade senior engineer. He has been the Non-executive Director of the Company. Mr. Li ceased to be the Non-executive Director of the Company on 27 August 2014 due to work adjustment. Mr. Li has been engaged in power corporate management and corporate investment for a long time, and has rich experience in corporate management and investment.

Li Hengyuan: Aged 71, a senior engineer and has been the Independent Non-executive Director of the Company. Mr. Li ceased to be the Independent Non-executive Director of the Company on 27 August 2014 due to the expiry of his term. Mr. Li has long been engaged in environmental protection studies including environment capacity and pollution prevention. He has extensive academic knowledge and years of practical experience in environmental protection.

Guan Zhenquan: Aged 50, graduated from university, is a senior economist and has been the head of human resources department and a supervisor of the Company. Mr. Guan ceased to be the staff's representative supervisor of the Company since 3 April 2014 due to work adjustment. Mr. Guan is familiar with the development and management of human resources in power generation companies and has extensive experience in human resources management in power generation companies.

Wang Zhenbiao: Aged 50, is a senior engineer with a post-graduate degree. He has been the Vice President of the Company. Mr. Wang ceased to be the Vice President of the Company since 12 January 2015 due to work adjustment. Mr. Wang has extensive working experience and is familiar with the management of power system infrastructure construction as well as the management of production and technology.

Wang Xianzhou: Aged 60, university graduate. He is a senior accountant and has been the Chief Financial Controller of the Company. Mr. Wang ceased to be the Chief Financial Controller of the Company since 12 January 2015 due to work adjustment and retired. Mr. Wang has acquired extensive experience in the financial management of power companies from his longstanding focus in this area.

The resignations of the abovementioned Directors, supervisors and senior management all complied with relevant procedures and regulations of the Stock Exchange.

# MANAGEMENT OF INVESTOR RELATIONS

The philosophy of Datang Power's investor relations practice hinges on integrity as the basis and communication as the means. In order to maintain smooth communication with investors, a special office has been set up and specialised personnel have been assigned to be responsible for the management of investor relations work, and various channels have been set up to enable investors to establish contact with the Company. During 2014, the Company conducted active and sincere communication with investors at large and analysts by various channels including results presentations, domestic and overseas roadshows, reverse roadshows, investor forums, company visits and telephone conferences as well as through answering enquiry phone calls and replying to emails, of which, the Company met 477 analysts and fund managers through results presentations, domestic, overseas roadshows and reverse roadshows, 198 analysts and fund managers at investor forums, and 335 analysts and fund managers through company visits and telephone conferences.

## MAJOR INVESTOR RELATIONS ACTIVITIES CONDUCTED IN 2014

Month	Information on Investor Relations Activities	Speaker at the Conference	No. of One-on-one Meeting	No. of People Met
January	Deutsche Bank Access China Conference	No	6	25
	14th UBS Greater China Conference	No	8	21
	Reverse Roadshow for Keqi and Duolun Projects	Yes	–	16
March	Annual Results Presentation	Yes	–	117
	Annual Results Domestic Roadshow	No	7	23
	Annual Results Hong Kong Roadshow	No	11	20
April	Company's First Quarter Results Telephone Conference	No	–	57
May	CLSA Investors Conference	No	11	13
	SWS Investors Annual Conference	No	6	11
	Macquarie Information Session for Listed Companies	No	7	12
	5th Morgan Stanley China Industries Summit	No	9	13
June	JP Morgan China Investors Forum	No	11	21
	Bank of China International Investors Conference	No	9	12
August	Company's Interim Results Domestic Presentation	Yes	–	33
	Company's Interim Results Overseas Presentation	Yes	–	115
September	Nomura China Investment Forum	No	10	12
	UBS "Shanghai-Hong Kong Stock Connect" Strategic Conference	No	6	15
October	Third Quarter Report Telephone Conference	Yes	–	96
November	Bank of America Merrill Lynch China Investment Summit	No	13	23
December	Haitong Securities Annual Strategic Conference	No	6	9
	China Merchants Securities Annual Strategic Conference	No	7	11

# INVESTOR Q&A

## 1. WHAT IS THE COMPANY'S VIEW ON THE TRENDS OF NATIONWIDE POWER SUPPLY AND DEMAND IN 2015?

The year 2015 will be a crucial year for intensified and comprehensive reforms. As pointed out by the Central Economic Work Conference, the general trend is to make progress amidst stability in 2015. According to the forecasts by the China Electricity Council, GDP is expected to grow by approximately 7.0% in 2015, lower than the rate of growth in 2014. The power consumption across the country will grow by 4% to 5%, which is 2 percentage points higher than last year. The total installed power capacity in the country is estimated to reach 1,460 million kWh at the end of 2015, representing an approximately 7.5% year-on-year growth while annual utilisation hours of power generation facilities is estimated at approximately 4,130 hours, with utilisation hours of coal-fired power generation facilities reaching approximately 4,650 hours, possibly hitting a new low in the future. It is expected that the balance in the overall electricity supply and demand across the country will continue in 2015, with greater electricity surplus in the north eastern and north western regions, and balance between supply and demand found in eastern, central and southern regions. There will be electricity surplus in some of the provinces in every region in 2015, and the supply and demand will generally be balanced in the northern region, while certain regions may experience shortage in supply.



## 2. WHAT ARE THE COMPANY'S TOTAL UTILISATION HOURS IN RELATION TO ALL FUEL TYPES IN 2014?

The total average utilisation hours were 4,701 hours in 2014, dropping 281 hours year-on-year. Amongst which, utilisation hours in relation to coal-fired power, hydropower, wind power and photovoltaic power projects reached 5,046 hours, 3,427 hours, 2,000 hours and 1,672 hours respectively, representing a decrease of 358 hours, an increase of 297 hours, a decrease of 218 hours and an increase of 38 hours year-on-year respectively.

## 3. WHAT PROGRESS DID THE COMPANY MAKE IN OBTAINING APPROVAL FOR ITS PROJECTS IN 2014?

During 2014, 7 power generation projects of the Company were officially approved with a total capacity of 2,796 MW.

Including,

- 1) Coal-fired power projects: Hebei Wei County power plant 2 × 600 MW project, Inner Mongolia Autonomous Region Tuoketuo power plant phase V 2 × 660 MW project;
- 2) Wind power projects: Ningxia Hui Autonomous Region Hongsibao phase one 100 MW project, Liaoning Datang International Changtu Sanshengtun 50 MW project, Liaoning Datang International Fuxin Sifangmiao 50 MW project, Jiangxi Datang International Xunwu Luanluozhang 66 MW project;
- 3) Hydropower capacity expansion project: Chongqing Haokou Hydropower 10 MW capacity expansion project.

In addition, Gaungdong Leizhou 2 × 1,000 MW power project was officially approved in January 2015.

## 4. WHAT ARE THE COMPANY'S CAPITAL EXPENDITURE PLANS AND STRUCTURES FOR 2014 AND 2015?

The capital expenditure on a consolidated basis actually incurred in 2014 was approximately RMB24,815 million, and the capital expenditure on a consolidated basis to be incurred in 2015 is expected to be approximately RMB17,733 million. Details of the structure are set out in the table below.

Table showing the percentages of capital expenditure of the Company by business sector for 2014-2015

Investment Sector	Proportion in 2014	Proportion in 2015
Company's total (on a consolidated basis)	100%	100%
Coal-fired	19.65%	52.12%
Hydropower	33.62%	37.89%
Wind power and photovoltaic power	6.79%	8.99%
Coal	3.16%	0
Coal-to-chemical	28.94%	0
Others	7.84%	0.99%

## 5. WHAT ARE THE COMPANY'S ACHIEVEMENTS IN THE PAST TWENTY YEARS OF DEVELOPMENT?

December 2014 marked the twentieth year of the Company's development. Looking back, the Company has achieved outstanding results in the past twenty years.

- 1) Regional layout: The Company successfully implemented the strategy of "constructing power source projects outside North China, in West China and towards coastal areas"; and currently operates subsidiaries and projects under construction in 18 provinces and cities in the country. Its installed capacity grew by 13.6 times, and has obtained approval for power projects with an aggregate capacity of 46.37 million kWh. In addition, the Company has a total reserved power capacity of over 65.00 million kWh.
- 2) Power generation structure: In 2014, renewable energy resources including hydropower, wind power and photovoltaic power accounted for 16.9% of the Company's total power capacity. Meanwhile, 64.35% of the Company's coal-fired thermal power units has a capacity of over 600,000 kWh, and the total capacity of heating generating units increased by 14.7 times. The Company owns 24 thermal power units that were awarded National Reliable Power Generation Units — Gold Medal, represented 12.8% of the total number of awards received across the country.
- 3) Profitability: The total assets of Datang Power grew by 42 times during the past 20 years. The Company generated profit of over RMB73.0 billion in total.
- 4) Energy conservation and emission reduction: The Company aims at becoming an environmentally friendly enterprise which focuses on conservation of resources. As of today, the denitrification equipment rate for units operating on-grid has reached 100%.
- 5) Technological innovation: The Company conducted 6 projects under the National "863" Projects, and 12 projects under the national, ministerial and provincial scientific and technological support projects. It received 2 National Scientific and Technological Progress Award, 98 Industrial, Ministerial and Provincial Scientific and Technological Progress Award and was granted 352 patents.
- 6) Quality of team: In the past 20 years, the proportion of staff with a bachelor's degree or higher increased by 45.1 percentage and the proportion of staff with intermediate or senior professional titles increased by 14.7 percentage. Employees who are above technician title increased by 6.5 times and we employed 278 technical talents who worked in national electricity enterprises or state-owned enterprises, which provided strong backup to the Company.

# CORPORATE GOVERNANCE REPORT

The Company was incorporated in December 1994. Its H shares were listed in both Hong Kong and London in March 1997, while its A shares were listed on the Shanghai Stock Exchange in December 2006. Since its incorporation, the Company has established a standardised and sound corporate governance structure under the “Company Law,” “Securities Law” and the “Articles of Association” of the Company. General meeting is the highest authority of the Company; the Board is the business decision-making body of the Company; and the Supervisory Committee is the supervisory body of the Company. The Board and the Supervisory Committee are accountable to general meetings and execute the resolutions made at general meetings. The management is specifically responsible for conducting day-to-day production and business activities of the Company, and implementing the decision schemes of the Board. Over the years, the general meetings, the Board, the Supervisory Committee and the management have been operating according to the laws and protecting the interests of shareholders, having received high recognition from the capital market.

## ABIDE BY THE CODE ON CORPORATE GOVERNANCE PRACTICES

In 2014, the actual situation of corporate governance of the Company did not deviate substantially from the rules and requirements under the China Securities Regulatory Commission (the “CSRC”) and relevant regulatory authorities. None of the Company, the Board or the directors of the Company was subject to the inspection, administrative punishment or criticism by means of circular by the CSRC.

The Company has been in full compliance with all the code provisions under the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) for the period from 1 January 2014 to 31 December 2014, with the exception of the following:

During the year, the legal action which the directors may face is covered in the internal risk management and control of the Company. As the Company considers that no additional risk exists, insurance arrangements for directors have not been made as required under code provision A.1.8 of the Code.

During the year, the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee as well as the Strategic Development and Risk Control Committee set up by the Company carried out their work in accordance with their respective terms of reference. Their terms of reference have covered the responsibilities to be performed as required by the code provisions A.5.2, B.1.2 and C.3.3 of the Code. The only discrepancies existed were the expressions or sequence between such terms of reference and the afore-said code provisions.

The Company places great importance on fulfilling its corporate responsibilities. The directors and the staff of the Company are fully dedicated to discharging their duties in ways to ensure that the Company is operating in compliance with the principle of maintaining fairness and impartiality as well as safeguarding the interests of all shareholders.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the directors and they have confirmed that they had complied with the requirements of the Code of Conduct and the Model Code throughout the Year.



## CORPORATE GOVERNANCE ORGANISATION AND ITS OPERATION

### 1. Shareholders and General Meeting

Over the years, apart from committing itself to the operation and expansion of its businesses in order to attain appropriate returns for shareholders, the Company also provides details on the Company's operations management and relevant information to shareholders in a timely and accurate manner through a variety of channels and methods, including: convening and holding general meetings in strict compliance with the Articles of Association, the Listing Rules and relevant regulations stipulated by the Securities and Futures Commission (the "SFC"), and timely announcing relevant information to shareholders on an irregular basis according to the requirements of the Listing Rules. During the year, the Company held a total of six general meetings and a professional lawyer was invited to each general meeting as a witness to ensure all shareholders were treated equally and exercised their rights adequately.

(1) The following matters were considered at the general meetings of the Company in 2014:

- (1) work reports of the Board and the Supervisory Committee of the Company;
- (2) final accounts;
- (3) profit distribution plan for 2013 which approved the payment of cash dividends of RMB0.12/share (tax inclusive) by the Company;
- (4) completion of changes of some Directors, i.e. Mr. Wu Jing to replace Mr. Cao Jingshan as an Executive Director; Mr. Liang Yongpan to replace Mr. Fang Qinghai as a Non-executive Director; Mr. Yang Wenchun to replace Mr. Li Gengsheng as a Non-executive Director; Mr. Feng Genfu to replace Mr. Li Hengyuan as an Independent Non-executive Director;
- (5) provision of guarantees to certain companies controlled or invested by the Company based on its actual needs for the construction of projects;

- (6) certain connected transactions approved by independent shareholders in relation to the Company's provision of entrusted loans to connected parties as well as the deployment of sale of coal and coal chemical products businesses;
- (7) completion of issuance of the 2012 Datang International Power Generation Co., Ltd.'s Corporate Bonds (Second Tranche) with a principal amount of RMB3 billion with a term of 10 years;
- (8) completion of issuance of the 2014 Medium-term Notes (First Tranche) in a principal amount of RMB3.5 billion with a term of 5 years;
- (9) agreed to appoint Ruihua Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler Certified Public Accountants as certified public accountants for carrying out the domestic and overseas auditing work for the year 2014;
- (10) granted a mandate to the Board to determine the issuance of new shares of not more than 20% of each class of shares.

For details about the resolutions passed at general meetings in 2014, please refer to the announcements on such resolutions published by the Company on the Hong Kong Stock Exchange's website.

### (2) Undertakings by shareholders

CDC, the controlling shareholder of the Company, adhering to the principle of not competing with the Company directly or indirectly, has made relevant undertakings at the initial public issue of A shares by the Company in 2006 and in October 2010, respectively, so as to address the issue of business competition. In June 2014, CDC has further issued the "Description of the Specification of Undertakings made by CDC to Datang International Power Generation Co., Ltd.," which provides specific illustrations of the relevant undertakings. As at 31 December 2014, CDC has strictly complied with the undertakings. For details, please refer to the announcement of the Company dated 27 June 2014.

# CORPORATE GOVERNANCE REPORT

### (3) Communication with shareholders

In 2014, the Company placed particular emphasis on shareholders' relations, maintaining communication with shareholders through various channels to facilitate mutual understanding between the Company and its shareholders. In particular, the Company has established a division and assigned designated staff to receive visitors, making its contact numbers publicly available and to answer telephone enquiries at any time. In addition, the Company's website was set up to present the latest updates and past results of the Company as well as the management body of the Company, so as to facilitate shareholders' and investors' comprehensive understanding of the Company.

For details about the Company's communication with shareholders and investors in 2014, please refer to the "Management of Investor Relations" section of this Annual Report.

## 2. Directors and the Board

The Company has established a Board with members coming from diverse backgrounds. The Board members possess remarkable professional characteristics. In the overall composition of the Board, the knowledge mix and the area of expertise of each of the Directors are both specialised and complementary, thus ensuring the Board makes decisions in a scientific manner. Pursuant to the Articles of Association, the Board currently comprises 15 members, including 5 Independent Non-executive Directors (i.e. Independent Directors). The Directors have extensive experiences in various areas such as macroeconomic management, power industry management and financial accounting management, thus ensuring that major decisions made by the Company are effective and scientific.

As at the date of this report, the members of the

Board of Directors are:

Chen Jinhang (Chairman), Hu Shengmu, Wu Jing (Vice Chairman), Liang Yongpan, Zhou Gang, Liu Haixia, Guan Tiangang, Cao Xin, Cai Shuwen, Yang Wenchun, \*Dong Heyi, \*Ye Yansheng, \*Zhao Jie, \*Jiang Guohua, \*Feng Genfu (\*Independent Director)

Note: In 2014, there were four Independent Directors who have tendered resignation. Up till now, the Company has completed the change of an Independent Director, being Li Hengyuan, and will complete the change of the remaining three Independent Directors, namely Dong Heyi, Ye Yansheng and Zhao Jie, in due course. The above three Independent Directors will continue their directorships until the date on which new Independent Directors are appointed.

The board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The board members are fully committed to their roles and have acted in good faith to maximize the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

The Directors fully understood their responsibilities, powers and obligations, and were able to discharge their duties with truthfulness, integrity and diligence. In order to enhance the decision-making mechanism, increase the scientific nature of decision-making and improve the quality of substantial decisions, the Board has established four specialised committees, namely the Nomination Committee, Audit Committee, Strategic Development and Risk Control Committee and the Remuneration and Appraisal Committee, with detailed work rules devised for the respective committees. The conveners of the four specialised committees are Independent Directors. In particular, Independent Directors make up a majority in the Nomination Committee, Audit Committee and the Remuneration and Appraisal Committee.

The Board formulated the "Rules of Proceedings for Board Meetings"; which, amongst others, clarified matters to be decided by the Board, its scope of power and the rules of proceedings. During the year, the Board held 11 meetings. The convening and voting procedures of the meetings were in compliance with the requirements under the Articles of Association and the "Rules of Proceedings for Board Meetings."

Major particulars of the resolutions made at the Board meetings include:

- (1) consideration of matters related to the operating results of the Company, which primarily include:
  - the annual budget and final accounting plans, and the annual profit distribution plan of the Company
  - 2013 annual results announcement, half-year and quarterly results announcement for 2014 of the Company
  - 2013 Social Responsibility Report of the Company
  - 2013 Internal Control Report of the Company, etc.
- (2) consideration of investment and financing plans, which primarily include:
  - investment in the construction of new project of “replacing small units with larger units” of Guangdong Datang International Leizhou Power Plant
  - increase in total investment and capital in the new project of Chongqing Datang International Shizhu Power Generation Company Limited, and capital injection into Datang Finance Leasing Company Limited (in which the Company had an equity investment) in proportion to shareholding
  - issuance of the 2012 Datang International Power Generation Co., Ltd.’s Corporate Bonds (Second Tranche), and proposed issuance of medium-term notes, super short-term debentures and private debt financing instruments, etc.
- (3) Acquisition or disposal of assets:
  - The Company and its subsidiaries participated in the bids for two equity interests held by Kangding Guoneng Investment Co., Ltd.
  - EDF (China) Investment Co., Ltd.’s investment in Jiangxi Datang International Fuzhou Power Generation Co., Ltd., etc.
- (4) consideration of the guarantee and entrusted loan plans:
  - provision of a guarantee for the financing of certain companies, which the Company controlled or invested in, and provision of counter-guarantee for the issuance of “corporate bonds”
  - provision of entrusted loans to certain subsidiaries of the Company or companies invested by the Company, etc.
- (5) consideration of connected transactions:
  - coal sale and purchase as well as coal transportation between the subsidiaries of the Company
  - sale and purchase of coal chemical products between the subsidiaries of the Company
  - the commission of China National Water Resources & Electric Power Materials & Equipment Co., Ltd, a subsidiary of CDC, by the Company to carry out centralised procurement of production materials and construction materials, etc.
  - entering into a contract for invitation of tenders for a technical transformation project and a contract for general contracting, procurement with a subsidiary of CDC (China Datang Technologies & Engineering Co., Ltd.) by the Company or its subsidiaries
  - the entering into of the “Alternative Power Generation Framework Agreement” with CDC for a term of 3 years commencing from 2015 to 2017, etc.
- (6) Changes in the composition of the Board and the management:
  - proposed to appoint Mr. Liang Yongpan and Mr. Yang Wenchun as Non-executive Directors, and Mr. Feng Genfu as an independent Non-executive Director
  - appointed Mr. Meng Fankui as a vice president of the Company

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(7) engagement of the Company's accountant for year 2014:

- engaged Ruihua Certified Public Accountants (Special General Partnership) and RSM Nelson Wheeler Certified Public Accountants as auditors for 2014
- engaged Ruihua Certified Public Accountants (Special General Partnership) as auditor of internal controls for 2014

In 2014, all Directors attended all the meetings either in person or by authorising proxies to attend the meetings on their behalf.

11 Board meetings were held in 2014, of which 7 were on-site meetings and 4 were meetings held through various means of communication.

Executive Directors	Attendance (%)	Attendance in person (%)
* Wu Jing (Vice Chairman)	100	100
* Cao Jingshan (Vice Chairman)	100	100
Zhou Gang	100	100

Non-executive Directors	Attendance (%)	Attendance in person (%)
Chen Jinhang (Chairman)	100	73
Hu Shengmu	100	100
* Liang Yongpan	100	0
* Fang Qinghai	100	89
* Yang Wenchun	100	100
* Li Gengsheng	100	86
Cao Xin	100	91
Cai Shuwen	100	91
Liu Haixia	100	91
Guan Tiangang	100	91

Independent Non-executive Directors	Attendance (%)	Attendance in person (%)
Dong Heyi	100	100
Ye Yansheng	100	100
Zhao Jie	100	100
Jiang Guohua	100	91
* Feng Genfu	100	100
* Li Hengyuan	100	86

\* Mr. Wu Jing was appointed as the Company's Executive Director and Vice Chairman as resolved at the general meeting since 24 January 2014. Mr. Cao Jingshan no longer assumed the position as Executive Director and Vice Chairman of the Board since 24 January 2014.

\* Mr. Liang Yongpan was appointed as the Company's Non-executive Director as resolved at the general meeting since 30 October 2014. Mr. Fang Qinghai no longer assumed the position as Non-executive Director since 30 October 2014.

\* Mr. Yang Wenchun was appointed as the Company's Non-executive Director as resolved at the general meeting since 27 August 2014. Mr. Li Gengsheng no longer assumed the position as Non-executive Director since 27 August 2014.

\* Mr. Feng Genfu was appointed as the Company's Independent Director as resolved at the general meeting since 27 August 2014. Mr. Li Hengyuan no longer assumed the position as Independent Director since 27 August 2014.

### 3. Supervisors and the Supervisory Committee

Pursuant to the Articles of Association, the Company's Supervisory Committee comprises four members, of whom two are supervisors representing the staff. The membership and composition of the Supervisory Committee comply with the requirements of the laws and regulations. Supervisory Committee members shall exercise their supervisory duty as mandated by the laws, regulations, the Articles of Association and the rights granted by the shareholders' general meeting, and shall be accountable to the shareholders' general meeting in order to ensure that shareholders' rights, the Company's interests and the staff's lawful interests are not violated. During the reporting period, the Supervisory Committee held 4 meetings and attended all Board meetings and Audit Committee meetings. Through various channels and methods, the Supervisory Committee carried out regular inspections on the Company's finances and substantial matters, as well as supervising the lawfulness and compliance of the Directors, the President and other senior management members in discharging their duties.

As at the date of this report, the members of the Supervisory Committee are:

Yu Meiping (Chairman of the Supervisory Committee), Zhang Xiaoxu (Vice-Chairman of the Supervisory Committee), Li Baoqing, and Guo Hong

Shareholders' representative	Attendance (%)	Attendance in person (%)
Zhang Xiaoxu (Vice-Chairman of the Supervisory Committee)	100	100
Li Baoqing	100	75

Employees' representative	Attendance (%)	Attendance in person (%)
Yu Meiping (Chairman of the Supervisory Committee)	100	100
* Guo Hong	100	100
* Guan Zhenquan	100	0

\* Since 3 April 2014, Ms. Guo Hong was approved as the supervisor of employees' representative at the first meeting of the enlarged group leaders of the second meeting of the fifth session of staff representative meeting. Mr. Guan Zhenquan no longer assumed position of supervisor of the employees' representative of the Supervisory Committee since 3 April 2014.

#### 4. Non-executive Directors and Independent Non-executive Directors

The Company has a total of 13 Non-executive Directors, of whom 5 are Independent Directors. According to the Articles of Association, the term of service of each of the Directors (including Non-executive Directors) shall not exceed three years, and the Directors are eligible for re-election and reappointment upon the expiry of their terms of service. Any new Director shall take office only after being elected and approved at a shareholders' general meeting. The consecutive term of service of each of the Independent Non-executive Directors (i.e. Independent Directors) shall not exceed 6 years.

Pursuant to the rules of the CSRC, the Company has formulated a "Work System for Independent Directors" and an "Annual Report Work System for

Independent Directors" to govern a number of areas such as the requirements and procedures for the appointment of Independent Directors, the principles for exercising their functions and powers, the rights to which they are entitled and their corresponding responsibilities and obligations. The systems contain explicit rules specifying the duties, responsibilities and other aspects of Independent Directors the preparation and review of the Company's annual reports.

The Independent Directors of the Company discharged the relevant duties faithfully with integrity and diligence towards the Company and all shareholders (especially small and medium shareholders). During the year, the Independent Directors actively attended the shareholders' general meetings, Board meetings and relevant meetings of the specialised committees; discharged their duties conscientiously; offered positive recommendations on the business development and operational management of the Company making full use of their expertise and experience in financial, corporate management and other aspects; and conducted cautious review and presented independent opinions on the material connected transactions, external guarantees and other matters of the Company. During the preparation of the 2014 Annual Report, the Independent Directors played an active role in the Company as they listened to and inspected carefully details of the Company's annual production and operations in strict compliance with the requirements of the securities regulatory authorities and the "Annual Report Work System for Independent Directors"; maintained communication with the accountants for the annual audit to acquire a comprehensive understanding of, supervised and inspected the Company's annual audit arrangements and process; bringing into full play the function of Independent Directors.

#### 5. Chairman and Chief Executive Officer (President)

The positions of Chairman (chairman of the Board) and President of the Company are held by two different persons. The Chairman is Mr. Chen Jinhang while the President is Mr. Wu Jing. The power of the Chairman and the President is expressly provided in the Articles of Association. The main duties of the Chairman include presiding over the shareholders' general meetings, convening and presiding over

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Board meetings and reviewing the status of the implementation of the Board's resolutions. The main duties of the President include: (1) to take charge of the production and operation management of the Company, and coordinate the implementation of the Board resolutions; (2) to coordinate the implementation of the Company's annual operation plans and investment proposals; (3) to formulate the plan for establishing the Company's internal management institutions; (4) to lay down the Company's fundamental management system; (5) to formulate the fundamental constitution of the Company; (6) to propose the appointments or dismissals of the Vice President and the person in charge of finance; and (7) to appoint or dismiss other officers who are not appointed or dismissed by the Board.

Pursuant to the Articles of Association, the general manager of the Company shall draft a special "Work Report of General Manager" on details of the implementation of the Board resolutions and the operation of the Company, and shall present the same to the Board for consideration; the Chairman (Chairman of the Board) shall draft a special "Work Report of the Board" on behalf of the Board regarding the details of the Board's work and present it to the Company's annual general meeting for consideration.

## Training of Directors

As stipulated by the Listing Rules, directors are required to acquaint their respective responsibilities. In order to provide better assistance to directors for discharging their duties, the Company will, pursuant to the requirements of the regulators, actively arrange directors to participate in various training programmes such as the business of a listed company and corporate governance. Moreover, the Company will provide the directors with written information on specific policies and regulations issued by the regulators so as to enable them to comprehend relevant laws, regulations and policies instantly during the process of discharging their respective duties, thereby assisting the directors to better set the Company's production and business objectives. After the newly appointed directors assume the position, the Company

will provide them written information which covers laws, regulations and other details related to the directors' duties to enable them to clearly acquaint their duties as required by laws and regulations, and to discharge related duties accordingly. Directors will be invited to conduct on-site inspections on the Company's projects in response to the Company's development, and to make reasonable suggestions and comments to the Company based on their respective areas of expertise.

Details of the training attended by the Directors in 2014 are set out below:

Director	Position	Type of Training Participated	Training Type
Chen Jinhang	Chairman	B, C, D	A. Training provided by regulators
Hu Shengmu	Vice Chairman	A, B, C, D	B. Attending seminars/forums
Wu Jing * Fang Qinghai	Director Director	A, B, C, D A, B, C, D	C. Reading economic, financial and business articles, as well as articles and information related to the duties of a director and the Company
* Liang Yongpan	Director	B, C, D	D. Conduction on-site inspections on the Company's business
Zhou Gang	Director	A, B, C, D	
Cao Xin	Director	B, C, D	
Cai Shuwen	Director	B, C, D	
Liu Haixia	Director	B, C, D	
Guan Tiangang	Director	A, B, C, D	
* Yang Wenchun	Director	B, C, D	
* Li Gengsheng	Director	B, C, D	
Dong Heyi	Independent Director	B, C	
Ye Yansheng	Independent Director	B, C	
Zhao Jie	Independent Director	B, C	
Jiang Guohua	Independent Director	B, C	
* Feng Genfu	Independent Director	B, C	
* Li Hengyuan	Independent Director	B, C	

\* Due to work adjustment, Mr. Fang Qinghai, Mr. Li Gengsheng and Mr. Li Hengyuan no longer assumed director positions of the Company from 30 October 2014, 27 August 2014 and 27 August 2014 respectively as resolved at the general meeting. Mr. Liang Yongpan, Mr. Yang Wenchun and Mr. Feng Genfu have been appointed as the Company's directors since 30 October 2014, 27 August 2014 and 27 August 2014, respectively.

## REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of 31 December 2014, the annual remuneration of the Company's senior management (excluding Directors and supervisors) by band are as follows:

RMB0 to RMB300,000	1 person
RMB300,001 to RMB500,000	3 persons
RMB500,001 and above	3 persons

Note: The above emoluments represent the total emoluments (tax inclusive) received from and payable by the Company, which include wages, subsidies and bonus.

Details of remuneration of Directors, supervisors and senior management in 2014 are set out in Note 13 to the Consolidated Financial Statements from page 133 to page 135.

## DUTIES AND OPERATION OF SPECIALISED COMMITTEES UNDER THE BOARD

### 1. Strategic Development and Risk Control Committee

- (1) **Composition:** The Board establishes the Strategic Development and Risk Control Committee, which consists of 8 Directors, 3 of whom are Independent Directors. The Committee has a convener to be selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

As of the date of this report, the members of the Committee are:

Convener: Dong Heyi (Independent Director)

Members: Ye Yansheng (Independent Director), Zhao Jie (Independent Director), Wu Jing, Liang Yongpan, Liu Haixia, Cao Xin, Yang Wenchun

- (2) **Rules of Proceedings:** The Committee convenes a meeting at least once every year and holds irregular meetings based on the needs of work. Committee meetings can be held as on-site meetings or through other means of

communication (including teleconference, facsimile, etc.).

### (3) Major Duties:

- (i) to conduct research and make recommendations on the Company's long-term strategic development plan;
- (ii) to conduct research and make recommendations on major investment and financing plans which are subject to the Board's approval as according to the Articles of Association;
- (iii) to conduct research and make recommendations on major capital operations and asset management projects which are subject to the Board's approval as according to the Articles of Association;
- (iv) to conduct research and make recommendations on other significant matters that may have an impact on the development of the Company;
- (v) to conduct prior risk assessments and discussions on matters set out in (i) to (iv) above, and recommend corresponding control and preventive measures;
- (vi) to conduct risk assessment and make recommendations on the sectors or industries in which Company intends to operate;
- (vii) to inspect the execution of the above matters, and to conduct follow-up research on the risk factors that may exist or occur during the execution process, and to make recommendations accordingly;
- (viii) the Committee is accountable to the Board. Any proposals made by the Committee shall be submitted to the Board for consideration and decision.

### (4) Meetings:

In 2014, 2 meetings were held to consider the "Accomplishment of the Company's 'Twelfth Five-Year' Development Plan and Report on the Development Strategy for the Year" and the "Resolution on the Entering into of the Restructuring Framework Agreement with China Reform Holdings Corporation Ltd. for Coal Chemical-Related Projects"

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Committee Members	Attendance (%)
Dong Heyi (Convener and Independent Director)	100
Ye Yansheng (Independent Director)	100
Zhao Jie (Independent Director)	100
Wu Jing	100
* Liang Yongpan	–
* Fang Qinghai	100
Liu Haixia	100
Cao Xin	50
* Yang Wenchun	–
* Li Gengsheng	50

\* Cao Xin and Li Gengsheng, both of whom were Directors, did not attend the meeting due to business engagement.

\* Members of the Committee were changed in 2014, among which Directors Liang Yongpan and Yang Wenchun, assumed the position of the committee members after the meetings.

## 2. Nomination Committee

(1) **Composition:** The Board establishes a Nomination Committee comprising 5 Directors, which Independent Directors make up more than half of the membership. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

As of the date of this report, the members of the Committee are:

Convener: Zhao Jie (Independent Director)

Members: Jiang Guohua (Independent Director), Feng Genfu (Independent Director), Hu Shengmu and Zhou Gang

(2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings based on work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

(3) **Major Duties and Work Done during the Year include:**

- (i) to make recommendations to the Board with respect to the scale, constitution and composition (including skills, knowledge and experience) of the Board with reference to the operating activities, asset scale and shareholding structure of the Company;
- (ii) to examine the selection criteria and procedures of directors and managers and to make recommendations to the Board;
- (iii) to identify broadly candidates suitably qualified to become directors and managers;
- (iv) to investigate the candidates of directors and managers and other senior management staff, and to make recommendations;
- (v) to assess the independence of independent directors;
- (vi) to execute other matters as authorised by the Board.

(4) **Meetings:**

5 meetings were held during 2014, at which changes to directors, independent directors and deputy Vice President of the Company were considered, resolutions were formed ultimately and it was agreed to submit the same to the Board for consideration and approval.

Committee Members	Attendance (%)
Zhao Jie (Convener and Independent Director)	100
Jiang Guohua (Independent Director)	100
* Feng Genfu (Independent Director)	100
* Li Hengyuan (Independent Director)	100
Hu Shengmu	100
Zhou Gang	100

\* Member of the Committee were changed in 2014, among which Director Feng Genfu, assumed the position of the committee member from 27 August 2014.



**(5) Policy for the Diversification of Board Membership:**

Since an appropriate balance in the diversification of skills, experience and specialisation of the members of the Board will be conducive to enhancing the effective functioning of the Board and to maintaining high standards of corporate governance, the Nomination Committee therefore adopted a board diversity policy during the shortlisting of qualified Directors' candidates.

Particulars of the policy: candidates for Directors shall be shortlisted on the basis of diversification, with reference to the Company's business model and specific requirements, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service term.

Supervision and responsibility: the Nomination Committee shall hold discussions on the structure, size and composition of the Board annually and propose improvement recommendations to the Board based on the actual situation of the Company.

The Board shall hold discussions on the policy and revise the policy when necessary in accordance with the relevant rules, and disclose its policy or policy summary in the annual Corporate Governance Report of the Company.

**3. Audit Committee**

- (1) **Composition:** The Board establishes an Audit Committee that currently comprises 5 Directors, among which, Independent Directors made up more than half of the membership. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the Committee's work and has the appropriate qualifications or experience as required under Rule 3.10(2) of the Listing Rules.

As at the date of this report, the members of the Committee are:

Convener: Jiang Guohua (Independent Director)

Members: Ye Yansheng (Independent Director), Feng Genfu (Independent Director), Guan Tiangang and Cai Shuwen

- (2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communication (including teleconference, facsimile, etc.).

**(3) Major Duties and Work Done during the Year:**

- (i) to be accountable to the Board; the proposals of the Committee shall be submitted to the Board for consideration and approval;
- (ii) to make recommendations on the appointment and replacement of external audit firms;
- (iii) to supervise the Company's internal audit system and its implementation;
- (iv) to be responsible for the communication between internal and external auditors;
- (v) to review the Company's financial information and its disclosures;
- (vi) to complement with the Supervisory Committee and the supervisors in reviewing the Company's financial matters;
- (vii) to review the establishment of the comprehensive internal control system;
- (viii) to review the "Internal Control Evaluation Report" and the "Internal Control Assessment Report";
- (ix) to inspect the completeness of the establishment of the comprehensive internal control system;
- (x) to coordinate the audit of the internal controls and other related matters.

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## (4) Meetings:

The Audit Committee held 2 meetings in 2014 to review the Company's 2013 annual results and 2014 interim results. Review of the Company's internal control system work was conducted and the Company's reappointment of auditors was considered.

Committee Members	Attendance (%)
Jiang Guohua (Convener and Independent Director)	100
* Ye Yansheng (Independent Director)	50
* Feng Genfu (Independent Director)	–
* Li Hengyuan (Independent Director)	50
* Guan Tiangang	50
Cai Shuwen	100

\* Ye Yansheng, Li Hengyuan and Guan Tiangang, all of whom were directors, did not attend the meeting due to business engagement.

\* Member of the Committee were changed in 2014, among which Director as Feng Genfu, assumed the position of the committee member from 27 August 2014.

## 4. Remuneration and Appraisal Committee

(1) **Composition:** The Board has established a Remuneration and Appraisal Committee that comprises of 5 directors, among which, Independent Directors made up more than half of the membership. The Committee has a convener selected and appointed by the Board. The convener is an Independent Director of the Company who is in charge of the work of the Committee.

As at the date of this report, the members of the Committee are:

Convener: Zhao Jie (Independent Director)

Members: Jiang Guohua (Independent Director), Feng Genfu (Independent Director), Hu Shengmu, Zhou Gang

(2) **Rules of Proceedings:** The Committee shall convene at least one meeting each year and hold irregular meetings according to work requirements. Committee meetings may be convened by way of on-site meetings or through other means of communications (including teleconference, facsimile, etc.).

## (3) Major Duties and Work Done during the Year:

- (i) to be accountable to the Board;
- (ii) to make remuneration plan or proposal according to the major scopes of work, duties and significance of the directors, supervisors and senior management positions as well as the remuneration levels of comparable positions in other comparable companies; remuneration plan or proposal include but not limited to performance appraisal criteria, procedures and key appraisal system, and major incentive and penalty plans and systems;
- (iii) to review the fulfillment of the responsibilities of the Company's directors, supervisors and senior management and to conduct annual performance appraisal thereon;
- (iv) to supervise the implementation of the remuneration system of the Company's directors, supervisors and senior management;
- (v) to execute other matters as authorised by the Board.

## (4) Meeting:

A meeting was held in 2014 to review the level of remuneration for the Company's Executive Directors and members of the senior management for 2013 and the plan of the level of remuneration for 2014.

Committee Members	Attendance (%)
Zhao Jie (Convener and Independent Director)	100
Jiang Guohua (Independent Director)	100
* Feng Genfu (Independent Director)	100
* Li Hengyuan (Independent Director)	100
Hu Shengmu	100
Zhou Gang	100

\* Member of the Committee were changed in 2014, among which Director Feng Genfu assumed the position of the committee member from 27 August 2014.

## CORPORATE GOVERNANCE RESPONSIBILITIES

The Board is responsible for establishing and facilitating the implementation of corporate governance functions and for ensuring that the established effective management structure continues to improve the relevant requirements for corporate governance in the changing operating environment as well as under relevant rules and regulations.

The duties of the Board in corporate governance primarily include:

- to formulate and inspect the Company's corporate governance policies and practices, and make recommendations;
- to organise and inspect the training of Directors and senior management;
- to supervise and monitor the Company's compliance with policies and practices under laws, regulations and regulatory requirements;
- to formulate, inspect and monitor the compliance of conduct code by the employees and Directors of the Company;
- to inspect the Company's compliance with the "Corporate Governance Code" in Appendix 14 of the Listing Rules and the Company's disclosures in the "Corporate Governance Report".

In the report and in the previous years, the Company has compiled and published documents and systems relating to the corporate governance policies and compliance practices. These regulations or documents primarily include:

- The Terms of Reference of the Board
- Rules of Proceeding for the Board, Supervisory Committee and General Meetings
- The Duties and Operation of Specialised Committee under the Board
- Work System for Independent Directors
- The Terms of Reference of General Manager
- Information Disclosure System
- Registration System for Informed Parties with Access to Inside Information

- Management System for Connected Transactions
- Management System for Investor Relations
- Management system governing the changes in the Company's shares held by directors, supervisors and senior management
- The Policy of Shareholder communications
- Procedures for the nomination of candidates for directors, etc.

The Audit Committee of the Board has been delegated the corporate governance functions by the Board to supervise and facilitate the Company's compliance with the internal corporate governance code. A specialised office has been set up within the Company to assist the Audit Committee to review the Company's corporate governance structure on an ongoing basis and advise on the latest requirements of corporate governance and day-to-day operation of the Company's corporate governance office. The "2014 Internal Control Evaluation Report" compiled by the Company pursuant to the requirements of the Chinese domestic regulators has been examined by the Audit Committee, considered by the Board and audited by the accountants. For more details, please refer to the "Establishment of the Company's Internal Control System" section.

## ESTABLISHMENT OF THE COMPANY'S INTERNAL CONTROL SYSTEM

Improving and effectively implementing the internal control is an ongoing responsibility of the Board and the management of the Company. The objectives of the Company's internal control are to provide reasonable assurances that the Company's operations management is lawful and compliant, the assets are safe, the financial statements and related information are truthful and complete, and operational efficiency and effectiveness are enhanced, thereby promoting the achievement of the development strategy of the Company. Since its incorporation, the Company has been continuously building and improving the risk management-oriented internal control system to safeguard its sustainable, rapid, healthy, stable and orderly development, and to protect the interests of its shareholders pursuant to the requirements of the "Company Law of the People's Republic of China"; the "Law of the People's Republic of China on Securities"; the "Governance Standards for Listed Companies"; the "Basic Standards for Enterprise Internal Control"; the

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“Rules Governing the Listing of Stocks on Shanghai Stock Exchange,” and “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” as well as other relevant laws, regulations, rules and normative documents, and in line with any changes in the internal and external environments.

The Board has conducted an assessment of the internal control pursuant to the requirements of the “Basic Standards for Enterprise Internal Control” and considered that it was effective as of 31 December 2014 (the benchmark date).

## 1. Establishment of Internal Control System

In 2014, the Company has continuously deepened the establishment of internal control system in accordance with the regulatory requirements and the management needs of the Company, measures of which mainly include:

- (1) Commencement of the research and compilation of the “Internal Control Standards for Datang International”, to provide a direction to operate in a compliant and efficient manner, and to integrate the internal control setup, internal control evaluation and risk assessment into one single system.
- (2) Further improvement of the institutional policy and commencement of an evaluation of policy execution. The Company designed a plan for policy formulation, continued to improve the management policy category in all areas, and used it as a standard to complete the formulation, change and cancellation of policies. Pursuant to the arrangements for policy administration, the Company started to carry out an inspection of the implementation of policies at basic-level enterprises.
- (3) Successful launch of online user center for headquarter users. The online user center has realised the unified management of the user authentication and user data of the Company’s information system, enhanced the safety level of the information system, regulated the user information of each operation system, and completed the unified authorisation of each operation system.

- (4) Optimised performance evaluation index system. The performance evaluation method was revised to clarify the direction of performance evaluation. Internal control efficiency assessment was incorporated into the overall performance evaluation for the enterprise, departments and staff to achieve the closed-loop management of internal control.

## 2. Evaluation of Internal Control System

In 2014, enterprises included into the scope of the evaluation covered various sectors such as the power generation (coal-fired power, hydropower and wind power), coal-to-chemical, coal, transportation (shipping) and metallurgy sector. The total amount of assets of these enterprises accounted for more than 90% of the total amount of assets in the Company’s consolidated financial statements, and the total operating revenue accounted for more than 90% of the total operating revenue in the Company’s consolidated financial statements. Major businesses and matters covered in the scope of the evaluation included organisational structure, human resources and social responsibility, budget management, capital management, fuel management, materials management, fixed asset management, engineering project management, contract management and information system management; key high-risk areas primarily covered project investment, capital management, environmental management, safety management, fuel management, sales management as well as social and public opinions. The aforesaid enterprises, businesses, matters and high-risk areas included in the scope of the evaluation covered the major aspects of the Company’s operation and management, and no other major aspects were missed out.

In the internal control evaluation process, the Company has rectified the general defects identified based on the internal control defects identification standards during the reporting period pursuant to the “Evaluation and Management Measures of Internal Control” of the Company, and ensured the effectiveness of the internal control by upholding its internal control development on the basis of internal control evaluation.

Together with the “Self-assessment Management Measures on Internal Control” and the “Self-assessment Manual for Internal Control”, the Company organised internal control evaluation according to the corporate internal control regulatory system. Based on the internal control evaluation procedures and measures as well as internal control defects identification criteria, there was no material and significant defect in the internal control pertinent to the financial report and non-financial report of the Company during the reporting period.

### 3. Internal Control Audit

The Company has engaged Ruihua Certified Public Accountants (Special General Partnership) (“Ruihua”) to carry out an internal control audit for the year of 2014. The internal control audit was carried out in accordance with the “Audit Guidelines on Enterprise Internal Control” and “China Auditing Standards”. Ruihua carried out an audit in respect of the design and operational effectiveness of the internal control system as of the specific benchmark date by the use of a top-to-bottom approach.

Each of the total assets and operating revenue of the enterprises (including the headquarters of the Company) included in the scope of audit accounted for over 90% of the corresponding indicators of the consolidated financial statements.

Ruihua has carried out an audit on the effectiveness of the internal control system of the Company and did not identify any major defects in relation to the financial statements of the Company. Accordingly, Ruihua issued an unqualified audit report on internal control.

For the “Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company” and the “Audit Report on the Self-assessment Report of the Board of Directors of Datang International Power Generation Co., Ltd. on the Internal Control of the Company”, please refer to the relevant announcements of the Company dated 18 March 2015 on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

### 4. Internal Control Work Plan

In 2015, the Company will be committed to the continuous improvement of the internal control

system. We will make full use of the methods and means of internal control assessment to verify whether there are any defects or weaknesses in the implementation of the internal control system and actively rectify when necessary. We will pay more attention to the actual outcomes of using internal control assessment to facilitate internal control, continue to improve internal control, and ensure the Company to govern its operations according to the law and operate in compliance with regulations. Our measures are mainly in the following areas:

- (1) Revision and improvement of the Company’s internal control and risk management system. The “Risk Management and Internal Control System of Datang International” and the supporting systems and standards were further improved to strengthen the institutional system of our risk management and internal control.
- (2) Continue to build up internal control system so as to provide a direction to operate in a compliant and efficient manner, and integrate the internal control setup, internal control evaluation and risk assessment into one single system.
- (3) Strengthen the professional functions of our professional teams and enhance the assessment for risk incidents and internal control deficit to ensure the operation of each business segment complies with the relevant laws and regulations.
- (4) Continue to improve our administrative systems to enhance the evaluation of the executive power of our systems and to encourage the Company to govern its operations according to the law.

## COMPANY’S AUDITORS

In 2014, the Company engaged Ruihua and RSM Nelson Wheeler as its domestic and international auditors respectively, which are responsible for providing impartial and objective opinion on the Company’s financial statements. The Company’s Audit Committee has confirmed the independence and objectivity of the auditors. In 2014, the fee payable to Ruihua and RSM Nelson Wheeler for the provision of audit service amounted to RMB15.42 million. No fee was paid by the Company in respect of non-statutory audit services. RMB1.8 million and HK\$10.5 thousand were paid by the Company as internal audit and non-audit services fees, respectively.

# CORPORATE GOVERNANCE REPORT

The non-audit service fees were professional service fees in relation to taxation filing and handling correspondence with the Hong Kong Inland Revenue Department for a subsidiary of the Company.

## COMMUNICATION WITH SHAREHOLDERS AND THE RIGHTS OF SHAREHOLDERS

### Shareholders can convene an extraordinary general meeting or share class meeting

Pursuant to the Articles of Association, two or more shareholders collectively holding more than 10% of the voting shares of the Company can sign one or more copies of a written request with the same format and content to be submitted to the Board requesting for convening an extraordinary general meeting or share class meeting and to set out the meeting agenda. The Board shall convene an extraordinary general meeting or share class meeting as soon as possible upon receipt of the aforesaid written request. If the Board fails to issue notice convening such meeting within 30 days upon receipt of such written request, the shareholders who made the request can convene a meeting by themselves within four months upon the Board's receipt of the request. The procedures for convening the meeting shall be as far as possible the same as those procedures of the Board for convening a shareholders' general meeting.

A written proposal made by shareholders holding more than 5% of the voting shares of the Company should be considered at a shareholders' general meeting of the Company.

### Procedures for shareholders to inquire information

Pursuant to the Articles of Association, shareholders can inquire about the following information:

- (1) the Articles of Association will be available upon payment of costs by shareholders;
- (2) shareholders have the right to inspect and make copies of the register of all classes of shareholders upon payment of a reasonable fee;
- (3) the personal data of the Company's Directors, supervisors, managers and other senior management;
- (4) the status of the Company's share capital;

- (5) the total nominal value, the number as well as the highest and lowest prices of the shares of each class repurchased by the Company since the previous fiscal year, and a report on the Company's payment of all the fees therefor;
- (6) the minutes of shareholders' general meetings;
- (7) the shareholders have the right to inspect the copies of corporate bonds;
- (8) the resolutions made at Board meetings;
- (9) the resolutions made at the meetings of Supervisory Committee;
- (10) financial and accounting reports, etc.

### Shareholders can access information through the following means

Notices, communications or other written materials sent by the Company to shareholders are given in following forms:

- (1) served by hand;
- (2) served by mail;
- (3) served by fax or e-mail;
- (4) published on the Company's website and/or the website designated by the stock exchange of the place where the Company's shares are listed, provided that such publishing is in compliance with the laws and administrative regulations as well as the relevant rules of the securities regulators of the place where the Company's shares are listed;
- (5) announcements on newspapers and/or other designated media;
- (6) other forms approved by the securities regulators of the place where the Company's shares are listed;
- (7) shareholders and investors of the Company can visit the Company's website ([www.dtpower.com](http://www.dtpower.com)) to access the Company's relevant information timely and efficiently.

**Putting forward enquiries or proposals at shareholders' meeting to the Board**

For putting forward any enquiries or proposals at shareholders' meeting to the Board, shareholders may send written enquiries (by post, fax or email) to the following addresses, fax numbers or email addresses of the Company:

No. 9 Guangningbo Street, Xicheng District, Beijing, People's Republic of China

Fax: 86 (10) 8800 8672

E-mail: [weiyuping@dtpower.com](mailto:weiyuping@dtpower.com)

**Amendments to Articles of Association**

As at the year ended 31 December 2014, there is no significant change in the Company's Articles of Association.

# REPORT OF THE DIRECTORS

## DIRECTORS OF THE COMPANY

During the Year and as at the date of the report, structure of the Board of Directors is as follows:

### Executive Directors:

Wu Jing (Vice-Chairman and President) (appointed on 24 January 2014), Zhou Gang (Vice President and Company Secretary) and Cao Jingshan (resigned on 24 January 2014)

### Non-executive Directors:

Chen Jinhang (Chairman), Hu Shengmu, Fang Qinghai (resigned on 30 October 2014), Liang Yongpan (appointed on 30 October 2014), Li Gengsheng (resigned on 27 August 2014), Liu Haixia, Guan Tiangang, Cao Xin, Cai Shuwen and Yang Wenchun (appointed on 27 August 2014)

### Independent Non-executive Directors:

Dong Heyi, Ye Yansheng, Li Hengyuan (resigned on 27 August 2014), Zhao Jie, Jiang Guohua and Feng Genfu (appointed on 27 August 2014)

Note: For the detailed biography of the Directors, please refer to "Human Resources Overview" of the report.

The directors are pleased to present the audited results of the Company for the year ended 31 December 2014.

## COMPANY RESULTS

During the year, operating revenue of the Group was approximately RMB70,194 million, representing a decrease of approximately 6.69% as compared to the previous year. Total profit before tax amounted to RMB5,172 million, representing a decrease of approximately 35.01% as compared to the previous year. Net profit attributable to equity holders of the company amounted to approximately RMB1,767 million, representing a decrease of approximately 48.06% as compared to the previous year. Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB0.1328, representing a decrease of RMB0.1228 per share as compared to the previous year. Please refer to the "Management Discussion and Analysis" section for details of the Company's results.

In view of the operating results of the Group during the year, the Board has recommended the distribution of a final dividend of RMB0.13 per share (tax inclusive) for the year, and such profit distribution plan is subject to the approval by the shareholders at the annual general meeting.

## ISSUE AND LISTINGS OF SHARES

The Company's H shares have been listed on the Stock Exchange of Hong Kong Limited and the London Stock

Exchange Limited since 21 March 1997. On 9 September 2003, the Company issued 5-year United States Dollar convertible bonds of US\$153.8 million, which have been listed on the Luxembourg Stock Exchange, at 0.75% interest rate and a conversion premium of 30%. The Company's A shares have been listed on the Shanghai Stock Exchange since 20 December 2006. Pursuant to the resolution passed at the 2006 annual general meeting, the Company implemented the share capital expansion proposal by utilising its capital reserve fund to issue 10 bonus shares for every 10 shares held by the shareholders of the Company in 2007. The Company completed the non-public offering of A shares in March 2010, with newly-issued A shares of 530,000,000 shares. Further, the Company had non-public offering of A shares in May 2011, with newly-issued A shares of 1,000,000,000 shares. Due to above-mentioned changes, as at 31 December 2014, the total number of shares of the Company was 13,310,037,578 shares. Apart from that, the Company did not issue any new shares.

### Performance of the Company's H shares during 2014:

Closing price of H shares as at	
31 December 2014	HK\$4.17 per share
Highest trading price of H shares	
between 1 January and	
31 December 2014	HK\$4.6 per share
Lowest trading price of H shares	
between 1 January and	
31 December 2014	HK\$2.75 per share
Total number of H shares traded	
between 1 January and	
31 December 2014	3.957 billion shares

### Performance of the Company's A shares during 2014:

Closing price of A shares as at	
31 December 2014	RMB6.88 per share
Highest trading price of A shares	
between 1 January and	
31 December 2014	RMB7.3 per share
Lowest trading price of A shares	
between 1 January and	
31 December 2014	RMB3.49 per share
Total number of A shares traded	
between 1 January and	
31 December 2014	6.233 billion shares



## 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 the annual report, i.e. 23 April 2015, the Company confirms that the public float of the Company's H shares and A shares has complied with the requirements under the Listing Rules.

## ACCOUNTS

The Company and its subsidiaries' audited results for the year ended 31 December 2014 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 89 and page 90. The financial position of the Company and its subsidiaries as at 31 December 2014 is set out in the Consolidated Statement of Financial Position on page 91 and page 92.

The Company and its subsidiaries' consolidated cash flows for the year ended 31 December 2014 are set out in the Consolidated Statement of Cash Flows on page 94 and page 95.

## PRINCIPAL BUSINESSES

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, the repair and testing of power equipment, and power related technical services, the sale and development of coal, the production and sale of chemical products.

## MAJOR SUPPLIERS AND CUSTOMERS

The percentage of purchases and sales attributable to the Company's suppliers and customers for the year are as follows:

	2014	2013
<b>Purchases</b>		
The largest supplier	10.53%	12.57%
Top five suppliers	26.54%	40.53%
<b>Sales</b>		
The largest customer	27.8%	24.93%
Top five customers	58.54%	57.64%

To the knowledge of the Directors, none of the Directors, supervisors, their respective associates or shareholders (owning 5% or more of the Company's issued share capital of the same class) owned any direct or indirect interest in the Company's suppliers and customers mentioned above during the year.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of subsidiaries, joint ventures and associates of the Company are set out in Note 48 to the Consolidated Financial Statements from page 187 to page 214, Note 21 to the Consolidated Financial Statements from page 152 to page 154 and Note 20 to the Consolidated Financial Statements from page 144 to page 151 respectively.

## DIVIDEND AND EARNINGS PER SHARE

The Board recommended the distribution of a proposed final dividend of RMB0.13 per share (tax inclusive) for the year. Dividends to be distributed to domestic shareholders will be declared in and paid by Renminbi ("RMB"), while those to be distributed to foreign shareholders will be declared in RMB and paid in Hong Kong dollar. The Hong Kong dollar exchange rate for the purpose of dividend payment shall be based on the average of the closing rates of the Hong Kong dollar/RMB exchange rates announced by the People's Bank of China on each business day within the week immediately prior to payment.

Details of dividends and earnings per share are set out in Notes 15 and 16 to the Consolidated Financial Statements on page 136.

## RESERVES

Movements in reserves during the year are set out in Note 32 to the Consolidated Financial Statements from page 164 to page 166, among which distributable reserves attributable to the shareholders amounted to approximately RMB15.022 billion.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in Note 17 to the Consolidated Financial Statements from page 137 to page 139.

# REPORT OF THE DIRECTORS

## DONATION

During the year, the Company and its subsidiaries have made charitable and relief donations of approximately RMB1.302 million.

## SHARE CAPITAL

As at 31 December 2014, total share capital of the Company amounted to 13,310,037,578 shares, divided into 13,310,037,578 shares of a nominal value of RMB1.00 each. Movements in share capital during the Year are set out in Note 30 to the Consolidated Financial Statements on page 162.

## SHARE CAPITAL STRUCTURE

As at 31 December 2014, total number of shares issued by the Company was 13,310,037,578. The Company's shareholders were CDC, Tianjin Jinneng Investment Company, Hebei Construction & Investment Group Co., Ltd., Beijing Energy Investment (Group) Company Limited, and other holders of A shares and H shares, holding 4,138,977,414 A shares, 1,296,012,600 A shares, 1,281,872,927 A shares, 1,260,988,672 A shares, 2,016,508,387 A shares and 3,315,677,578 H shares, respectively, representing 31.10%, 9.74%, 9.63%, 9.47%, 15.15% and 24.91%, respectively, of the issued share capital of the Company.

Among the H shares, CDC's controlling subsidiary, China Datang Overseas (Hong Kong) Co., Limited, held 480,680,000 H shares, and therefore CDC and its subsidiaries held a total of 4,619,657,414 shares in the Company, representing 34.71% of the total share capital of the Company.

## NUMBER OF SHAREHOLDERS

Details of the shareholders as recorded in the register of members of the Company as at 31 December 2014 were as follows:

Total number of shareholders	205,921
Holders of domestic shares	205,323
Holders of H shares	598

## SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

So far as the Directors of the Company are aware, as at 31 December 2014, the interests or short positions of the persons in the shares or underlying shares of the Company as required to be disclosed under section 336 of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Law of Hong Kong), were as follows:

Name of Shareholder	Class of Shares	No. of Shares held	Approximate Percentage to total Issued Share Capital of the Company (%)	Approximate Percentage to total Issued A Shares of the Company (%)	Approximate Percentage to total Issued H Shares of the Company (%)
CDC (Note 1)	A shares	4,138,977,414	31.10	41.41	/
	H shares	480,680,000(L)	3.61(L)	/	14.50(L)
Tianjin Jinneng Investment Company (Note 2)	A shares	1,296,012,600	9.74	12.97	/
Hebei Construction & Investment Group Co., Ltd. (Note 3)	A shares	1,281,872,927	9.63	12.83	/
Beijing Energy Investment (Group) Company Limited (Note 4)	A shares	1,260,988,672	9.47	12.62	/
BlackRock, Inc.	H shares	264,351,573(L)	1.99(L)	/	7.97(L)
	H shares	1,250,000(S)	0.009(S)	/	0.04(S)

(L)= Long Position (S)= Short Position (P)= Lending Pool

### Notes:

- (1) Mr. Chen Jinhang, Mr. Hu Shengmu and Mr. Liang Yongpan, all Non-executive Directors, are employees of CDC.
- (2) Mr. Yang Wenchun, a Non-executive Director, is an employee of Tianjin Jinneng Investment Company.
- (3) Mr. Cao Xin and Mr. Cai Shuwen, both Non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.
- (4) Mr. Liu Haixia and Ms. Guan Tiangang, both Non-executive Directors, are employees of Beijing Energy Investment (Group) Company Limited.

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN SHARE CAPITAL**

As at 31 December 2014, Mr. Meng Fankui, a Deputy General Manager of the Company, was interested in 5,000 A shares of the Company. Save as disclosed above, none of the Directors, supervisors and Chief Executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (as defined in SFO) that were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned in the SFO pursuant to section 352 of the SFO or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Model Code") on the Hong Kong Stock Exchange (the "Listing Rules").

## **DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at 31 December 2014, the Company has not entered into any service contracts with its Executive Directors. Therefore, none of the Directors and supervisors has or proposed to have any service contracts with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## **INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS**

No contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party, and in which any Director or supervisor had a material interest, either directly or indirectly, subsisted at the end of the year or during the year.

## **DIRECTORS' AND SUPERVISORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

No arrangements were made by the Company or its subsidiaries at any time during the year for any Director or supervisor to acquire any shares in or debentures of the Company or any of its subsidiaries.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the year.

## **INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN CONTRACTS**

Save as disclosed in this annual report, none of the Company or its subsidiaries have entered into any material contracts or material service contracts with the Company's substantial shareholders or its subsidiaries.

## **HIGHEST PAID INDIVIDUALS**

During the year, the Group ran a basic salary and performance-based salary system for the Company's Directors, supervisors and members of senior management, where the performance-based salary is allocated in accordance with the performance appraisal of the year. The Remuneration and Appraisal Committee reviewed the work performance and remuneration level of each individual.

All of the highest paid individuals of the Company during the Year were Directors or senior management. Details of their remunerations are set out in Note 13 to the Consolidated Financial Statements from page 133 to page 135.

# REPORT OF THE DIRECTORS

## **BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS**

Apart from the loans from CDC, loans from China Datang Group Finance Company Limited, loans from Datang Finance Leasing Company Limited, short-term bank loans, other short-term loans, long-term bank loans, other long-term loans and short-term bonds are set out from Note 40, Note 33 and Note 41 to the Consolidated Financial Statements from page 176 to page 177, from page 166 to page 169 and on page 177 respectively, there were no other loans of the Company and its subsidiaries as at 31 December 2014.

## **MEDIUM-TERM NOTES AND CORPORATE BONDS**

The Company issued “The 2014 Medium Term Notes (First Tranche)” on 22 August 2014. The issuance amount for the Medium Term Notes was RMB3.5 billion, bearing an annual interest rate of 5.20%. The proceeds from the fundraising activity were primarily used to replenish the working capital of the Company and to repay its bank loans. The proceeds were fully utilised as at the end of 2014.

“The 2012 Datang International Power Generation Co., Ltd.’s Corporate Bonds (Second Tranche)” (the “Second Tranche Bonds”) issued by the Company were listed on the Shanghai Stock Exchange on 15 December 2014. The total issuance amount for the Second Tranche Bonds was RMB3 billion with a unit nominal value of RMB100 and 30 million units. The unit issue price was RMB100 and coupon rate was at 5.00%. The proceeds raised through these corporate bonds will be used to repay current bank loans and to replenish the working capital of the Company, in pursuant to satisfy the needs of daily working capital brought by business growth.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles of Association and applicable PRC Laws that require the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

## CONNECTED TRANSACTIONS

During the year, the Company or its subsidiaries carried out the following major continuing connected transactions (as defined in Chapter 14A of the Listing Rules) with its connected persons as defined under the Listing Rules, and such transactions were in compliance with the requirements on connected transactions under Chapter 14A of the Listing Rules.

No.	Connected Party	Major Terms of Transaction	Amount (RMB '000)
1	China National Water Resources & Electric Power Materials & Equipment Co., Ltd.	Purchase of Engineering Equipment	395,286
2	China National Water Resources & Electric Power Materials & Equipment Co., Ltd.	Purchase of Production Materials	219,926
3	Datang Technology Industry Company Limited	Electricity Fee of Desulfurisation	504,142
4	Datang Technology Industry Company Limited	Material Fee of Desulfurisation	136,831
5	Jiangsu Xutang Power Generation Co., Ltd. and Datang Suzhou Thermal Power Generation Company Ltd.	Revenue from Sales of Alternative Power Generation	128,259
6	China Datang Group Finance Co., Ltd.	Interest Income	44,183
7	China Datang Group Finance Co., Ltd.	Interest Expense	300,728
8	Datang Finance Leasing Company Limited	Rental Fee	1,397,286
9	Beijing Datang Fuel Co., Ltd.	Fuel Purchase	14,404,283
10	Inner Mongolia Datang Fuel Co., Ltd.	Fuel Purchase	3,140,935
11	Inner Mongolia Datang International Xilinhaote Company Limited (from subsidiaries of the Company)	Fuel Purchase	392,844
12	Jiangsu Datang International Lvsigang Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service Fee of Coal Transportation	64,873
13	Guangdong Datang International Chaozhou Power Generation Company Limited (to Jiangsu Datang Shipping Company Limited)	Service Fee of Coal Transportation	90,036
14	Beijing Datang Fuel Co., Ltd. (to Datang International (Hong Kong) Limited)	Fuel Purchase	737,800
15	Guangdong Datang International Chaozhou Power Generation Company Limited (to Datang International (Hong Kong) Limited)	Fuel Purchase	585,066
16	Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited (from subsidiaries of the Company)	Chemical Products Purchase	976,494
17	Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited (to Datang Energy and Chemical Marketing Company Limited)	Material Purchase	28,542
18	Datang Inner Mongolia Duolun Coal Chemical Company Limited (from subsidiaries of the Company)	Chemical Products Purchase	1,102,265

For related party transactions disclosed in note 47 of the consolidated financial statements which constituted connected transaction under the Listing Rules, the Company has complied with all the relevant requirements under Chapter 14A of the Listing Rules.

# REPORT OF THE DIRECTORS

## A. Continuing Connected Transactions in 2014

1. On 6 January 2014, the Company and China National Water Resources & Electric Power Materials & Equipment Co., Ltd. ("China Water Resources and Power"), a wholly-owned subsidiary of CDC entered into the Framework Agreement for Production Materials Purchase which was effective from 1 January 2014 to 31 December 2014. The continuing connected transactions contemplated under the Framework Agreement for Production Materials Purchase were subject to an annual cap of RMB500 million for the year ended 31 December 2014. Pursuant to the agreement, according to the actual demands of the Company and its subsidiaries, China Water Resources and Power would conduct tender of materials purchase in accordance with the relevant laws and regulations of the State. Pursuant to the tender results, the Company and its subsidiaries would enter into specific purchase contracts with China Water Resources and Power in connection with the centralised purchase of machinery, equipment and materials required for technical transformation projects. The entering into and implementation of the agreement were to fully leverage on the role of China Water Resources and Power as a professional institution in sourcing the machinery, equipment and materials of technical transformation projects to leverage the bulk purchase advantage, enhance purchase quality and lower purchase costs, thereby enhancing the profitability of the Company. As of 31 December 2014, the actual aggregate annual transaction amount incurred was RMB219.93 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 6 January 2014.
2. On 8 January 2014, the Company and China Water Resources and Power entered into the Framework Agreement for Construction Materials Purchase which was effective from 1 January 2014 to 31 December 2014. The continuing connected transactions contemplated under the Framework Agreement for Construction Materials Purchase were subject to

an annual cap of RMB700 million (including the purchase costs for the machinery, equipment and materials of construction projects and the management service fees payable to China Water Resources and Power) for the year ended 31 December 2014. Pursuant to the agreement, according to the actual demands of the Company and its subsidiaries, China Water Resources and Power would conduct tender of materials purchase in accordance with the relevant laws and regulations of the State. Pursuant to the tender results, the Company and its subsidiaries would enter into specific purchase contracts with China Water Resources and Power in connection with the centralised purchase of machinery, equipment and materials required for project construction. The entering into and implementation of the agreement were to fully leverage on the role of China Water Resources and Power as a professional institution in sourcing machinery, equipment and materials of construction projects, and to leverage on the advantage of bulk purchasing, in order to enhance purchase quality, lower purchase costs, thereby enhancing the profitability of the Company. As of 31 December 2014, the actual aggregate annual transaction amount incurred was RMB395.29 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 8 January 2014.

3. On 31 October 2012, certain power plants of the Company, including Zhangjiakou Power Plant (a power plant directly managed and owned by the Company, "Zhangjiakou Power Plant"), Guangdong Datang International Chaozhou Power Generation Company Limited (a subsidiary in which the Company and CDC hold equity interest of 52.5% and 22.5%, respectively, "Chaozhou Power Generation Company"), and Jiangsu Datang International Lvsigang Power Generation Company Limited (a subsidiary in which the Company and CDC held equity interest of 55% and 35%, respectively, "Lvsigang Power Generation Company") (together "Certain Power Plants of the Company"), entered into the Franchising Contract with China Datang

Environmental Technology Co. Ltd. (“Datang Environment Company”), a wholly-owned subsidiary of CDC. Pursuant to the Franchising Contract, these Certain Power Plants of the Company authorised Datang Environment Company to carry out franchising in respect of the desulfurisation assets of the corresponding coal-fired power generating units and operate, maintain and manage the desulfurisation assets during the franchise period. Datang Environment Company shall enjoy desulfurisation tariffs and relevant preferential policies of the PRC and shall reimburse and compensate each of the Certain Power Plants of the Company for the costs incurred for desulfurisation, including water, electricity and gas, in accordance with the relevant requirements on desulfurisation franchising in the State. The implementation of franchising for desulfurisation projects by Certain Power Plants of the Company could effectively revitalise the desulfurisation assets in stock of the Company, while the proceeds of transferring the desulfurisation assets could be used to finance the construction and operation of the enterprise, repay or substitute new bank loans, and effectively ease the financial pressure of the Company and reduce the Company’s asset-to-liability ratio, thereby enhancing the profitability and the capacity of sustainable development for the Company. Meanwhile the professional management advantage of Datang Environment Company could be brought into full play, the operational efficiency of the desulfurisation facilities could be enhanced, and the risks concerning environmental protection could be reduced, and the operational costs of the Company could be saved. During 2013, Datang Environmental Company changed its name to Datang Technology Industry Company Limited. As of 31 December 2014, it charged a total of approximately RMB367.31 million, of which RMB504.14 million for desulfurisation tariff and RMB136.83 million for the costs incurred for desulfurisation including water, electricity and gas, respectively, which did not exceed the annual cap as set out in the agreement (RMB540 million and RMB166 million, respectively). For details of the transaction, please refer to the announcement of the Company dated 2 November 2012.

4. On 27 August 2012, the Company entered into the Alternative Power Generation Framework Agreement with CDC. In accordance with the relevant requirements relating to the standards of substitution of power generation, CDC and its relevant power plants or subsidiaries agreed to appoint the power plants or subsidiaries of the Company to substitute the power generation units of CDC and its relevant power plants or subsidiaries to carry out power generation work in Jiangsu, Jingjintang and Shanxi regions of the PRC. It was expected that the annual maximum fee receivable by the Company for each of the three years ended 31 December 2012, 31 December 2013 and 31 December 2014 would not exceed RMB800 million. The purpose of the transaction was to fully utilise the planned generation target of the shut-down generating units, and the advantages in large generating units with high efficiency, low energy consumption and low emissions discharge to improve the Company’s profit margins. The relevant transactions were able to achieve the purpose of a win-win situation for both parties, and were in the interests of the Company’s Shareholders and the interests of the parties to the transaction as a whole. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. As of 31 December 2014, the actual aggregate annual transaction amount incurred was RMB128.26 million. For details of the transaction, please refer to the announcement of the Company dated 27 August 2012.
5. CDC, together with its subsidiaries, holds approximately 34.71% of the issued share capital of the Company and is the controlling shareholder of the Company. CDC is the controlling shareholder of China Datang Group Finance Co., Ltd. (“Datang Finance Company”) and holds 71.8% of its equity interest. On 15 October 2013, the Company and Datang Finance Company entered into the Financial Services Agreement with a term commencing from 1 January 2014 to 31 December 2016. Pursuant to the agreement, Datang Finance Company agreed to provide the Company and its subsidiaries with deposit services, loan services and other

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financial services, and the daily balance of the deposits of the Company and its subsidiaries with Datang Finance Company should not exceed RMB12,000 million. The entering into of the agreement to secure loans and other financing services at interest rates lower than those in the market, assisted in improving the overall standard of capital operation of the Company and in enhancing the Group's bargaining power to negotiate external financing. The entering into of the Financial Services Agreement also enabled the Company to secure higher than market interest rates for deposits and enjoy payment and settlement services at zero rate, thereby increasing interest revenue from deposits and saving settlement costs. Meanwhile, pursuant to the Financial Services Agreement, the Group could strengthen its funds control and accounts management through the funds management platform of Datang Finance Company, thereby further improving the efficiency of fund applications, and mitigating and avoiding financial risks. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. As of 31 December 2014, the balance of deposits of the Company and its subsidiaries with Datang Finance Company was approximately RMB2,464 million. For details of the transaction, please refer to the announcement of the Company dated 15 October 2013.

6. On 25 April 2013, the Company entered into the Leasing Business Cooperation Agreement with Datang Finance Leasing Company Limited ("Datang Lease Company"), a non wholly-owned subsidiary of CDC, pursuant to which, the Company shall conduct certain financial leasing arrangements with a transaction amount not exceeding RMB10,000 million per year with Datang Lease Company for a term of three years commencing from 1 January 2013 to 31 December 2015. The maximum aggregate annual transaction amount under the Leasing Business Cooperation Agreement was RMB10,000 million for each of the three years ended 31 December 2015. The purpose of the transaction was to help the Company broaden its financing channels and raise low-cost funds under the current situations where the scale of

bank loans remained tight and the interest rates of bank financing stayed high; and to further strengthen the Company's and relevant unit's negotiation power when deploying the financial leasing business with other leasing companies. Meanwhile, Datang Lease Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide a more convenient, effective and efficient financial leasing services to the Company when compared to those services provided by other financial leasing companies. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB1,397 million and did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 25 April 2013.

7. On 9 December 2013, the Company entered into the Coal Purchase and Sale Framework Agreement (Beijing) with Beijing Datang Fuel Company Limited ("Beijing Datang Fuel Company"), a subsidiary in which the Company and Datang Electric Power Fuel Company Limited, a wholly-owned subsidiary of CDC, held 51% and 49% equity interest, respectively. Pursuant to the agreement, the Company agreed to purchase coal from Beijing Datang Fuel Company with maximum aggregate annual transaction amount of approximately RMB40,500 million for a term of one year commencing from 1 January 2014 to 31 December 2014. The purpose of the transaction was primarily to secure coal supply to the Company and the power generation enterprises of its subsidiaries, and fully leverage from advantages in terms of supply and economy-of-scale of purchase of specialised fuel management companies, so as to stabilise the market prices of coal to a certain extent, thereby exercising control over the costs of fuel and mitigating the adverse impact of changes in the coal market on the Company and its subsidiaries. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB14,404 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the



transaction, please refer to the announcement of the Company dated 9 December 2013.

8. On 9 December 2013, the Company entered into the Coal Purchase and Sale Framework Agreement (Inner Mongolia) with Inner Mongolia Datang Fuel Company Ltd. ("Inner Mongolia Fuel Company"), a wholly-owned subsidiary of Beijing Datang Fuel Company. Pursuant to the agreement, the Company agreed to purchase coal from Inner Mongolia Fuel Company with maximum aggregate annual transaction amount of approximately RMB6,081 million for a term of one year commencing from 1 January 2014 to 31 December 2014. The purpose of the transaction was primarily to secure coal supply to the Company and the power generation enterprises of its subsidiaries, and fully leverage the advantages in terms of supply and economy-of-scale of purchase of these specialised fuel management companies, so as to stabilise the market prices of coal to a certain extent, thereby exercising control over the costs of fuel and mitigating the adverse impact of changes in the coal market on the Company and its subsidiaries. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB3,141 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 9 December 2013.
9. On 9 December 2013, the Company entered into the Coal Purchase and Sale Framework Agreement (Xilinhaote) with Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company"), a subsidiary in which the Company and China Datang Coal Industry Co., Ltd., a wholly-owned subsidiary of CDC, held 60% and 40% equity interest, respectively. Pursuant to the agreement, the Company agreed to purchase coal from Xilinhaote Mining Company with maximum aggregate annual transaction amount of approximately RMB2,318 million for a term of one year commencing from 1 January 2014 to 31 December 2014. The purchase of coal by the Company and its subsidiaries from Xilinhaote

Mining Company was to secure coal supply to the Company and its power generation enterprises, and to fully leverage from the advantages in terms of supply and economy-of-scale of purchase of a specialised coal company, thereby exercising control over the costs of fuel and at the same time, increased the operating revenue of Xilinhaote Mining Company and the Company's self-sufficiency rate of coal for production. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB393 million. During the term of the agreement, the transaction amount did not exceed the annual cap as set out in the agreement. For details of the transaction, please refer to the announcement of the Company dated 9 December 2013.

10. On 29 September 2014, Jiangsu Datang Shipping Company Limited ("Shipping Company"), a non wholly-owned subsidiary of the Company, entered into the Framework Agreement in relation to Transportation Business with Lvsigang Power Generation Company and Chaozhou Power Generation Company, respectively:
  - (1) Shipping Company and Lvsigang Power Generation Company entered into the Lvsigang Shipping Framework Agreement, pursuant to which Shipping Company agreed to provide coal transportation service to Lvsigang Power Generation Company with a maximum aggregate annual transaction amount of approximately RMB83 million for a term of one year commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, the actual aggregate annual transaction amount incurred was RMB64.873 million.
  - (2) Shipping Company and Chaozhou Power Generation Company entered into the Chaozhou Shipping Framework Agreement, pursuant to which Shipping Company agreed to provide coal transportation service to Chaozhou Power Generation Company with a maximum aggregate annual transaction amount of approximately RMB189 million for a term of one year commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014,

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the actual aggregate annual transaction amount incurred was RMB90.036 million.

The purposes of entering into the above agreements were to ensure the fuel supply to the coastal power generation enterprises of the Company, and that the Shipping Company could arrange transportation in a more timely and rapid manner according to the fuel demand from the power generation enterprises of the Company. During the term of the agreements, the transaction amounts did not exceed the annual cap as set out in the agreements. For details of the transactions, please refer to the announcement of the Company dated 29 September 2014.

11. On 9 December 2013, Datang International (Hong Kong) Limited ("Hong Kong Company"), a wholly-owned subsidiary of the Company, entered into the Coal Sale and Purchase Framework Agreement with certain subsidiaries of the Company:
  - (1) Hong Kong Company entered into the Coal Sale and Purchase Framework Agreement (Hong Kong – Beijing) with Beijing Datang Fuel Company, pursuant to which Hong Kong Company agreed to sell coal to Beijing Datang Fuel Company with a maximum aggregate annual transaction amount of approximately RMB2,740 million for a term of one year commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB738 million.
  - (2) Hong Kong Company entered into the Coal Sale and Purchase Framework Agreement (Hong Kong – the Company) with the Company, pursuant to which Hong Kong Company agreed to sell coal to Lvsigang Power Generation Company and Chaozhou Power Generation Company, both of which were subsidiaries of the Company, with a maximum aggregate annual transaction amount of approximately RMB3,670 million for a term of one year commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, the actual aggregate

annual transaction amount incurred was approximately RMB585 million.

The above transactions were primarily for leveraging from the advantage of the Hong Kong Company in imported coal purchasing, in order to guarantee the coal supply of the subsidiaries of the Company as well as to lower the purchasing cost of coal, and to increase the business revenue of the Hong Kong Company at the same time. During the term of the agreements, the transaction amounts did not exceed the annual cap as set out in the agreements. For details of the transactions, please refer to the announcement of the Company dated 9 December 2013.

12. On 25 April 2014, Datang Energy and Chemical Marketing Company Limited ("Energy and Chemical Marketing Company"), a wholly-owned subsidiary of Datang Energy and Chemical Company Limited, which was a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement of Chemical Products and Materials with certain subsidiaries of the Company for the implementation of continuing connected transactions set out below:
  - (1) Energy and Chemical Marketing Company entered into the Framework Agreement of Sale of Natural Gas with Inner Mongolia Datang International Keshiketeng Coal-based Gas Company Limited ("Keqi Coal-based Gas Company," in which Datang Energy and Chemical Company Limited, a wholly-owned subsidiary of the Company, and CDC, held 51% and 10% equity interest, respectively), a non wholly-owned subsidiary of Datang Energy and Chemical Company Limited, which was a wholly-owned subsidiary of the Company. Pursuant to the agreement, Energy and Chemical Marketing Company agreed to purchase natural gas from Keqi Coal-based Gas Company with an annual cap for transaction amount of RMB4,029 million for a term commencing from 18 December 2013 to 31 December 2014. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB976 million. During the

term of the agreement, the transaction amounts did not exceed the annual cap as set out in the agreement.

Energy and Chemical Marketing Company entered into the Sale and Purchase Contract of Chemical Products with Keqi Coal-based Gas Company. Pursuant to the agreement, Energy and Chemical Marketing Company agreed to sell Chemical Materials to Keqi Coal-based Gas Company with an annual cap for transaction amount of RMB135 million for a term commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB28.54 million. During the term of the agreement, the transaction amounts did not exceed the annual cap as set out in the agreement.

- (2) Energy and Chemical Marketing Company entered into the Sale and Purchase Contract of Chemical Products with Datang Inner Mongolia Duolun Coal Chemical Company Limited (“Duolun Coal Chemical Company,” in which Datang Energy and Chemical Company Limited and CDC, held 60% and 40% equity interest, respectively), a non wholly-owned subsidiary of Datang Energy and Chemical Company Limited. Pursuant to the agreement, Energy and Chemical Marketing Company agreed to purchase Chemical Products from Duolun Coal Chemical Company with an annual cap for transaction amount of RMB3.63 billion for a term commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, the actual aggregate annual transaction amount incurred was approximately RMB1,102 million. During the term of the agreement, the transaction amounts did not exceed the annual cap as set out in the agreement.

For details of the transactions, please refer to the announcement of the Company dated 25 April 2014.

13. Other continuing connected transactions that have not been incurred

- (1) Shipping Company, a non wholly-owned subsidiary of the Company, entered into the Framework Agreement in relation to Transportation Business with Beijing Datang Fuel Company, pursuant to which Shipping Company agreed to provide coal transportation service to Beijing Datang Fuel. As of 31 December 2014, no such transactions have taken place. For details of the transactions, please refer to the announcement of the Company dated 9 December 2013.
- (2) Beijing Datang Fuel Company entered into three Coal Purchase and Sale Framework Agreements with three subsidiaries of CDC, pursuant to which Hong Kong Company agreed to sell coal to the three subsidiaries of CDC. As of 31 December 2014, no such transactions have taken place. For details of the transactions, please refer to the announcement of the Company dated 9 December 2013.
- (3) Hong Kong Company entered into three Coal Purchase and Sale Framework Agreements with three subsidiaries of CDC, pursuant to which Hong Kong Company agreed to sell coal to the three subsidiaries of CDC. As of 31 December 2014, no such transactions have taken place. For details of the transactions, please refer to the announcement of the Company dated 9 December 2013.
- (4) Energy and Chemical Marketing Company entered into the Sale and Purchase Contract of Chemical Products with Keqi Coal-based Gas Company, pursuant to which Energy and Chemical Marketing Company agreed to purchase chemical products from Keqi Coal-based Gas Company with an annual cap for transaction amount of RMB623 million for a term commencing from 18 December 2013 to 31 December 2014. As of 31 December 2014, no such transactions have taken place. For details

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of the transaction, please refer to the announcement of the Company dated 25 April 2014.

- (5) Energy and Chemical Marketing Company entered into the Sale and Purchase Contract of Chemical Products with Duolun Coal Chemical Company, pursuant to which Energy and Chemical Marketing Company agreed to sell chemical materials to Duolun Coal Chemical Company for a term commencing from 1 January 2014 to 31 December 2014. As of 31 December 2014, no such transactions have taken place. For details of the transactions, please refer to the announcement of the Company dated 25 April 2014.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the above continuing connected transactions referred to in paragraphs 1 to 13 and are of the opinion that the continuing connected transactions as stated in paragraphs 1 to 13 above have been (i) carried out in the usual and ordinary course of business of the Group; (ii) conducted on normal commercial terms; and (iii) entered into in accordance with the terms of the respective agreements which are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's external auditor was engaged to report on the Group's continuing connected transaction 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. For the purpose of Rule 14A.56 of the Listing Rules, the auditor of the Company, has provided a letter to the Board confirming that:

- (i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provisions of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the agreements governing the transactions; and
- (iv) nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value as disclosed in the relevant announcements.

A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

## B. Other Connected Transactions in 2014

1. From March to July 2014, some subsidiaries and power plants of the Company entered into the Technological Transformation Contracts with China Datang Technologies & Engineering Co., Ltd. ("Datang Engineering Company"), a non wholly-owned subsidiary of Datang Technology Industry Company Limited ("Datang Technology Industry Company"), a wholly-owned subsidiary of CDC, who won the bid in the public tender and underwent tender evaluation:
  - (1) On 20 March 2014, Zhangjiakou Power Plant, a wholly-owned subsidiary of the Company, entered into the "General EPC Contract for Transformation Project for the Bag-type Dust Collectors of Boilers No. 1 and 4 of 300MW Power Generating Units No. 1 and 4 of Zhangjiakou Power Plant" with Datang Engineering Company, pursuant to which Zhangjiakou Power Plant agreed to appoint Datang Engineering Company to carry out the transformation project for the bag-type dust collectors of boilers of its power generating units, with an aggregate contract amount of RMB34.85 million.

- (2) In April 2014, Zhangjiakou Power Plant entered into the "General EPC Contract for Transformation Project for the Bag-type Dust Collectors of Boilers No. 3 and 7 of 300MW Power Generating Units No. 3 and 7 of Zhangjiakou Power Plant" with Datang Engineering Company, pursuant to which Zhangjiakou Power Plant agreed to appoint Datang Engineering Company to carry out the transformation project for bag-type dust collectors of boilers of its power generating units, with an aggregate contract amount of RMB50.15 million.
- (3) On 4 April 2014, Chaozhou Power Generation Company, a subsidiary of the Company, entered into the "Commercial Contract for Transformation Project for the Power Supply of the Electrostatic Dust Precipitators of Boilers No. 3 and 4 of the Power Generating Units of Chaozhou Power Generation Company" with Datang Engineering Company, pursuant to which Chaozhou Power Generation Company agreed to appoint Datang Engineering Company to carry out the transformation project for electrostatic dust precipitators of boilers of its power generating units, with an aggregate contract amount of RMB6.831 million.
- (4) On 18 April 2014, Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Generation Company"), a 51%-owned subsidiary of the Company, entered into the "Purchase and Sale Contract for Equipment for the Transformation of the Power Supply of the Electrostatic Dust Precipitators of Power Generating Units No. 2 and 3 of Ningde Power Generation Company" with Datang Engineering Company, pursuant to which Ningde Power Generation Company agreed to purchase transformation equipment for the power supply of the electrostatic dust precipitators of its power generating units from Datang Engineering Company, with an aggregate contract amount of RMB5.211 million.
- (5) In May 2014, Keqi Coal-based Gas Company entered into the "General Contract for the Denitrification Project of 3×470t/h Coal-fired Boilers of the Power Generating Units of Keqi Coal-based Gas Company" with Datang Engineering Company, pursuant to which Keqi Coal-based Gas Company agreed to appoint Datang Engineering Company to carry out general contracting of the denitrification engineering work for its coal-fired boilers, with an aggregate contract amount of RMB99.47 million.
- (6) On 18 July 2014, Liaoning Datang International Jinzhou Thermal Power Generation Company Limited ("Jinzhou Thermal Power Company"), a wholly-owned subsidiary of the Company, entered into the "Contract for Transformation Project for the Electrostatic Dust Precipitators of Boilers No. 1 and 2 of Power Generating Units of Jinzhou Thermal Power Company" with Datang Engineering Company, pursuant to which Jinzhou Thermal Power Company agreed to appoint Datang Engineering Company to carry out the transformation project for the electrostatic dust precipitators of boilers of its power generating units, with an aggregate contract amount of RMB4.899 million.
- The Company is of the view that the appointment of Datang Engineering Company by the Company's power plants and subsidiaries via tender to carry out the Technical Transformation Projects was mainly for the purposes of ensuring the on-schedule completion of Technical Transformation Projects of the Company's power plants and subsidiaries, to fully utilise their professional advantage, as well as to control cost to a certain extent through large scale purchasing of facilities. As at 31 December 2014, the aforesaid connected transactions had incurred a total of RMB44.07 million. For details of the transactions, please refer to the announcement of the Company dated 27 August 2014.
2. In July 2014, some subsidiaries and power plants of the Company entered into the Technological Transformation Project Contracts with Datang Technology Industry Company and Datang Engineering Company consortium, who won the bid in the public tender and underwent tender evaluation:

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- (1) In July 2014, Hebei Datang International Wangtan Power Generation Company Limited (“Wangtan Power Generation Company”), a 70%-owned subsidiary of the Company, entered into the “Contract for Capacity Expansion and Transformation Project for the Flue Gas Desulfurisation System of Power Generating Units No. 1 and 2 of Wangtan Power Generation Company” with Datang Technology Industry Company – Datang Engineering Company consortium, pursuant to which Wangtan Power Generation Company agreed to appoint Datang Technology Industry Company – Datang Engineering Company consortium to carry out the capacity expansion and transformation project for the flue gas desulfurisation system of its power generating units, with an aggregate contract amount of RMB124.98 million.
- (2) On 15 July 2014, Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited (“Zhangjiakou Thermal Power Company”), a wholly-owned subsidiary of the Company, entered into the “Contract for Capacity Expansion and Transformation Project for the Flue Gas Desulfurisation System of Power Generating Units No. 1 and 2 of Zhangjiakou Thermal Power Company” with Datang Technology Industry Company and Datang Engineering Company consortium, pursuant to which Zhangjiakou Thermal Power Company agreed to appoint Datang Technology Industry Company and Datang Engineering Company consortium to carry out the capacity expansion and transformation project for the flue gas desulfurisation system of its power generating units, with an aggregate contract amount of RMB84.58 million.
- (3) On 29 July 2014, Jiangxi Datang International Xinyu Power Generation Company Limited (“Xinyu Power Generation Company”), a wholly-owned subsidiary of the Company, entered into the “Commercial Contract for Transformation Project for the SCR Flue Gas Denitrification Project of Power Generating Units No. 1 and 2 (2×220MW) of Xinyu Power Generation Company” with

Datang Technology Industry Company and Datang Engineering Company consortium, pursuant to which Xinyu Power Generation Company agreed to appoint Datang Technology Industry Company and Datang Engineering Company consortium to carry out the transformation project for the SCR flue gas denitrification system of its power generating units, with an aggregate contract amount of RMB99.09 million.

The Company is of the view that the appointment of Datang Technology Industry Company and Datang Engineering Company consortium by the Company’s power plants and subsidiaries via tender to carry out the Technical Transformation Projects was mainly for the purposes of ensuring the on-schedule completion of Technical Transformation Projects of the Company’s power plants and subsidiaries, to fully utilise their professional advantage, as well as to control cost to a certain extent through large scale purchasing of facilities. As at 31 December 2014, the aforesaid connected transactions had incurred a total of RMB272.89 million. For details, please refer to the announcement of the Company dated 27 August 2014.

3. On 10 December 2014, Zhangjiakou Power Plant, a wholly-owned subsidiary of the Company, entered into the “Contract on Desulphurisation and Capacity and Efficiency Enhancement and Modification of Zhangjiakou Power Plant Units No. 1 and 8” for an aggregate contract value amounting to approximately RMB198 million with Datang Technology Industry Company, a wholly-owned subsidiary of CDC, who won the bid in the public tender and underwent tender evaluation. The Company is of the view that the appointment via tender to carry out the technical transformation projects was mainly for the purposes of ensuring the on-schedule completion of Technical Transformation Projects of the Company’s power plants and subsidiaries, to fully utilise the professional advantage of Datang Technology Industry Company, as well as to control cost to a certain extent through large scale purchasing of facilities. As at 31 December 2014, the transaction has incurred a total of RMB181.50 million. For details, please refer to the announcement of the Company dated 10 December 2014.

4. On 4 April 2014, the Company entered into the "Capital Increase Agreement for Datang Finance Leasing Company" (the "Capital Increase Agreement") with China Datang Corporation Capital Holding Co. Limited ("CDC Capital Holding Company"), a subsidiary of CDC, China Datang Overseas (Hong Kong) Co., Limited ("Datang Overseas Company"), and Datang Renewable Power (Hong Kong) Co., Limited ("Datang Renewable Power Company"), pursuant to which the parties agreed to make further capital contribution to Datang Lease Company in proportion to their existing equity holding. Among which, the Company agreed to make further capital contribution of RMB200 million to Datang Lease Company. Upon completion of the capital increase, the Company would have made capital contribution in the total sum of RMB400 million in Datang Lease Company and its equity holding in Datang Finance Leasing Company would remain as 20%. The increase in capital of Datang Finance Leasing Company would elevate its asset size and financing ability, enhance its growth potential and competitiveness and enables the Company to obtain a better return on investment. As at 31 December 2014, the actual transaction amount incurred was approximately RMB200 million. For details of the transaction, please refer to the announcement of the Company dated 4 April 2014.
5. On 13 May 2014, the Company entered into the Entrusted Loan Agreement with Datang Finance Company and Xilinhaote Mining Company. in relation to the provision of the Entrusted Loan by the Company to Xilinhaote Mining Company. in the form of revolving loan facility through the Entrusted Loan Arrangement, in which Datang Finance Company acts as the lending agent. The outstanding balance of the loans under the Entrusted Loan Agreement shall not exceed RMB1,500 million in aggregate, and the term for the Entrusted Loan Agreement is 36 months commencing from 13 May 2014 to 12 May 2017. On 30 October 2014, the Company entered into the Xilinhaote Mining Entrusted Loan Agreements with Datang Finance Company and Xilinhaote Mining Company in relation to the provision of an entrusted loan of no more than RMB1,000 million by the Company to Xilinhaote Mining Company through the Entrusted Loan Agreements, in which Datang Finance Company acts as the lending agent. The term of the Entrusted Loan Agreements is 1 year commencing from 30 October 2014 to 29 October 2015. In view of the cooperation history between Datang Finance Company and the Company and given that the provision of entrusted loan services by Datang Finance Company is covered under the Financial Services Agreement, Datang Finance Company has good understanding of the operations of the Company which will allow more expedient and efficient services than those rendered by other PRC commercial banks. Further, the handling fees charged by Datang Finance Company will not be higher than those charged by other PRC commercial banks. In view of the above considerations, the Company appointed Datang Finance Company, rather than other PRC commercial banks, as the lending agent. At the same time, the entrusted loan would be primarily utilised by Xilinhaote Mining Company to replace the due borrowings and supplement their liquid capital, and was thus beneficial for the smooth progress of the production and operation activities of Xilinhaote Mining Company. As at 31 December 2014, the actual annual transaction amount incurred was approximately RMB2,400 million. During the effective term of the agreements, the transaction amount did not exceed the cap as set out in the agreement. For details, please refer to the announcements of the Company dated 13 May 2014 and 30 October 2014.
6. On 30 June 2014, the Company entered into the Capital Increase Agreement with China Datang Corporation Nuclear Power Co., Limited ("Datang Nuclear Power Company"), a 60%-owned subsidiary of CDC and CDC, pursuant to which the parties agreed that the Company should inject its 24% of equity interests (valued at approximately RMB132,088,300) in CNNC Liaoning Nuclear Power Co., Ltd. ("Liaoning Nuclear Power Company") into Datang Nuclear Power Company, with a view to increase the amount of capital injection by the Company in Datang Nuclear Power Company, and that CDC should agree to increase the capital by RMB198,132,500 in proportion to its equity holding in Datang Nuclear Power Company. Upon completion of the capital increase, the Company would have made capital contribution in the total sum of RMB156,088,300 in Datang

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Nuclear Power Company and its equity holding would remain as 40%, while CDC would have made capital contribution in the total sum of RMB234,132,500 in Datang Nuclear Power Company and its equity holding would remain at 60%. The Company is of the view that the increase in the capital contribution by the Company to Datang Nuclear Power Company with the 24% equity interests of Liaoning Nuclear Power Company, in proportion to that of CDC. It would further reinforce the strength of the principle business of Datang Nuclear Power Company, and fully leverage the professional management and technological advantages of the nuclear power business of Datang Nuclear Power Company for effectively proceeding with the preliminary work on the Liaoning nuclear project, thereby accelerating the smooth implementation of the Company's strategy to "develop nuclear power in a safe and highly efficient manner". During the reporting period, the change of equity interests of Liaoning Nuclear Power Company had been completed, and the capital contribution by Datang Nuclear Power Company had also been completed. For details, please refer to the announcement of the Company dated 2 July 2014.

7. On 27 August 2014, the Company, Datang Energy and Chemical Company Limited ("Energy and Chemical Company"), Datang Finance Company and Duolun Coal Chemical Company entered into the Entrusted Loan Framework Agreement in relation to the provision of the Entrusted Loan of an aggregate amount of RMB4,000 million by the Company or Energy and Chemical Company to Duolun Coal Chemical Company within the term of agreement, in which Datang Finance Company acts as the lending agent. The term of the Entrusted Loan Agreement shall not exceed one year, and all parties agreed that they shall enter into separate entrusted loan contracts, during the term of the Entrusted Loan Framework Agreement, in relation to the provision of the Entrusted Loan in tranches, provided that such separate entrusted loan contracts shall be in compliance with the principles, terms and conditions under the Entrusted Loan Framework Agreement. In view of the cooperation history between Datang Finance Company and the Company and given that the provision of entrusted loan services by Datang Finance Company was covered within the capital risks control measures under the Financial Services

Agreement, Datang Finance Company had better understanding of the operations of the Company which would allow more expedient and efficient services than those rendered by other PRC commercial banks. Further, the handling fees charged by Datang Finance Company would not be higher than those charged by other PRC commercial banks. In view of the above considerations, the Company appointed Datang Finance Company, rather than other PRC commercial banks, as the lending agent. At the same time, the Entrusted Loan would be primarily utilised by Duolun Coal Chemical Company to replace the due borrowings and replenish its liquidity, and is thus beneficial for the smooth progress of the production and operation activities of Duolun Coal Chemical Company. As at 31 December 2014, the actual transaction amount incurred was approximately RMB2,690 million. During the effective term of the agreements, the transaction amount did not exceed the cap as set out in the agreement. For details, please refer to the announcement of the Company dated 27 August 2014.

8. On 27 October 2014, Sichuan Datang International Ganzi Hydropower Development Co., Ltd. ("Ganzi Hydropower Company"), a 52.5%-owned subsidiary of the Company, entered into the Property Transaction Agreement with Kangding Guoneng Investment Co., Ltd. ("Kangding Guoneng"), a wholly-owned subsidiary of CDC. According to the agreement, Ganzi Hydropower Company agreed to acquire from Kangding Guoneng the 100% equity interest in Kangding Guoneng Hydropower Development Company Limited ("Kangding Hydropower") held by Kangding Guoneng at the consideration of RMB53.5666 million. As Changheba Hydropower Station and Huangjinping Hydropower Station of Ganzi Hydropower Company were under construction, Kangding Hydropower provided part of the electric power it generated to support the construction of both. The acquisition was able to smooth the management relationship and guarantee the smooth development of construction projects of Ganzi Hydropower Company. During the reporting period, the Company had completed the procedures for the change of relevant equity interests. For details, please refer to the announcement of the Company dated 28 October 2014.



9. On 16 September 2014, CDC issued the Guarantee Letter in favour of the Company in respect of the Corporate Bonds with an aggregate amount of RMB3,000 million to cover the principal and interest, default and damages, and fees incurred in realising the recourse in relation to the Corporate Bonds. Given that the guarantee provided by CDC exceeds its shareholding ratio of the Company (i.e., 34.71%), pursuant to the requirement under the "China Datang Corporation Management Procedures on Guarantee", the Company shall issue the Counter Guarantee Undertaking Letter in favour of CDC to counter guarantee the guarantee portion provided by CDC which was in excess of its shareholding ratio in the Company (i.e., 65.29%). On 30 October 2014, the Company issued the Counter Guarantee Undertaking Letter in favour of CDC to counter guarantee the guarantee portion provided by CDC in excess of its shareholding ratio in the Company (i.e. 65.29%), and the counter guarantee limit amounted to approximately RMB1,959 million. For details, please refer to the announcement of the Company dated 30 October 2014.
10. During the period from 16 December 2013 to 28 September 2014, the Company and its subsidiaries entered into 10 entrusted loan agreements with Datang Finance Company and Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Resource Company") for an aggregate amount of no more than RMB3,402 million in relation to the provision of entrusted loans by the Company to Renewable Resource Company through the Entrusted Loan Arrangement, in which Datang Finance Company acted as the lending agent. Among which, the total amount of entrusted loans with a term of one year amounted to RMB1,750 million and the total amount of entrusted loans with a term of three years amounted to RMB1,652 million. On 30 October 2014, the Company convened the fifteenth meeting of the eighth session of the Board to ratify the Renewable Resource Agreements (Implemented). On 30 October 2014, the Company entered into Entrusted Loan Agreement with Datang Finance Company and Renewable Resource Company in relation to the provision of an entrusted loan of no more than RMB850 million by the Company to Renewable Resource Company through the Entrusted Loan Arrangement, in which Datang Finance Company acted as the lending agent. The term of the agreement is three years commencing from 30 October 2014 to 29 October 2017. In view of the cooperation history between Datang Finance Company and the Company and given that the provision of entrusted loan services by Datang Finance Company was covered under the Financial Services Agreement, Datang Finance Company had good understanding of the operations of the Company which would allow more expedient and efficient services than those rendered by other PRC commercial banks. Further, the handling fees charged by Datang Finance Company would not be higher than those charged by other PRC commercial banks. In view of the above considerations, the Company appointed Datang Finance Company, rather than other PRC commercial banks, as the lending agent. At the same time, the entrusted loan would be primarily utilised by Renewable Resource Company to replace the due borrowings and supplement their liquid capital, and was thus beneficial for the smooth progress of the production and operation activities of Renewable Resource Company. As at 31 December 2014, the actual annual transaction amount incurred was approximately RMB3,602 million. Among which, the total amount of entrusted loans with a term of one year amounted to RMB1,350 million and the total amount of entrusted loans with a term of three years amounted to RMB2,252 million. During the effective term of the agreements, the transaction amount did not exceed the cap as set out in the agreement. For details, please refer to the announcement of the Company dated 30 October 2014.
11. On 26 November 2014, 13 shareholders of Datang Finance Company, including the Company and CDC, entered into the Capital Increase Agreement, pursuant to which the parties agreed to increase the registered capital of Datang Finance Company by RMB1,869,871,590.23 from RMB3,000,000,000 to RMB4,869,871,590.23. The parties agreed to settle the capital increase to Datang Finance Company by way of cash or transfer of undistributed profit. As of the end of the reporting period, the Company had increased the registered capital of Datang Finance Company by RMB173,974,839.97 by way of cash or transfer of undistributed profit. For details, please refer to the announcement of the Company dated 26 November 2014.

# REPORT OF THE DIRECTORS

## 12. Other connected transactions that have not been incurred

- (1) The Company entered into the Entrusted Loan Agreement with Ganzi Hydropower Company and Datang Finance Company in relation to the provision of the entrusted loan by the Company to Ganzi Hydropower Company through the entrusted loan arrangement, in which Datang Finance Company acted as a lending agent. The entrusted loan would be used for the project capital turnover at Ganzi Hydropower Company. The entrusted loan with a principal amount of RMB300 million has a term of one year. As at 31 December 2014, no such transactions have taken place. For details, please refer to the announcement of the Company dated 19 December 2014.
- (2) The Company entered into the Capital Contribution Agreement with CDC, Datang Huayin Electric Power Co., Ltd., a 33.34%-owned subsidiary of CDC and Leizhou City Peicai Infrastructure Construction Co., Ltd., pursuant to which the parties agreed to make capital contribution to establish Guangdong Datang International Leizhou Power Generation Co., Ltd. in order to construct the Leizhou Coal-fired Project (two 1,000MW coal-fired generating units). As at 31 December 2014, no such transactions have taken place. For details of the transaction, please refer to the announcement of the Company dated 16 June 2014.

## RETIREMENT SCHEME

In accordance with the State's employee retirement scheme, the Company has to pay a basic pension insurance premium on behalf of the employees at a rate of 20% of the staff's salaries whereby the employees will receive a monthly pension payment each month after retirement. In addition, the Company has also implemented an enterprise annuity plan, whereby employees will make monthly contributions at fixed amounts as individual savings pension insurance funds, while the Company will contribute proportionate amounts of the employees' contributions as supplementary pension insurance funds. The Company may at its discretion provide additional

nonrecurring individual savings pension insurance funds depending on the operating results of the year. When retired, an employee will receive individual savings pension insurance fund and corporate supplemental savings pension insurance fund by the Company. Apart from such contributions, the Company has no other liabilities towards the staff retirement scheme.

## MATERIAL LITIGATION

The Company was not involved in material litigation during the Year. For details of the Company's involvement of litigation, please refer to the "Other Significant Matters" section.

## INTEREST CAPITALISATION

During the Year, the interest capitalised in respect of construction-in-progress amounted to approximately RMB3,771,143 thousand.

## OTHER SIGNIFICANT MATTERS

1. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (First Tranche)" (the "First Tranche Super Short-term Debentures") on 28 February 2014. The issuance amount for the First Tranche Super Short-term Debentures was RMB3 billion with a maturity period of 180 days. The unit nominal value is RMB100 and the issuing interest rate is at 5.00%.
2. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Second Tranche)" (the "Second Tranche Super Short-term Debentures") on 10 April 2014. The issuance amount for the Second Tranche Super Short-term Debentures was RMB4 billion with a maturity period of 100 days. The unit nominal value is RMB100 and the issuing interest rate is at 4.95%.
3. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Third Tranche)" (the "Third Tranche Super Short-term Debentures") on 25 April 2014. The issuance amount for the Third Tranche Super Short-term Debentures was RMB3 billion with a maturity period of 180 days. The unit nominal value is RMB100 and the issuing interest rate is at 4.76%.

4. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Fourth Tranche)" (the "Fourth Tranche Super Short-term Debentures") on 17 July 2014. The issuance amount for the Fourth Tranche Super Short-term Debentures was RMB3 billion with a maturity period of 270 days. The unit nominal value is RMB100 and the issuing interest rate is at 4.58%.
5. In accordance with the 2013 annual profit distribution plan which was considered and approved at the 2013 annual general meeting of the Company convened on 12 June 2014, the Company completed the payment of dividends for the year of 2013 on 8 August 2014. The cash dividends per share paid was RMB0.12 (tax inclusive) and RMB0.114 after deduction of tax, and the cash dividends per 10 shares paid was RMB1.2 (tax inclusive) and RMB1.14 after deduction of tax.
6. The Company has completed the issuance of the "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Fifth Tranche)" (the "Fifth Tranche Super Short-term Debentures") on 28 August 2014. The issuance amount for the Fifth Tranche Super Short-term Debentures was RMB3 billion with a maturity period of 270 days. The unit nominal value is RMB100 and the issuing interest rate is at 4.68%.
7. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Sixth Tranche)" (the "Sixth Tranche Super Short-term Debentures") on 20 October 2014. The issuance amount for the Sixth Tranche Super Short-term Debentures was RMB3 billion with a maturity period of 270 days. The unit nominal value is RMB100 and the issuing interest rate is at 4.30%.
8. The Company has completed the issuance of "2014 Datang International Power Generation Co., Ltd.'s Super Short-term Debentures (Seventh Tranche)" (the "Seventh Tranche Super Short-term Debentures") on 23 December 2014. The issuance amount for the Seventh Tranche Super Short-term Debentures was RMB2 billion with a maturity period of 90 days. The unit nominal value is RMB100 and the issuing interest rate is at 5.50%.
9. The Company entered into the Framework Agreement for Reorganisation with China Reform Holdings Corporation Ltd. for the proposed reorganisation of the Company's coal-to-chemical segment and related projects (the "Reorganisation") on 7 July 2014. The

scope of the Reorganisation includes Duolun Coal Chemical Company, Keqi Coal-based Company, Fuxin Coal-based Company, Hulunbeier Fertiliser Company, Xilinhaote Mining Company and the respective ancillary facilities and affiliated projects. Currently, the Reorganisation is making steady progress.

#### 10. Contingent liabilities

In February 2014, a supplier (the "Supplier") of a subsidiary of the Group (the "Subsidiary") filed an arbitration application to China International Economic and Trade Arbitration Commission to request the Subsidiary to repay its accounts receivables from another supplier of the Subsidiary amounting to RMB180,000 thousand for which the Subsidiary should repay the balance of the above outstanding amount. As at 31 December 2014, the arbitration ruling is pending.

In May 2014, the Subsidiary, as a defendant, was sued by a bank relating to the accounts receivables factoring loans to the Supplier amounting to RMB101,431 thousand. After investigation, the Subsidiary considered that the related factoring loans contracts were invalid, thus did not repay the abovementioned loan to the bank. In December 2014, all the litigation claims of that bank were rebutted by the Court. Subsequent to the end of the reporting period, the bank has lodged an appeal which has entered the judicial process.

In August 2014, the Subsidiary received an arbitration application from another bank relating to the accounts receivables factoring loans to the Supplier amounting to RMB251,179 thousand. Since the Subsidiary has not repaid the debt, the bank filed an arbitration to demand payment from the Subsidiary. The Subsidiary suspected that certain evidence filed by the Bank is fraudulent and, therefore, has filed an application for authentication. As at 31 December 2014, the arbitration processings are in progress.

11. On 16 April 2014, the Company, EDF (China) Investment Co., Ltd. ("EDF China") and Jiangxi Datang International Fuzhou Power Generation Co., Ltd. (Fuzhou Power Generation Company), a subsidiary of the Company, entered into the Subscription Agreement and Joint Venture Contract, pursuant to which, Fuzhou Power Generation Company will carry out capital increase, its registered capital will increase to RMB1,811,616,000, EDF China and the Company agreed to participate in the capital increase, in which EDF China and the Company agreed to subscribe for RMB887,691,840 and RMB239,924,160, respectively,

# REPORT OF THE DIRECTORS

of the registered capital of Fuzhou Power Generation Company. EDF China agreed to make a capital contribution of RMB1,017,691,840 to Fuzhou Power Generation Company. Before the capital increase, 100% of Fuzhou Power Generation Company's equity interest was held by the Company. Upon completion of the capital increase, the equity structure of Fuzhou Power Generation Company will be changed, 51% of its equity interest to be held by the Company and 49% of its equity interest to be held by EDF China, Fuzhou Power Generation Company remains to be a controlling subsidiary of the Company. Fuzhou Power Generation Company has completed the change in its equity structure during the reporting period.

## COMPLIANCE OF THE MODEL CODE

Upon specific enquiries made to all Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the Model Code during the Year.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

After making queries and reviewing the annual confirmation letters from all Independent Non-executive Directors in respect of their independence according to Rule 3.13 of the Listing Rules, the Company confirms that all Independent Non-executive Directors are independent individuals.

## AUDITORS

The Company's consolidated financial statements for the year ended 31 December 2014 prepared under International Financial Reporting Standards have been audited by RSM Nelson Wheeler.

In June 2013, RSM China Certified Public Accountants (Special General Partnership) is the domestic financial auditor of the Company for year 2013 following an approval on its appointment at the 2012 annual general meeting of the Company and is responsible for domestic auditing, among other things, of the Company's financial report for year 2013.

Subsequently, the Company received notice that RSM China Certified Public Accountants (Special General Partnership) merged with Crowe Horwath China CPAs (Special General Partnership), and renamed as Ruihua Certified Public Accounts (Special General Partnership) ("Ruihua").

Since the professional staff of RSM China Certified Public Accountants (Special General Partnership) responsible for the Company's domestic auditing work for year 2013 have been transferred to Ruihua, the reappointment of Ruihua as the Company's domestic financial auditor for year 2013 to carry out domestic auditing, among other things, of the Company's financial report for year 2013 was approved by the shareholders at the extraordinary general meeting of the Company held on 29 October 2013 of the Company in order to maintain continuity and stability of the Company's domestic financial auditing work. The overseas auditor of the Company for carrying out overseas auditing work of the Company remained unchanged. The relevant audit services continued to be carried out by RSM Nelson Wheeler.

In June 2014, Ruihua and RSM Nelson Wheeler are the domestic and overseas, respectively, financial auditor of the Company for year 2014 following an approval on its appointment at the 2013 annual general meeting of the Company and are responsible for domestic and overseas, respectively, auditing, among other things, of the Company's financial report for year 2014.

Save as disclosed herein, the Company did not have any change in its auditors in the preceding three years.

By Order of the Board

**Chen Jinhang**  
*Chairman*

18 March 2015

# REPORT OF THE SUPERVISORY COMMITTEE



During 2014, in the spirit of being accountable to all shareholders of the Company and in accordance with the Company Law of the PRC (the "Company Law"), the Articles of Association of Datang International Power Generation Co., Ltd. (the "Articles of Association"), the Order of Meeting of the Supervisory Committee of Datang International Power Generation Co., Ltd. (the "Order of Meeting of the Supervisory Committee") and the relevant requirements of the listing rules in the jurisdictions where the Company is listed, members of the Supervisory Committee of the Company dutifully and conscientiously fulfilled their monitoring duty. In 2014, members of the Supervisory Committee attended all general meetings, on-site Board meetings and meetings of the auditing committees held by the Board. They also actively participated in the review of the Company's major decisions and periodically examined the Company's operation and financial position, striving to protect the rights of the shareholders, the benefits of the Company as well as the legal interests of staff within legal limits. The detailed report on the work of the Supervisory Committee for 2014 is as follows:

## A. SUPERVISORY COMMITTEE MEETING

CONVENING OF THE SUPERVISORY COMMITTEE MEETINGS	DETAILS OF THE SUBJECTS DISCUSSED AT THE SUPERVISORY COMMITTEE MEETINGS
On 25 March 2014, the 5th meeting of the eighth session of Supervisory Committee of the Company was held	Considered and approved the Work Report of the Supervisory Committee for Year 2013, the Proposal of Final Accounts for Year 2013, the 2014 Financial Budget Report, the 2013 Profit Distribution Proposal, the full text and summary of the Annual Report and the Results Announcement for 2013, the 2013 Internal Control Evaluation Report, and the Resolution on the Correction of Accounting Errors.
On 24 April 2014, the 6th meeting of the eighth session of Supervisory Committee of the Company was held by way of written correspondence	Considered and approved the 2014 First Quarterly Report.
On 27 August 2014, the 7th meeting of the eighth session of Supervisory Committee of the Company was held	Considered and approved the 2014 Interim Results Announcement.
On 30 October 2014, the 8th meeting of the eighth session of Supervisory Committee of the Company was held	Considered and approved the 2014 Third Quarterly Report and the Resolution on the Adoption of New Accounting Standards to Adjust the Opening Balance of the Period.

# REPORT OF THE SUPERVISORY COMMITTEE

## **B. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE COMPANY'S RELEVANT MATTERS**

### **1. The Company's Operation in Compliance with Laws**

During the reporting period, members of the Supervisory Committee acquired understanding of the major operating decision-making process through attending (or attending as observers) the Board meetings, general meetings and major internal integrated or professional meetings of the Company, and inspected and monitored the financial position and the operation of the Company. The Supervisory Committee is of the view that in 2014 the Company's business was regulated and operated in strict compliance with the Company Law and the Articles of Association and other relevant regulations and systems and its operation and decisions were scientific and rational. Meanwhile, the Company has established and continued to enhance its internal management and internal control systems and developed an relatively effective internal control mechanism. In fulfilling their duties, directors and senior management of the Company acted diligently and dutifully, abided by the State laws and regulations and the Articles of Association and systems of the Company and safeguarded the interests of the Company. No act which constituted violation of laws and regulations or contravention of the Company's interests and minority shareholders' lawful interests was discovered.

### **2. Financial Activities of the Company**

During the reporting period, the Supervisory Committee conscientiously and carefully examined and reviewed the Company's accounting statements and financial information, took part in reviewing the auditor's report and provided opinions and recommendations on the auditor's work. The Supervisory Committee is of the view that the preparation of the Company's financial statements complies with the relevant requirements of the Accounting Systems for Business Enterprises and Accounting Standards for Business Enterprises, and that the Company's 2014 financial report and the standard unqualified audit report issued by the accountants truthfully reflect the financial position and the operating results of the Company.

### **3. Actual Application of the Latest Fundraising Proceeds by the Company**

The Company issued "The 2012 Corporate Bonds of Datang International Power Generation Co., Ltd. (Second Tranche)" on 3 November 2014. These corporate bonds (12 Datang 02) were listed on the Shanghai Stock Exchange on 15 December 2014. The issuance amount for the corporate bonds was RMB3 billion, with an issuance interest rate of 5.00%. The proceeds were primarily used to replenish the working capital of the Company and to repay its due loans. The proceeds were fully utilised as at the end of 2014.

The Company issued "The 2014 Medium Term Notes of Datang International Power Generation Co., Ltd. (First Tranche)" on 22 August 2014. The issuance amount for these medium term notes was RMB3.5 billion, with a coupon rate of 5.20%. The proceeds from the fundraising activity were primarily used to replenish the working capital of the Company and to repay its bank loans. The proceeds were fully utilised as at the end of 2014.

#### 4. Acquisition and Disposal of Assets by the Company

In 2014, the Company mainly participated in following transactions regarding disposal and acquisition of assets:

- (1) According to the Board resolution, the Company, EDF (China) Investment Co. Ltd. ("EDF China") and Jiangxi Datang International Fuzhou Power Generation Company Limited ("Fuzhou Power Company"), a subsidiary of the Company, entered into the "Subscription Agreement" and "Joint Venture Contract." As Fuzhou Power Company proposed to increase its capital with its registered capital increasing to RMB1,811,616,000, EDF China and the Company participated in the capital increase of Fuzhou Power Company, of which, EDF China and the Company acquired RMB887,691,840 and RMB239,924,160 of the registered capital of Fuzhou Power Company, respectively. EDF China contributed RMB1,017,691,840 to Fuzhou Power Company by way of cash for the purpose of such capital increase. The Company held 100% equity interests in Fuzhou Power Company before the capital increase and the Company and EDF China shall hold 51% and 49% equity interests in Fuzhou Power Company, respectively, after the capital increase, and as such, Fuzhou Power Company shall remain a subsidiary of the Company. The equity change of Fuzhou Power Company was completed during the reporting period.
- (2) Participated in the acquisition of the equity interests of two entities held by Kangding Guoneng Investment Company Limited ("Kangding Guoneng"). Pursuant to the Board resolutions, the Company participated, through the Shanghai United Assets and Equity Exchange, in the bid for 0.57% equity interests in Jiangsu Datang Shipping Company Limited

publicly auctioned by Kangding Guoneng at a price of no more than RMB1.6729 million; and Sichuan Datang International Ganzi Hydropower Development Company Limited, a subsidiary of the Company, participated, through the Shanghai United Assets and Equity Exchange, in the bid for 100% equity interests in Kangding Guoneng Hydropower Development Company Limited publicly auctioned by Kangding Guoneng at a price of no more than RMB53.5666 million. As of October 2014, the above transactions were completed.

The Board has considered and approved the above disposal and acquisition of assets and the Company has fulfilled relevant disclosure obligations pursuant to the Listing Rules. In the case when these disposal and acquisition constituted connected transactions, the Independent Directors had expressed independent opinions, the Supervisory Committee was of the view that the considerations for the relevant disposal or acquisition were reasonable, and did not harm the interests of the shareholders of the Company.

#### 5. Connected transactions of the Company

During the reporting period, major connected transactions conducted by the Company primarily concerned financing arrangements between the Company and its connected persons, financial aid, purchase of fuels, sale and purchase of chemical products, transportation service, procurement of production or construction materials for projects and assets acquisitions. After verification, the Supervisory Committee is of the opinion that the connected transactions of the Company in 2014 were conducted on normal commercial terms; the transactions were in compliance with the requirements of the PRC laws and regulations and the Articles of Association of the Company; and the Company has fulfilled its disclosure obligations as required by the local listing rules.

# REPORT OF THE SUPERVISORY COMMITTEE

## 6. Review status of and opinion on the Internal Control Evaluation Report

The Supervisory Committee of the Company reviewed the Company's 2014 Internal Control Evaluation Report and communicated with the management of the Company and the accounting firm that was responsible for the internal auditing of the Company. The Supervisory Committee is of the opinion that the Company has rectified the ordinary deficiencies identified according to the relevant internal control deficiencies identification standards during the reporting period pursuant to the Evaluation and Management Measures of Internal Control of the Company in the internal control evaluation process. In addition, the Company will enhance the evaluation of risk issues and internal control deficiencies by optimising the relevant systems and complimentary measures, so as to strengthen the monitoring and inspection, standardise its business practices and ensure its business operations are in compliance with laws and regulations.

The Supervisory Committee agreed with unqualified audit report on internal control issued by Ruihua China Certified Public Accountants (Special General Partnership).

## 7. Opinion on the audit findings and implementation of rectification

In 2013, the National Audit Office conducted an audit on the 2012 financial revenue and expenditure and relevant financial activities of CDC, the controlling shareholder of the Company. As a controlled subsidiary of CDC, the Company was subject to the relevant audit. During the audit and upon the delivery of the audit report, the Company and its subsidiaries attached great importance to the issues raised in the audit and rectified each of them by actively adopting effective measures. To further implement the audit rectification requirements and effectively prevent internal risks, the Supervisory Committee is of the opinion that the Company should, through optimising the relevant system, improve its evaluation measures, step up its efforts in implementation, monitoring and inspection, and standardise its business practices, so as to carry out a thorough rectification and eradicate the relevant audit issues.

## C. WORK PLAN FOR 2015

In 2015, members of the Supervisory Committee of the Company will continue to conscientiously learn the relevant State laws and regulations in order to enhance their political qualities and business capabilities, and to raise the awareness of supervision and diligent and dutiful fulfillment of obligations. In the spirit of being accountable to shareholders and employees of the Company, members of the Supervisory Committee will exercise effective supervision over the Company's major decisions through ways such as attending Board meetings and relevant important business meetings of the Company to supervise and reinforce the Company's awareness towards risk prevention in respect of the Company's operating activities. Members of the Supervisory Committee will further improve the internal control system of the Company and enhance its efforts in the implementation of its internal control system and the effectiveness of internal controls, so as to promote standardised operation as well as the sustainable and healthy development of the Company.

Supervisory Committee

Datang International Power Generation Co., Ltd.

18 March 2015



## TAXATION IN THE UNITED KINGDOM

The comments below are a general guide only, based on the tax law and practice in force as at the date of this document which may be subject to changes or revisions. They relate only to certain limited aspects of the tax position of shareholders of the Company who are United Kingdom ("UK") resident, and (if an individual) who are also UK ordinarily resident (if relevant) and domiciled and who hold shares in the Company as an investment, not as a share dealer or financial trader ("Relevant Shareholders"). This section is not intended to be and should not be construed as legal or tax advice to any particular shareholder. If you are in any doubt as to your tax position you should consult an appropriate professional advisor.

Subject to the statements made below regarding corporate Relevant Shareholders, Relevant Shareholders will generally be subject to UK income tax or corporation tax on the gross amount of dividends paid by the Company (as ascertained for the purposes of the relevant tax), but will normally be entitled to a credit against such UK income tax or corporation tax for any PRC withholding tax charged on the dividend.

Under the current double taxation treaty between the PRC and the UK, Relevant Shareholders will generally be entitled to a reduced rate of PRC withholding tax on dividends paid to them by the Company. Individual Relevant Shareholders will also be entitled to a non-payable tax credit of one ninth of the distribution.

A corporate Relevant Shareholder should generally be exempt from UK corporation tax in respect of dividends paid to them by the Company. Where this is not the case, corporate Relevant Shareholders who control (directly or indirectly) at least 10% of the voting rights of the Company may be entitled to credit against UK corporation tax chargeable in respect of dividends paid to them by the Company for any underlying PRC tax payable by the Company in respect of the profits out of which dividends were paid.

Relevant Shareholders will generally be subject to UK tax on chargeable gains on any gain on a disposal of shares, as computed for the purposes of such tax.

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Datang International Power Generation Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 89 to 215, which comprise the consolidated statement 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 issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 Group as at 31 December 2014, and of the Group's results 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.

### RSM Nelson Wheeler

Certified Public Accountants  
Hong Kong

18 March 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
<b>Operating revenue</b>	7	<b>70,194,327</b>	75,227,458
<b>Operating costs</b>			
Fuel for power and heat generation		(27,437,948)	(31,141,989)
Fuel for coal sales		(1,734,683)	(3,936,812)
Depreciation		(11,451,071)	(10,015,095)
Repairs and maintenance		(2,325,049)	(2,410,992)
Salaries and staff welfare		(3,256,951)	(2,820,039)
Local government surcharges		(683,340)	(765,816)
Others		(10,256,083)	(8,814,816)
<b>Total operating costs</b>		<b>(57,145,125)</b>	(59,905,559)
<b>Operating profit</b>		<b>13,049,202</b>	15,321,899
Shares of profits of associates		606,547	686,196
Shares of profits of joint ventures		112,703	134,780
Investment income		220,069	350,200
Other gains/(losses)	8	8,391	(16,926)
Impairment losses on available-for-sale investments		(208,992)	(241,476)
Interest income		88,881	79,504
Finance costs	10	(8,704,485)	(8,355,500)
<b>Profit before tax</b>		<b>5,172,316</b>	7,958,677
Income tax expense	11	(3,283,822)	(2,367,422)
<b>Profit for the year</b>	12	<b>1,888,494</b>	5,591,255
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Reclassification adjustments for amounts transferred to profit or loss upon disposals of available-for-sale investments		–	(1,581)
Reclassification adjustments for amounts transferred to profit or loss arising from impairment of available-for-sale investments		184,914	241,476
Fair value loss on available-for-sale investments		(72,429)	(255,199)
Share of other comprehensive income of associates		34,004	(22,969)
Exchange differences on translating foreign operations		4,281	(14,813)
Income tax on items that may be reclassified to profit or loss		(29,813)	4,416
<b>Other comprehensive income for the year, net of tax</b>		<b>120,957</b>	(48,670)
<b>Total comprehensive income for the year</b>		<b>2,009,451</b>	5,542,585
<b>Profit for the year attributable to:</b>			
Owners of the Company		1,767,417	3,402,686
Non-controlling interests		121,077	2,188,569
		<b>1,888,494</b>	5,591,255

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		1,888,374	3,354,016
Non-controlling interests		121,077	2,188,569
		2,009,451	5,542,585
		RMB	RMB (restated)
<b>Earnings per share</b>			
Basic and diluted	16	0.13	0.26

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	252,791,177	243,479,904
Investment properties	18	590,580	467,267
Intangible assets	19	4,372,138	4,333,575
Development costs		31	51
Investments in associates	20	7,596,175	6,900,077
Investments in joint ventures	21	5,653,654	5,262,631
Available-for-sale investments	22	5,022,210	4,267,757
Deferred housing benefits	23	24,289	49,027
Long-term entrusted loans to associates	24	100,183	335,977
Deferred tax assets	36	1,386,234	1,667,726
Other non-current assets		1,413,593	1,138,301
		<b>278,950,264</b>	<b>267,902,293</b>
<b>Current assets</b>			
Inventories	25	3,744,420	3,682,099
Accounts and notes receivables	26	10,004,824	10,101,400
Prepayments and other receivables	27	8,379,402	9,536,482
Short-term entrusted loans to related parties	28	813,170	616,381
Tax recoverable		12,149	35,330
Current portion of long-term entrusted loans to associates	24	335,706	185,000
Cash and cash equivalents and restricted deposits	29	5,288,498	7,880,844
		<b>28,578,169</b>	<b>32,037,536</b>
<b>TOTAL ASSETS</b>		<b>307,528,433</b>	<b>299,939,829</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000 (restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	30	13,310,038	13,310,038
Reserves	32	27,925,977	25,759,282
Retained earnings			
Proposed dividends	15	1,730,305	1,597,205
Others		1,198,561	3,098,059
Equity attributable to owners of the Company		44,164,881	43,764,584
Non-controlling interests		19,293,312	20,065,272
<b>Total equity</b>		<b>63,458,193</b>	63,829,856
<b>Non-current liabilities</b>			
Long-term loans	33	137,691,639	138,054,247
Long-term bonds	34	15,394,158	14,417,779
Deferred income	35	2,436,534	1,796,663
Deferred tax liabilities	36	644,226	622,415
Provisions	37	42,191	40,875
Other non-current liabilities	38	11,380,386	10,804,269
		167,589,134	165,736,248
<b>Current liabilities</b>			
Accounts payables and accrued liabilities	39	28,627,496	27,518,624
Taxes payables		1,709,059	1,267,418
Dividends payables		100,595	147,273
Short-term loans	40	13,753,134	18,239,234
Short-term bonds	41	11,000,000	5,700,000
Current portion of non-current liabilities	33,34,38	21,290,822	17,501,176
		76,481,106	70,373,725
<b>Total liabilities</b>		<b>244,070,240</b>	236,109,973
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>307,528,433</b>	299,939,829
<b>Net current liabilities</b>		<b>(47,902,937)</b>	(38,336,189)
<b>Total assets less current liabilities</b>		<b>231,047,327</b>	229,566,104

Approved by the Board of Directors on 18 March 2015

**Wu Jing**  
Director

**Zhou Gang**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company											Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Restricted reserve RMB'000	Foreign currency translation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2013, as previously stated	13,310,038	9,910,838	3,873,008	10,270,129	89,947	54,147	(23,952)	320,577	3,785,208	41,589,940	14,982,758	56,572,698
Effect of correction of prior year errors	-	-	(7,306)	-	-	-	-	-	(269,812)	(277,118)	(283,785)	(560,903)
At 1 January 2013, as restated	13,310,038	9,910,838	3,865,702	10,270,129	89,947	54,147	(23,952)	320,577	3,515,396	41,312,822	14,698,973	56,011,795
Total comprehensive income for the year, as restated	-	-	-	-	-	(14,813)	(5,118)	(28,739)	3,402,686	3,354,016	2,188,569	5,542,585
Capital injections from non-controlling interests	-	-	-	-	-	-	-	12,600	-	12,600	967,523	980,123
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(120,684)	-	(120,684)	120,684	-
Disposals of subsidiaries	-	-	-	-	-	-	-	-	-	-	(135,849)	(135,849)
Disposals of interests in subsidiaries without loss of control	-	-	-	-	-	-	-	536,734	-	536,734	3,915,524	4,452,258
Others	-	-	-	-	-	-	-	100	-	100	81	181
Transfer from restricted reserve	-	-	-	-	(1,476)	-	-	-	1,476	-	-	-
Transfer to surplus reserves, as restated	-	-	320,699	572,591	-	-	-	-	(893,290)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,331,004)	(1,331,004)	(1,690,233)	(3,021,237)
Changes in equity for the year, as restated	-	-	320,699	572,591	(1,476)	(14,813)	(5,118)	400,011	1,179,868	2,451,762	5,366,299	7,818,061
At 31 December 2013, as restated	13,310,038	9,910,838	4,186,401	10,842,720	88,471	39,334	(29,070)	720,588	4,695,264	43,764,584	20,065,272	63,829,856
At 1 January 2014, as previously stated	13,310,038	9,910,838	4,195,180	10,842,720	88,471	39,334	(29,070)	720,588	5,089,699	44,167,798	20,374,790	64,542,588
Effect of correction of prior year errors	-	-	(8,779)	-	-	-	-	-	(394,435)	(403,214)	(309,518)	(712,732)
At 1 January 2014, as restated	13,310,038	9,910,838	4,186,401	10,842,720	88,471	39,334	(29,070)	720,588	4,695,264	43,764,584	20,065,272	63,829,856
Total comprehensive income for the year	-	-	-	-	-	4,281	116,676	-	1,767,417	1,888,374	121,077	2,009,451
Capital injections from non-controlling interests	-	-	-	-	-	-	-	110,024	-	110,024	1,575,943	1,685,967
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(663)	-	(663)	(1,010)	(1,673)
Others	-	-	-	-	-	-	-	(233)	-	(233)	510	277
Transfer from restricted reserve	-	-	-	-	(2,872)	-	-	-	2,872	-	-	-
Transfer to surplus reserves	-	-	349,350	1,590,132	-	-	-	-	(1,939,482)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(1,597,205)	(1,597,205)	(2,468,480)	(4,065,685)
Changes in equity for the year	-	-	349,350	1,590,132	(2,872)	4,281	116,676	109,128	(1,766,398)	400,297	(771,960)	(371,663)
<b>At 31 December 2014</b>	<b>13,310,038</b>	<b>9,910,838</b>	<b>4,535,751</b>	<b>12,432,852</b>	<b>85,599</b>	<b>43,615</b>	<b>87,606</b>	<b>829,716</b>	<b>2,928,866</b>	<b>44,164,881</b>	<b>19,293,312</b>	<b>63,458,193</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	42(a)	28,996,250	32,309,826
Interest received		88,881	79,504
Income tax paid		(2,837,918)	(2,321,622)
Net cash generated from operating activities		26,247,213	30,067,708
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(20,242,150)	(32,515,200)
Additions to intangible assets		(119,263)	(67,871)
Acquisition of a subsidiary	42(b)	(41,221)	–
Investments in joint ventures		(278,900)	(927,741)
Investments in associates		(338,736)	(145,091)
Investments in available-for-sale investments		(850,000)	(441,740)
Additional entrusted loans made		(1,036,600)	(981,700)
Proceeds from disposals of property, plant and equipment		1,432	335,530
Disposals of subsidiaries		–	355,125
Proceeds from disposals of associates		107,876	–
Proceeds from disposals of available-for-sale investments		–	2,004,005
Repayments of entrusted loans		925,200	1,916,825
Dividends received		359,199	983,924
Interest received from entrusted loans to related parties		75,575	101,011
Others		413,215	437,565
Net cash used in investing activities		(21,024,373)	(28,945,358)



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital injections from non-controlling interests		1,685,967	685,389
Disposals of interests in subsidiaries without loss of control		–	4,452,258
Drawdown of short-term loans		27,862,380	38,621,472
Drawdown of long-term loans		14,629,182	27,538,849
Issuance of short-term bonds		21,000,000	8,700,000
Issuance of long-term bonds, net of issuance costs		6,476,000	2,976,000
Proceeds from finance lease payables		2,367,947	4,053,295
Repayment of short-term loans		(32,348,480)	(42,622,036)
Repayment of long-term loans		(14,125,389)	(19,350,698)
Repayment of short-term bonds		(15,000,000)	(7,400,000)
Repayment of long-term bond		(3,000,000)	–
Repayment of finance lease payables		(2,128,355)	(2,115,183)
Interest paid		(11,406,653)	(11,255,583)
Dividends paid to owners of the Company		(1,597,205)	(1,331,004)
Dividends paid to non-controlling interests		(2,515,158)	(1,405,522)
Others		(324)	597,368
Net cash (used in)/generated from financing activities		(8,100,088)	2,144,605
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,877,248)</b>	<b>3,266,955</b>
Effect of foreign exchange rate changes		9,679	1,202
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>7,880,844</b>	<b>4,612,687</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	29	<b>5,013,275</b>	<b>7,880,844</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 1. GENERAL INFORMATION

Datang International Power Generation Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) as a joint stock limited liability company. The Company’s H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and the London Stock Exchange Limited while the Company’s A shares are listed on the Shanghai Stock Exchange. The address of its registered office is No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC. The addresses of its principal place of business in the PRC and the Hong Kong Special Administrative Region of the PRC (“Hong Kong”) are No. 9 Guangningbo Street, Xicheng District, Beijing 100033, the PRC and 21/F., Gloucester Tower, 15 Queen’s Road Central, Hong Kong respectively.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are power generation and power plant development in the PRC. The Group also engaged in coal trading, chemical products manufacturing and selling, etc..

In the opinion of the directors of the Company, China Datang Corporation (“China Datang”), a company incorporated in the PRC, is the ultimate parent of the Company.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations.

### (a) Application of new and revised IFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

#### **Amendment to IAS 32, Offsetting financial assets and financial liabilities**

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

#### **Amendment to IAS 36, Recoverable amount disclosures for non-financial assets**

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

#### **IFRIC 21, Levies**

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these consolidated financial statements as the Group is not currently subjected to significant levies.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS (Continued)

### (a) Application of new and revised IFRSs (Continued)

#### Amendments to IFRS 3 (Annual Improvements to IFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

#### Amendments to IFRS 13 (Annual Improvements to IFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

### (b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position. List of new and revised IFRSs in issue but not yet effective that are relevant to the Group's operations is as follows:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers <sup>2</sup>
Amendments to IAS 1	Disclosure Initiative <sup>3</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle <sup>5</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

### (c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable IFRSs. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain available-for-sale investments that are measured at fair value).

At 31 December 2014, a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. Consequently, at 31 December 2014, the Group had net current liabilities of approximately RMB47.90 billion. The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB250.53 billion and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. The directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared these consolidated financial statements on a going concern basis.

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2014 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

### (c) Business combination other than under common control and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The choice of measurement basis is made on a transaction-by-transaction basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Business combination other than under common control and goodwill (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash-generating units containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (d) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in the consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Associates (Continued)

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

### (e) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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 arrangement. The Group has assessed the nature of its joint arrangement and determined them to be joint ventures.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in the consolidated other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Joint arrangements (Continued)

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

#### (f) Foreign currency translation

##### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

##### (ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Foreign currency translation (Continued)

#### (iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

### (g) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land use rights	10 – 70 years
Buildings and structures	8 – 45 years
Electricity utility plants	4 – 35 years
Coal chemical specialised assets	23 years
Transportation facilities	6 – 12 years
Others	5 – 22 years

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (g) Property, plant and equipment (Continued)

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings and structures under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

#### (h) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 30 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

#### (i) Leases

The Group as lessee

##### (i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

##### (ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall be deferred and amortised over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Leases (Continued)

The Group as lessor

#### (i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### (ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

### (j) Intangible assets other than goodwill

Intangible assets, other than goodwill, are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is calculated either at rates appropriate to write off their cost over the estimated useful lives on a straight-line basis or on a systematic and proper method to reflect the pattern in which the asset's future economic benefits are expected to be realised by the Group. Mining rights are amortised based on the units of production method while the principal useful lives of other intangible assets are as follows:

Resource use rights	10 – 40 years
Technology know-how	23 years
Computer software	2 – 9 years
Others	14 months – 10 years

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs in power generation and selling expenses.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

#### (m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale investments.

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

##### (ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are not classified as loans and receivables or financial assets at fair value through profit or loss. Available-for-sale investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Dividend, foreign exchange gain or loss and interest calculated using the effective interest method are recognised in profit or loss.

Investments in equity instruments 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 instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale investments are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale investments are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (n) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Loans and receivables primarily include long-term entrusted loans, short-term entrusted loans, other receivables, accounts and notes receivables and cash and cash equivalents in the consolidated statement of financial position. An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the allowance is the difference between the loans and receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the loans and receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loans and receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

### (o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### (p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### (q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

### (r) Financial guarantee contract liabilities

The Group issues financial guarantee contracts that transfer significant insurance risk. Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments.

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and related administrative expenses are used. Any deficiency is immediately charged to the profit or loss by establishing a provision for losses arising from these tests.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (s) Accounts payables and accrued liabilities

Accounts payables and accrued liabilities are stated initially at their fair values and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (t) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from sales of electricity and heat represents the amount of tariffs billed for electricity and heat generated and transmitted to the respective power companies and heat supply companies.

Revenue associated with sales of coal and other goods is recognised when the title to the goods has been passed to customers, which is the date when the goods are either picked up at site or free on board, or delivered to the designated locations and accepted by the customers.

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

Dividend income is recognised when the shareholders' rights to receive payment are established.

#### (v) Employee benefits

##### (i) Pension and other social obligations

The Group contributes to defined contribution schemes including pension and/or other social benefits in accordance with the local conditions and practices in the municipalities and provinces in which it operates. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

##### (ii) Staff housing benefits

The Company provides housing to its employees at preferential prices. The difference between the selling price and the cost of housing is considered a housing benefit to the employees and is recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

During 2005 to 2007, the Company and some of its subsidiaries also started to provide monetary housing subsidies to their employees. These subsidies are considered housing benefits and are recorded as deferred housing benefits which are amortised on a straight-line basis over the estimated remaining average service lives of the relevant employees and included in salaries and staff welfare expenses.

In addition, the Group also contributes to the state-prescribed housing fund. Such costs are charged to the profit or loss as incurred.

##### (iii) Termination benefits

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (x) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

### (y) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (y) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### (z) Value-added tax ("VAT")

Revenue from sales of electricity and heat and revenue associated with sales of coal and other goods are subjected to VAT in the PRC. VAT payables are determined by applying 17% or 13% or 11% or 6% on the taxable revenue after offsetting deductible input VAT of the period.

#### (aa) Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company 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).

Government-related entities, other than entities under China Datang which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (ab) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets except goodwill, deferred tax assets, investments, inventories and receivables, of which the impairment policies are set out in notes 3(c), 3(y), 3(m), 3(k) and 3(n) respectively to the consolidated financial statements, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

### (ac) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

### (ad) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

### *Critical judgements in applying accounting policies*

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

#### **(a) Going concern basis**

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 3 to consolidated financial statements.

#### **(b) Joint control assessment**

The Group holds 40% or above of the voting rights of its joint arrangements. The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, it appears that unanimous consent is required from all parties to the agreements for the all relevant activities.

#### **(c) Joint arrangements of limited companies**

The Group's joint arrangements are structured as limited companies and provide the Group and the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, the directors have determined that these entities are classified as joint ventures of the Group.

### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **(a) Property, plant and equipment and depreciation**

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on power generators. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2014 was RMB252,791,177 thousand (2013, as restated: RMB243,479,904 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### *Key sources of estimation uncertainty (Continued)*

#### **(b) Impairment of property, plant and equipment**

The Group tests annually whether property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3 (ab) to the consolidated financial statements. An impairment loss is recognised when the carrying amount of property, plant and equipment exceeds their recoverable amount which has been determined based on value in use calculations. These calculations require the use of estimates such as electricity and heat tariffs and fuel prices. Changes of assumptions in electricity and heat tariffs and fuel prices could affect the result of property, plant and equipment impairment assessment.

During the year, impairment loss of RMB2,203,912 thousand (2013: RMB665,095 thousand) was recognised. Details of the impairment loss calculation are provided in note 17 to the consolidated financial statements.

#### **(c) Approval of construction in new power plants**

The Group has not received relevant government approvals from the National Development and Reform Commission (the "NDRC") for its certain power plant construction projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

#### **(d) Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the end of the reporting period was RMB899,886 thousand and no impairment loss was recognised during 2014. Details of the impairment of goodwill assessment calculation are provided in note 19 to the consolidated financial statements.

#### **(e) Impairment of available-for-sale investments**

The Group determines whether available-for-sale investments have suffered any impairment largely dependent on the management's judgements and assumptions. In making judgements and assumptions, the Group requires to assess the extent and duration when the fair value of an investment is lower than its cost, and the financial position and short-term business outlook of the investee company, including industry conditions, technology changes, credit ratings, default rates and counterparty risks.

During the year, impairment loss of RMB208,992 thousand (2013: RMB241,476 thousand) was recognised.

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### *Key sources of estimation uncertainty (Continued)*

#### **(f) Impairment of intangible assets other than goodwill**

At the end of each reporting period, the Group determines whether there is any indication that its intangible assets other than goodwill may be impaired. For intangible assets other than goodwill that have an indefinite useful life, the Group is required to perform impairment assessment annually and whenever there is any indication that those assets have suffered an impairment loss. The Group reviews the carrying amounts of its intangible assets other than goodwill to determine whether there is any indication that those intangible assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of the intangible assets other than goodwill is estimated to be less than its carrying amount, it indicates those assets have been impaired.

In assessing value in use of those intangible assets, the future cash flows are estimated using discounted cash flow method. The key assumptions for the discounted cash flow method include the expected production capacity, selling prices, related operating costs and discount rates. These key assumptions are based on expectations with reasonable and appropriate analysis.

As at 31 December 2014, impairment losses on intangible assets other than goodwill amounted to RMB42,457 thousand (2013: nil).

#### **(g) Deferred tax assets**

The estimates of deferred tax assets require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or credit, as well as deferred tax balance. The realisation of deferred tax assets also depends on the realisation of sufficient future taxable profits of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred tax assets.

As at 31 December 2014, the carrying amount of deferred tax assets was RMB1,386,234 thousand (2013, as restated: RMB1,667,726 thousand).

#### **(h) Allowance for inventories**

An allowance is recognised when the net realisable value of inventories is higher than their costs and inventories are obsolete and slow-moving. Determination of allowance for inventories requires the management to obtain conclusive evidence. In making the judgement and estimates, the management also considers the factors such as the purpose of holding the inventories and the effect of the events after the reporting period. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge or write-back in the period in which such estimate has been changed.

As at 31 December 2014, allowance for inventories amounted to RMB386,376 thousand (2013: RMB372,259 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

### *Key sources of estimation uncertainty (Continued)*

#### **(i) Allowance for accounts and other receivables**

The Group makes allowance for accounts and other receivables based on assessments of the recoverability of the accounts and other receivables, including the current creditworthiness and the past collection history of each debtor. Allowance for accounts and other receivables arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for accounts and other receivables requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the accounts and other receivables and allowance for accounts and other receivables in the year in which such estimate has been changed.

As at 31 December 2014, allowance for accounts and other receivables amounted to RMB812,852 thousand (2013: RMB46,621 thousand).

#### **(j) Income taxes**

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

During the year, income tax of RMB3,283,822 thousand (2013, as restated: RMB2,367,422 thousand) was charged to profit or loss based on the estimated profit.

## 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

Foreign currency risk of the Group primarily arises from certain loans and deposits denominated in United States dollar ("USD") and Euro dollar ("EUR"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency debts. The Group maintains a close look at the international foreign currency market on the changing exchange rates and takes these into consideration when raising foreign currency loans and investing in foreign currency deposits.

At 31 December 2014, if RMB had weakened 5 per cent (2013: 5 per cent) against USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB48,089 thousand (2013: RMB80,946 thousand) lower, arising mainly as a result of the foreign exchange loss on loans and deposits denominated in USD and EUR. If RMB had strengthened 5 per cent (2013: 5 per cent) against USD or EUR with all other variables held constant, consolidated profit after tax for the year would have been RMB48,089 thousand (2013: RMB80,946 thousand) higher, arising mainly as a result of the foreign exchange gain on loans and deposits denominated in USD and EUR.

### (b) Price risk

The Group's certain available-for-sale investments amounted to RMB392,688 thousand (2013: RMB462,391 thousand) as disclosed in note 22 to the consolidated financial statements are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. Since the amounts of such investments are insignificant to the Group, the directors of the Company are of opinion that the Group is not exposed to any significant equity security price risk as at 31 December 2014 and 2013. The Group closely monitors the pricing trends in the open market in determining their long-term strategic stakeholding decisions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk

The carrying amount of the bank deposits, accounts receivables, other receivables, short-term entrusted loans and long-term entrusted loans included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group maintains most of its bank deposits in several major government-related financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets being exposed.

With regard to accounts receivables arising from power sales, most of the power plants of the Group sell electricity to their sole customers, the power grid companies of their respective provinces or regions where the power plants operate. These power plants of the Group communicate with their individual grid companies periodically and believe that adequate allowance for doubtful accounts has been made in the consolidated financial statements. For accounts receivables arising from coal and chemical product sales, the Group assesses the credit quality of the customers, taking into account their financial positions, past experience and other factors. It will also collect advanced payments from their customers. The Group performs periodic credit evaluations of its customers and believes that adequate allowance for doubtful debts has been made in the consolidated financial statements. The Group does not hold any collateral as security for all the receivables.

At 31 December 2014, accounts and notes receivables due from the top five debtors amounted to RMB4,557,537 thousand (2013: RMB4,497,783 thousand), representing 45.55% (2013: 44.53%) of the total accounts and notes receivables. Except for accounts and notes receivables, the Group has no significant concentrations of credit risk.

Other receivables, short-term entrusted loans and long-term entrusted loans primarily include amounts due from related parties. The Group assesses the credibility of the related parties by reviewing their operating results and gearing ratios periodically.

### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

The Group monitors the cash flow rolling forecasts of the Group's undrawn borrowing facility and cash and cash equivalents available as at each month end in meeting its liabilities.



## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (d) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities is as follows:

	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December 2014</b>				
Long-term loans	13,233,225	16,245,065	62,918,189	58,528,385
Long-term bonds	5,500,000	–	6,500,000	9,000,000
Finance lease payables	2,964,436	2,641,468	5,769,914	2,690,235
Other non-current liabilities, excluding finance lease payables	61,647	291,006	866,020	1,704,039
Accounts payables and accrued liabilities	28,627,496	–	–	–
Short-term loans	13,753,134	–	–	–
Short-term bonds	11,000,000	–	–	–
Interest payables for loans	9,849,818	8,291,517	19,237,873	44,915,788
Interest payables for bonds	1,072,500	792,500	2,377,500	1,677,000
<b>At 31 December 2013</b>				
Long-term loans	12,350,825	14,369,965	48,679,687	75,004,595
Long-term bonds	3,000,000	5,500,000	–	9,000,000
Finance lease payables	2,462,140	2,019,877	5,447,860	3,672,638
Other non-current liabilities, excluding finance lease payables, as restated	135,829	80,000	852,020	1,988,045
Accounts payables and accrued liabilities	27,518,624	–	–	–
Short-term loans	18,239,234	–	–	–
Short-term bonds	5,700,000	–	–	–
Interest payables for loans	9,992,352	8,390,041	19,829,462	49,248,935
Interest payables for bonds	863,500	740,500	1,381,500	1,387,500

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (e) Interest rate risk

As the Group has no significant interest-bearing assets except for bank deposits, the Group's operating cash flows are substantially independent of changes in market interest rates.

Most of the bank deposits are maintained in the savings and fixed deposits accounts in the PRC. The interest rates are regulated by the People's Bank of China while the Group closely monitors the fluctuation on such rates periodically. As the average interest rates applied to the deposits are relatively low, the directors are of the opinion that the Group is not exposed to any significant interest rate risk for these assets held as at 31 December 2014 and 2013.

The Group's exposure to interest rate risk arises from its loans. Certain loans bear interests at variable rates varied with the then prevailing market condition, thus exposing the Group to cash flow interest rate risk. The Group analyses interest rate exposures on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing.

At 31 December 2014, if interest rates on RMB, Hong Kong dollar ("HKD") and USD denominated loans had been 50 basis points (2013: 50 basis points) lower respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB521,513 thousand (2013: RMB568,278 thousand), nil (2013: RMB1,091 thousand) and RMB2,060 thousand (2013: RMB2,504 thousand) higher, respectively, arising mainly as a result of lower interest expense on the loans. If interest rates on RMB, HKD and USD denominated loans had been 50 basis points (2013: 50 basis points) higher respectively with all other variables held constant, consolidated profit after tax for the year would have been RMB521,513 thousand (2013: RMB568,278 thousand), nil (2013: RMB1,091 thousand) and RMB2,060 thousand (2013: RMB2,504 thousand) lower, respectively, arising mainly as a result of higher interest expense on the loans.

### (f) Categories of financial instruments at 31 December 2014

	2014 RMB'000	2013 RMB'000 (restated)
<b>Financial assets:</b>		
Loans and receivables (including cash and cash equivalents)	18,889,336	21,381,647
Available-for-sale investments	5,022,210	4,267,757
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	239,238,230	232,382,603

### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

## 6. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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

### Disclosures of level in fair value hierarchy at 31 December 2014:

Description	Fair value measurements using Level 1:	
	2014 RMB'000	2013 RMB'000
<b>Recurring fair value measurements:</b>		
Available-for-sale investments		
Listed securities in Hong Kong	194,864	374,262
Listed securities outside Hong Kong	197,824	88,129
<b>Total</b>	<b>392,688</b>	<b>462,391</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 7. OPERATING REVENUE

An analysis of the Group's operating revenue for the year is as follows:

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
Sales of electricity	<b>62,589,174</b>	64,236,793
Heat supply	<b>1,306,685</b>	1,159,739
Sales of coal	<b>1,757,130</b>	4,142,825
Sales of chemical products	<b>3,587,552</b>	4,925,416
Others	<b>953,786</b>	762,685
	<b>70,194,327</b>	75,227,458

## 8. OTHER GAINS/(LOSSES)

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
Loss on disposals of subsidiaries	–	(16,411)
Gain on disposals of associates	<b>8,391</b>	–
Loss on disposals of available-for-sale investments	–	(515)
	<b>8,391</b>	(16,926)

## 9. SEGMENT INFORMATION

Executive directors and certain senior management (including chief accountant) of the Company (collectively referred to as the “Senior Management”) perform the function as chief operating decision makers. The Senior Management reviews the internal reporting of the Group in order to assess performance and allocate resources. Senior Management has determined the operating segments based on these reports.

Senior Management considers the business from a product perspective. Senior Management primarily assesses the performance of power generation, coal and chemical separately. Other operating activities primarily include sales of coal ash, etc., and are included in “other segments”.

Senior Management assesses the performance of the operating segments based on a measure of profit before tax prepared under China Accounting Standards for Business Enterprises (“PRC GAAP”).

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include dividend income from available-for-sale investments, gain or loss on disposals of available-for-sale investments and income tax expense. Segment assets do not include available-for-sale investments and deferred tax assets. Segment liabilities do not include current and deferred tax liabilities. Sales between operating segments are marked to market or contracted close to market price and have been eliminated at consolidation level. Unless otherwise noted below, all such financial information in the segment tables below is prepared under PRC GAAP.

### Information about reportable segment profit or loss, assets and liabilities:

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total RMB'000
<b>Year ended 31 December 2014</b>					
Revenue from external customers	64,406,294	1,768,329	3,619,255	400,449	70,194,327
Intersegment revenue	1,080,279	20,094,671	20,722	109,701	21,305,373
Segment profit/(loss)	12,421,849	(1,515,930)	(5,164,994)	(515,873)	5,225,052
Depreciation and amortisation	9,616,816	257,715	1,662,085	96,731	11,633,347
Net gain on disposals of property, plant and equipment	935	–	111	3,301	4,347
Gain on disposals of long-term investments	7,633	–	–	758	8,391
(Impairment losses)/reversal of impairment losses on assets	(11,270)	(1,468,344)	(1,765,567)	8,436	(3,236,745)
Interest income	69,075	7,941	10,531	1,334	88,881
Interest expense	7,044,672	325,830	1,075,694	71,103	8,517,299
Share of profits of associates	105,825	260,408	–	235,113	601,346
Shares of profits/(losses) of joint ventures	332,877	(195,199)	–	–	137,678
Income tax expense/(credit)	3,027,292	(6,077)	264,293	38,478	3,323,986

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 9. SEGMENT INFORMATION (Continued)

### Information about reportable segment profit or loss, assets and liabilities: (Continued)

	<b>Power generation segment</b>	<b>Coal segment</b>	<b>Chemical segment</b>	<b>Other segments</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2013</b>					
Revenue from external customers	65,629,209	4,210,348	4,937,628	450,273	75,227,458
Intersegment revenue	765,266	21,639,602	6,373	106,405	22,517,646
Segment profit/(loss), as restated	9,281,594	343,657	(2,188,647)	437,820	7,874,424
Depreciation and amortisation, as restated	8,824,693	219,102	988,499	93,357	10,125,651
Net gain/(loss) on disposals of property, plant and equipment	43,630	33	–	(167)	43,496
Loss on disposals of long-term investments	–	–	–	(16,926)	(16,926)
Impairment losses on assets	(717,657)	(545,480)	–	(674)	(1,263,811)
Interest income	64,730	7,093	6,293	1,388	79,504
Interest expense	6,794,882	292,225	1,009,725	87,676	8,184,508
Share of profits of associates	24,329	438,513	–	214,979	677,821
Shares of profits of joint ventures	133,030	114	–	–	133,144
Income tax expense/(credit), as restated	2,407,256	181,576	(249,920)	63,284	2,402,196

## 9. SEGMENT INFORMATION (Continued)

### Information about reportable segment profit or loss, assets and liabilities: (Continued)

	Power generation segment RMB'000	Coal segment RMB'000	Chemical segment RMB'000	Other segments RMB'000	Total RMB'000
<b>At 31 December 2014</b>					
Segment assets	212,922,389	28,508,324	73,823,372	7,605,631	322,859,716
Including:					
Investments in associates	828,678	1,984,833	1,405	4,492,778	7,307,694
Investments in joint ventures	4,631,552	883,855	–	–	5,515,407
Additions to non-current assets (other than financial assets and deferred tax assets)	19,675,722	1,385,975	1,761,784	178,983	23,002,464
Segment liabilities	172,011,658	23,125,739	66,055,133	1,752,114	262,944,644
<b>At 31 December 2013</b>					
Segment assets, as restated	196,742,893	30,716,345	73,422,380	6,969,588	307,851,206
Including:					
Investments in associates	840,635	1,853,882	1,405	4,049,892	6,745,814
Investments in joint ventures	4,070,195	1,048,685	–	–	5,118,880
Additions to non-current assets (other than financial assets and deferred tax assets), as restated	21,577,804	468,085	9,166,654	1,152,479	32,365,022
Segment liabilities, as restated	163,893,457	22,064,015	59,735,252	1,648,032	247,340,756

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 9. SEGMENT INFORMATION (Continued)

### Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items:

	2014 RMB'000	2013 RMB'000 (restated)
<b>Revenue</b>		
Total revenue of reportable segments	91,499,700	97,745,104
Elimination of intersegment revenue	(21,305,373)	(22,517,646)
Consolidated revenue	70,194,327	75,227,458
<b>Profit or loss</b>		
Total profit or loss of reportable segments	5,225,052	7,874,424
Dividend income from available-for-sale investments	143,363	212,477
Loss on disposals of available-for-sale investments	–	(515)
Elimination of intersegment profits	(156,742)	(122,242)
IFRS adjustment on reversal of general provision on mining funds	(14,619)	19,328
Other IFRS adjustments	(24,738)	(24,795)
Consolidated profit before tax	5,172,316	7,958,677
<b>Assets</b>		
Total assets of reportable segments	322,859,716	307,851,206
Available-for-sale investments	5,013,944	4,259,194
Deferred tax assets	1,355,564	1,637,633
Elimination of intersegment assets	(26,797,857)	(18,964,515)
Reclassification of non-income taxes recoverable	4,719,616	4,883,540
IFRS adjustment on reversal of general provision on mining funds	428,957	300,117
Other IFRS adjustments	(51,507)	(27,346)
Consolidated total assets	307,528,433	299,939,829
<b>Liabilities</b>		
Total liabilities of reportable segments	(262,944,644)	(247,340,756)
Current tax liabilities	(804,573)	(653,120)
Deferred tax liabilities	(617,218)	(594,199)
Elimination of intersegment liabilities	25,042,819	17,389,858
Reclassification of non-income taxes recoverable	(4,719,616)	(4,883,540)
Other IFRS adjustments	(27,008)	(28,216)
Consolidated total liabilities	(244,070,240)	(236,109,973)



## 9. SEGMENT INFORMATION (Continued)

### Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items: (Continued)

#### Other material items

	Total of reportable segments RMB'000	Elimination of intersegment RMB'000	IFRS adjustment on reversal of general provision on mining funds RMB'000	Other IFRS adjustments RMB'000	Total per consolidated statement of financial position/ statement of profit or loss and other comprehensive income RMB'000
<b>Year ended 31 December 2014</b>					
Share of profits of associates	601,346	–	5,201	–	606,547
Shares of profits of joint ventures	137,678	–	(24,975)	–	112,703
Income tax expense	3,323,986	(38,379)	1,289	(3,074)	3,283,822
<b>Year ended 31 December 2013</b>					
Share of profits of associates	677,821	–	8,375	–	686,196
Shares of profits of joint ventures	133,144	–	1,636	–	134,780
Income tax expense, as restated	2,402,196	(33,282)	2,329	(3,821)	2,367,422
<b>At 31 December 2014</b>					
Investments in associates	7,307,694	–	288,481	–	7,596,175
Investments in joint ventures	5,515,407	–	138,247	–	5,653,654
<b>At 31 December 2013</b>					
Investments in associates	6,745,814	–	154,263	–	6,900,077
Investments in joint ventures	5,118,880	–	143,751	–	5,262,631

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 9. SEGMENT INFORMATION (Continued)

### Geographical information (under IFRS):

During the years ended 31 December 2014 and 2013, all revenues from external customers are generated domestically. At 31 December 2014, non-current assets (excluding financial assets and deferred tax assets) amounted to RMB272,171,434 thousand (2013, as restated: RMB261,353,387 thousand) and RMB46,077 thousand (2013: RMB48,303 thousand) are located in the PRC and foreign countries, respectively.

In presenting the geographical information, revenue is based on the locations of the customers.

### Revenue from major customers:

	2014 RMB'000	2013 RMB'000
<b>Power generation segment</b>		
Customer A	19,512,315	–
Customer B	–	18,757,166
Customer C	6,045,793	5,984,578
Customer D	5,990,343	6,593,084
Customer E	4,789,568	4,705,494
Customer F	4,757,402	6,884,041

## 10. FINANCE COSTS

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000 (restated)
Interest expense on:		
Short-term bank loans	<b>873,206</b>	983,797
Other short-term loans	<b>110,473</b>	97,246
Long-term bank loans		
– Wholly repayable within five years	<b>1,826,109</b>	1,348,870
– Not wholly repayable within five years	<b>6,639,633</b>	7,283,290
Other long-term loans		
– Wholly repayable within five years	<b>494,874</b>	110,685
– Not wholly repayable within five years	<b>274,489</b>	269,841
Short-term bonds	<b>452,783</b>	251,279
Long-term bonds	<b>883,914</b>	861,092
Finance leases	<b>698,129</b>	589,747
Discounted notes receivables	<b>30,317</b>	28,128
Others	<b>4,515</b>	343
Total borrowing costs	<b>12,288,442</b>	11,824,318
Amount capitalised	<b>(3,771,143)</b>	(3,639,810)
	<b>8,517,299</b>	8,184,508
Exchange loss/(gain), net	<b>3,927</b>	(16,411)
Others	<b>183,259</b>	187,403
	<b>8,704,485</b>	8,355,500

Borrowing costs on funds borrowed generally are capitalised at a rate of 6.14% (2013: 6.25%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 11. INCOME TAX EXPENSE

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000 (restated)
Current tax – PRC Enterprise Income Tax		
Provision for the year	<b>2,930,818</b>	2,390,437
Under/(over)-provision in prior years	<b>79,514</b>	(511)
Deferred tax (note 36)	<b>3,010,332</b> <b>273,490</b>	2,389,926 (22,504)
	<b>3,283,822</b>	2,367,422

The Company and its subsidiaries, other than as stated below, are generally subject to PRC Enterprise Income Tax statutory rate of 25% (2013: 25%).

- (i) Pursuant to document Cai Shui Zi [2006]88 issued by the Ministry of Finance of the PRC (the "MOF"), a subsidiary of the Company, being a high and new technology industrial development enterprise set up in the high and new technology industrial development zone approved by the State Council, and as approved by Tax Bureau of Beijing Fengtai District, is exempted from PRC Enterprise Income Tax in the first two operating years and then applies 15% being the preferential rate from the third year, counting from the first year when this subsidiary starts to make profit.
- (ii) As a newly set up foreign invested enterprise engaged in power generation in the western area of the PRC approved by the local tax authority, a subsidiary of the Company is exempted from PRC Enterprise Income Tax during the first and second years of operation and has been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the preferential rate of 15% from the third to fifth year of operation since the year 2008. However, the tax concession expired since 1 January 2013. The applicable PRC Enterprise Income Tax rate for the year ended 31 December 2014 is 15%.
- (iii) Pursuant to documents Cai Shui [2008]46 and [2008]116 issued by the MOF, certain subsidiaries are exempted from PRC Enterprise Income Tax during the first three years of operation commencing from the year of assessment in which the first sale transaction is reported and have been granted a tax concession to pay PRC Enterprise Income Tax at 50% of the statutory rate of 25% from the fourth to sixth year of operation in respect of their operating profit derived from investments in new wind power generation projects approved by government investment task forces after 1 January 2008. This preferential tax treatment will expire from 31 December 2013 to 31 December 2016.
- (iv) Pursuant to document Cai Shui [2011]58 "Further Implementing the Western China Development Strategy" issued by the MOF, the General Administration of Customs and the State Administration of Taxation of the PRC, certain subsidiaries set up in the western area of the PRC and engaged in a business encouraged by the State are eligible to pay PRC Enterprise Income Tax at a preferential rate of 15% from 1 January 2011 to 31 December 2020.

## 11. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000 (restated)
Profit before tax	<b>5,172,316</b>	7,958,677
Tax at the PRC Enterprise Income Tax rate of 25% (2013: 25%)	<b>1,293,079</b>	1,989,670
Tax effect of income that is not taxable	<b>(222,642)</b>	(287,850)
Tax effect of expenses that are not deductible	<b>823,462</b>	400,522
Tax effect of utilisation of tax losses not previously recognised	<b>(34,616)</b>	(151)
Tax effect of temporary differences not recognised	<b>1,376,248</b>	114,808
Reversal of tax losses previously recognised	<b>456,942</b>	(1,696)
Under/(over)-provision in prior years	<b>79,514</b>	(511)
Tax effect of tax concession	<b>(226,358)</b>	(168,915)
Others	<b>(261,807)</b>	321,545
Income tax expense	<b>3,283,822</b>	2,367,422

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000 (restated)
Auditors' remuneration	15,420	15,240
Acquisition-related costs (included in operating costs)	28	–
Allowance for accounts receivables	338,020	673
Allowance for inventories (included in operating costs)	15,153	356,652
Allowance for other receivables	437,366	–
Amortisation of deferred income	(101,727)	(62,006)
Amortisation of intangible assets (included in operating costs)	57,302	51,436
Cost of major inventories sold and consumed		
– Fuel	29,172,631	35,078,801
– Spare parts and consumable supplies	575,748	543,078
Rental income generated from investment properties	(22,078)	(19,420)
Dividend income from available-for-sale investments		
– Listed investments	(11,647)	(19,752)
– Unlisted investments	(131,716)	(90,353)
Net gains on disposals of property, plant and equipment	(4,347)	(43,496)
Impairment losses on available-for-sale investments	208,992	241,476
Impairment losses on intangible assets other than goodwill (included in operating costs)	42,457	–
Impairment losses on property, plant and equipment (included in operating costs)	2,203,912	665,095
Reversal of allowance for accounts receivables	–	(17)
Reversal of allowance for other receivables	(9,155)	(85)
Staff costs excluding directors' and supervisors' emoluments		
– Salaries and welfares	2,214,403	1,889,817
– Retirement benefits	460,634	389,777
– Housing benefits	231,192	232,242
– Other costs	350,722	308,203

### 13. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director and supervisor were as follows:

Name of director	Salaries, allowances and bonus						
	Fees	Basic salaries and allowances	Bonus	Subtotal	Retirement benefits	Other benefits	Total
Chen Jinhang	-	-	-	-	-	-	-
Cao Jingshan (i)	-	-	-	-	-	-	-
Hu Shengmu	-	-	-	-	-	-	-
Wu Jing (ii)	-	347	-	347	58	105	510
Fang Qinghai (iii)	-	-	-	-	-	-	-
Zhou Gang	-	194	262	456	44	105	605
Liu Haixia	-	-	-	-	-	-	-
Guan Tiangang	-	-	-	-	-	-	-
Li Gengsheng (iv)	-	-	-	-	-	-	-
Cao Xin	-	-	-	-	-	-	-
Cai Shuwen	-	-	-	-	-	-	-
Yang Wenchun (v)	-	-	-	-	-	-	-
Liang Yongpan (vi)	-	-	-	-	-	-	-
Li Hengyuan (iv)	137	-	-	-	-	-	137
Zhao Jie	137	-	-	-	-	-	137
Jiang Guohua	137	-	-	-	-	-	137
Dong Heyi	137	-	-	-	-	-	137
Ye Yansheng	137	-	-	-	-	-	137
Feng Genfu (v)	-	-	-	-	-	-	-
	685	541	262	803	102	210	1,800
<b>Name of supervisor</b>							
Zhang Xiaoxu	-	-	-	-	-	-	-
Guan Zhenquan (vii)	-	-	-	-	-	-	-
Li Baoqing	-	-	-	-	-	-	-
Yu Meiping	-	294	190	484	45	105	634
Guo Hong (viii)	-	133	202	335	14	86	435
	-	427	392	819	59	191	1,069
<b>Total for 2014</b>	685	968	654	1,622	161	401	2,869

Notes:

- (i) Ceased on 24 January 2014  
(ii) Appointed on 24 January 2014  
(iii) Ceased on 30 October 2014  
(iv) Ceased on 27 August 2014

- (v) Appointed on 27 August 2014  
(vi) Appointed on 30 October 2014  
(vii) Ceased on 3 April 2014  
(viii) Appointed on 3 April 2014

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 13. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

		Salaries, allowances and bonus						
		Basic salaries and			Retirement		Other	Total
		Fees	allowances	Bonus	Subtotal	benefits	benefits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Name of director</b>								
Liu Shunda	(i)	-	-	-	-	-	-	-
Chen Jinhang	(ii)	-	-	-	-	-	-	-
Cao Jingshan	(iii), (iv)	-	177	545	722	44	96	862
Hu Shengmu	(iii)	-	-	-	-	-	-	-
Fang Qinghai	(iii)	-	-	-	-	-	-	-
Zhou Gang	(iii)	-	167	691	858	31	96	985
Liu Haixia	(iii)	-	-	-	-	-	-	-
Guan Tiangang	(iii)	-	-	-	-	-	-	-
Ye Yonghui	(i)	-	-	-	-	-	-	-
Li Gengsheng	(iii)	-	-	-	-	-	-	-
Mi Dabin	(i)	-	-	-	-	-	-	-
Cao Xin	(ii)	-	-	-	-	-	-	-
Cai Shuwen	(ii)	-	-	-	-	-	-	-
Li Hengyuan	(iii)	106	-	-	-	-	-	106
Li Yanmeng	(i)	37	-	-	-	-	-	37
Zhao Zunlian	(i)	37	-	-	-	-	-	37
Zhao Jie	(iii)	106	-	-	-	-	-	106
Jiang Guohua	(iii)	106	-	-	-	-	-	106
Dong Heyi	(ii)	68	-	-	-	-	-	68
Ye Yansheng	(ii)	68	-	-	-	-	-	68
		528	344	1,236	1,580	75	192	2,375
<b>Name of supervisor</b>								
Qiao Xinyi	(iii), (v)	-	174	671	845	31	96	972
Zhang Xiaoxu	(iii)	-	-	-	-	-	-	-
Guan Zhenquan	(iii)	-	150	534	684	21	92	797
Zhou Xinnong	(iii), (vii)	-	-	-	-	-	-	-
Li Baoqing	(viii)	-	-	-	-	-	-	-
Yu Meiping	(vi)	-	74	50	124	13	42	179
		-	398	1,255	1,653	65	230	1,948
Total for 2013		528	742	2,491	3,233	140	422	4,323

Notes:

(i) Ceased on 1 July 2013

(ii) Appointed on 1 July 2013

(iii) Re-appointed on 1 July 2013

(iv) Ceased on 24 January 2014

(v) Ceased on 18 October 2013

(vi) Appointed on 18 October 2013

(vii) Ceased on 29 October 2013

(viii) Appointed on 29 October 2013



### 13. DIRECTORS', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Neither any of the directors nor the supervisors waived any emoluments during the year (2013: nil).

The five highest paid individuals in the Group during the year included no (2013: one) director and no (2013: one) supervisor whose emoluments are reflected in the analysis presented above. The emoluments of the five (2013: remaining three) individuals are set out below:

	2014 RMB'000	2013 RMB'000
Basic salaries and allowances	1,476	512
Bonus	1,654	2,040
Retirement benefits	249	99
Other benefits	525	289
	<b>3,904</b>	2,940

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Nil to RMB788,870 (2013: RMB786,230) (equivalent to HKD1,000,000)	2	–
RMB788,871 to RMB1,183,305 (2013: RMB786,231 to RMB1,179,345) (equivalent to HKD1,000,001 to HKD1,500,000)	3	5
	5	5

During the year, no emoluments were paid by the Group to any of the directors or the supervisors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 14. EMPLOYEE BENEFITS

### Retirement benefits

The Group is required to make specific contributions to the state-sponsored retirement plan at a rate of 20% (2013: 20%) of the specified salaries of the PRC employees. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme. Under this scheme, the employees of the Group make a specified contribution based on their service duration. The Group is required to make a contribution equal to 2 to 3 times of the staff's contributions. The Group may, at their discretion, provide additional contributions to the retirement fund depending on the operating results of the year. The employees will receive the total contributions and any returns thereon, upon their retirements.

The total retirement costs incurred by the Group during the year ended 31 December 2014 pursuant to these arrangements amounted to RMB666,479 thousand (2013: RMB515,039 thousand).

### Housing benefits

Apart from the housing benefits and monetary subsidies as stated in note 23 to the consolidated financial statements, in accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at rates 10% to 20% (2013: 10% to 20%) of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above. During the year ended 31 December 2014, the Group provided RMB296,384 thousand (2013: RMB270,454 thousand) to the fund.

## 15. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Proposed final of RMB0.13 (2013: RMB0.12) per share	1,730,305	1,597,205

Pursuant to the PRC Enterprise Income Tax Law, the Company is required to withhold 10% PRC Enterprise Income Tax when it distributes dividends to its non-PRC resident enterprise shareholders.

## 16. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB1,767,417 thousand (2013, as restated: RMB3,402,686 thousand) and the weighted average number of ordinary shares of 13,310,038 thousand (2013: 13,310,038 thousand) in issue during the year.

### Diluted earnings per share

During the years ended 31 December 2014 and 2013, the Company did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share is equal to basic earnings per share.

## 17. PROPERTY, PLANT AND EQUIPMENT

	Land use rights	Buildings and structures	Electricity utility plants	Coal chemical specialised assets	Transportation facilities	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>								
At 1 January 2013, as previously stated	2,337,736	63,882,827	116,130,250	12,194,298	3,259,195	2,785,852	78,502,022	279,092,180
Effect of correction of prior year errors	-	-	-	-	745	-	22,977	23,722
At 1 January 2013, as restated	2,337,736	63,882,827	116,130,250	12,194,298	3,259,940	2,785,852	78,524,999	279,115,902
Transfer in/(out)	-	5,016,504	10,125,043	6,853,009	224,069	2,757,422	(24,976,295)	(248)
Additions, as restated	773,591	5,265	13,592	-	40,082	81,775	32,208,011	33,122,316
Disposals	(113,633)	(7,987)	(698,900)	-	(51,929)	(50,636)	-	(923,085)
Disposals of subsidiaries	-	(34,689)	-	-	(10,386)	(5,150)	-	(50,225)
At 31 December 2013 and 1 January 2014, as restated	2,997,694	68,861,920	125,569,985	19,047,307	3,461,776	5,569,263	85,756,715	311,264,660
Transfer in/(out)	-	7,240,277	10,630,924	960,731	58,074	3,839,368	(23,139,897)	(410,523)
Additions	608,469	1,007	2,052,736	-	33,484	35,820	22,461,610	25,193,126
Acquisition of subsidiary	-	34,683	15,005	-	62	353	-	50,103
Disposals	-	(85,463)	(2,566,652)	-	(13,118)	(16,624)	-	(2,681,857)
<b>At 31 December 2014</b>	<b>3,606,163</b>	<b>76,052,424</b>	<b>135,701,998</b>	<b>20,008,038</b>	<b>3,540,278</b>	<b>9,428,180</b>	<b>85,078,428</b>	<b>333,415,509</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land use rights RMB'000	Buildings and structures RMB'000	Electricity utility plants RMB'000	Coal chemical specialised assets RMB'000	Transportation facilities RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2013, as previously stated	235,506	11,362,785	43,967,921	20,344	1,140,981	917,913	-	57,645,450
Effect of correction of prior year errors	-	-	-	-	522	-	-	522
At 1 January 2013, as restated	235,506	11,362,785	43,967,921	20,344	1,141,503	917,913	-	57,645,972
Charge for the year, as restated	114,118	2,189,027	6,705,440	585,566	181,196	312,871	-	10,088,218
Impairment losses	-	200,697	436,254	-	517	27,627	-	665,095
Disposals	(4,796)	(7,137)	(487,232)	-	(49,087)	(47,928)	-	(596,180)
Disposals of subsidiaries	-	(6,157)	-	-	(8,664)	(3,528)	-	(18,349)
At 31 December 2013 and 1 January 2014, as restated	344,828	13,739,215	50,622,383	605,910	1,265,465	1,206,955	-	67,784,756
Transfer out	-	(17,832)	-	-	-	-	-	(17,832)
Charge for the year	77,994	2,455,386	7,420,812	790,510	265,923	540,746	-	11,551,371
Impairment losses	-	300,029	-	1,423,534	6,380	54,413	419,556	2,203,912
Disposals	-	(1,197)	(872,120)	-	(12,553)	(12,005)	-	(897,875)
<b>At 31 December 2014</b>	<b>422,822</b>	<b>16,475,601</b>	<b>57,171,075</b>	<b>2,819,954</b>	<b>1,525,215</b>	<b>1,790,109</b>	<b>419,556</b>	<b>80,624,332</b>
<b>Carrying amount</b>								
<b>At 31 December 2014</b>	<b>3,183,341</b>	<b>59,576,823</b>	<b>78,530,923</b>	<b>17,188,084</b>	<b>2,015,063</b>	<b>7,638,071</b>	<b>84,658,872</b>	<b>252,791,177</b>
At 31 December 2013, as restated	2,652,866	55,122,705	74,947,602	18,441,397	2,196,311	4,362,308	85,756,715	243,479,904

During the year, depreciation expenses charged into operating costs and construction in progress amounted to RMB11,432,921 thousand (2013: RMB9,998,671 thousand) and RMB118,450 thousand (2013, as restated: RMB89,547 thousand), respectively.

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2014 the carrying amount of property, plant and equipment pledged as security for the Group's long-term loans amounted to RMB3,872,135 thousand (2013: RMB2,873,928 thousand).

During the year, Inner Mongolia Datang International Xilinhaote Mining Company Limited, Datang Inner Mongolia Duolun Coal Chemical Company Limited and Datang Hulunbeier Fertilizer Company Limited incurred continuing increasing losses as compared to the corresponding period last year and indication of impairment was shown in relation to their property, plant and equipment. The Group carried out reviews of the recoverable amount of these property, plant and equipment which are used in the Group's coal segment and chemical segment. The reviews led to the recognition of impairment losses of RMB2,203,912 thousand that have been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The discount rates used were 12.60%, 10.30% and 10.57% respectively.

At 31 December 2014 the carrying amount of buildings and structures, electricity utility plants and transportation facilities held by the Group under finance leases amounted to RMB2,224,102 thousand (2013: RMB2,289,296 thousand), RMB4,964,316 thousand (2013: RMB3,274,684 thousand) and RMB1,183,569 thousand (2013: RMB1,188,304 thousand) respectively.

The Group's land use rights are analysed as follows:

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
Outside Hong Kong:		
Long leases	<b>52,467</b>	53,169
Medium-term leases	<b>3,130,874</b>	2,599,697
	<b>3,183,341</b>	2,652,866

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## 18. INVESTMENT PROPERTIES

	RMB'000
<b>Cost</b>	
At 1 January 2013	574,583
Transfer in	248
Disposals	(57,065)
At 31 December 2013 and 1 January 2014	517,766
Transfer in	155,049
Transfer out	(13,586)
<b>At 31 December 2014</b>	<b>659,229</b>
<b>Accumulated depreciation</b>	
At 1 January 2013	37,726
Charge for the year	16,424
Disposals	(3,651)
At 31 December 2013 and 1 January 2014	50,499
Charge for the year	18,150
<b>At 31 December 2014</b>	<b>68,649</b>
<b>Carrying amount</b>	
<b>At 31 December 2014</b>	<b>590,580</b>
At 31 December 2013	467,267

The Group's investment properties are situated in the PRC and are held under medium-term leases.

At 31 December 2014, the Group's total future minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	2014 RMB'000	2013 RMB'000
Within one year	18,054	16,862
In the second to fifth years, inclusive	73,777	68,887
After five years	11,654	17,589
	<b>103,485</b>	103,338

## 19. INTANGIBLE ASSETS

	Goodwill	Mining rights	Resource use rights	Technology know-how	Computer software	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost</b>							
At 1 January 2013, as previously stated	899,886	1,249,130	37,763	662,304	111,469	14,600	2,975,152
Effect of correction of prior year errors	-	1,461,047	-	-	-	-	1,461,047
At 1 January 2013, as restated	899,886	2,710,177	37,763	662,304	111,469	14,600	4,436,199
Additions	-	-	-	31,945	35,682	244	67,871
Disposals of subsidiaries	-	-	-	-	(1,756)	-	(1,756)
Disposals	-	-	-	-	(152)	-	(152)
At 31 December 2013 and 1 January 2014, as restated	899,886	2,710,177	37,763	694,249	145,243	14,844	4,502,162
Additions	-	100,000	-	5,126	35,193	347	140,666
Disposals	-	-	-	-	(85)	-	(85)
<b>At 31 December 2014</b>	<b>899,886</b>	<b>2,810,177</b>	<b>37,763</b>	<b>699,375</b>	<b>180,351</b>	<b>15,191</b>	<b>4,642,743</b>
<b>Accumulated amortisation and impairment losses</b>							
At 1 January 2013, as previously stated	-	18,444	26,525	2,400	45,760	14,592	107,721
Effect of correction of prior year errors	-	8,703	-	-	-	-	8,703
At 1 January 2013, as restated	-	27,147	26,525	2,400	45,760	14,592	116,424
Amortisation for the year, as restated	-	3,531	3,695	29,291	16,637	4	53,158
Disposals of subsidiaries	-	-	-	-	(862)	-	(862)
Disposals	-	-	-	-	(133)	-	(133)
At 31 December 2013 and 1 January 2014, as restated	-	30,678	30,220	31,691	61,402	14,596	168,587
Amortisation for the year	-	1,812	3,695	31,552	22,540	47	59,646
Impairment losses	-	-	-	42,457	-	-	42,457
Disposals	-	-	-	-	(85)	-	(85)
<b>At 31 December 2014</b>	<b>-</b>	<b>32,490</b>	<b>33,915</b>	<b>105,700</b>	<b>83,857</b>	<b>14,643</b>	<b>270,605</b>
<b>Carrying amount</b>							
<b>At 31 December 2014</b>	<b>899,886</b>	<b>2,777,687</b>	<b>3,848</b>	<b>593,675</b>	<b>96,494</b>	<b>548</b>	<b>4,372,138</b>
At 31 December 2013, as restated	899,886	2,679,499	7,543	662,558	83,841	248	4,333,575

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 19. INTANGIBLE ASSETS (Continued)

The Group carried out a review of the recoverable amount of its intangible assets other than goodwill in 2014, having regard to the market conditions of the Group's products. These assets are used in the Group's chemical segment. The review led to the recognition of impairment losses on technology know-how of RMB42,457 thousand that have been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The discount rate used was 10.30%.

### Goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2014 RMB'000	2013 RMB'000
<b>Power generation segment</b>		
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	273,795	273,795
Jiangxi Datang International Xinyu Power Generation Company Limited	104,361	104,361
Zhangjiakou Power Plant No. 2 generator	33,561	33,561
Datang Tongzhou Technology Company Limited	949	949
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	902	902
Yunnan Datang International Deqin Hydropower Development Company Limited	18	18
Chengdu Ligu Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	130,830	130,830
Shenzhen Datang Baochang Gas Power Generation Company Limited	165,995	165,995
	<b>710,411</b>	710,411
<b>Coal segment</b>		
Inner Mongolia Datang International Zhunge'er Mining Company Limited	120,177	120,177
Inner Mongolia Baoli Coal Company Limited	18,712	18,712
Erdos Ruidefeng Mining Company Limited	32,546	32,546
	<b>171,435</b>	171,435
<b>Other segments</b>		
Yuneng (Group) Company Limited	18,040	18,040
	<b>899,886</b>	899,886



## 19. INTANGIBLE ASSETS (Continued)

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method for power generation units include the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost. The key assumptions for the discounted cash flow method for coal mining entities include the expected coal price and annual production capacity. These key assumptions are based on past practices and expectations on market development. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years (the "Periods Covered"). The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

The Periods Covered and discount rates used in respective value in use calculations are as follows:

	<b>Periods Covered</b>	<b>Discount rates used</b>
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited	5 years	9.12%
Jiangxi Datang International Xinyu Power Generation Company Limited	5 years	7.33%
Inner Mongolia Datang International Zhunge'er Mining Company Limited	5 years	18.06%
Chengdu Ligu Energy Company Limited, Chengdu Qingjiangyuan Energy Company Limited and Chengdu Zhongfu Energy Company Limited	5 years	8.11%
Shenzhen Datang Baochang Gas Power Generation Company Limited	5 years	6.98%
Others	5 years	7.73% to 16.50%

Based on the assessments, the Group believes that there is no impairment of goodwill at 31 December 2014 and 2013.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATES

	2014 RMB'000	2013 RMB'000
Unlisted investments: Share of net assets	7,596,175	6,900,077

Details of the Group's associates at 31 December 2014 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
North China Electric Power Research Institute Company Limited	PRC	100,000	30%	–	Power related technology services
Tongfang Investment Company Limited ("Tongfang Investment Company")	PRC	550,000	36%	–	Project investments and management
Shanxi Zhang Electric Datang Tashan Power Generation Company Limited ("Tashan Power Company") (formerly known as "Tongmei Datang Tashan Power Generation Company Limited")	PRC	410,000	40%	–	Power generation
Tongmei Datang Tashan Coal Mine Company Limited ("Tashan Coal Company")	PRC	2,072,540	28%	–	Coal construction and mining
Tangshan Huaxia Datang Power Fuel Company Limited	PRC	20,000	30%	–	Power fuel trading

## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
China Datang Group Finance Company Limited ("Datang Finance") *	PRC	3,000,000	20%	–	Financial services
Inner Mongolia Bazhu Railway Company Limited	PRC	100,000	20%	–	Railway and highway construction and operational management
Liaoning Diaobingshan Coal Gange Power Generation Co., Ltd.	PRC	603,400	40%	–	Power generation
Inner Mongolia Xiduo Railway Company Limited ("Xiduo Railway Company")	PRC	Registered capital: 3,540,249; paid-up capital: 3,240,862	34%	–	Railway transportation services
COSCO Datang Shipping Company Limited	PRC	100,000	45%	–	Cargo shipping
Inner Mongolia Datang Da Ta Energy Company Limited	PRC	20,000	35%	–	Construction and operation of coal logistics park zone
Datang Wealth Management Co., Ltd.	PRC	Registered capital: 100,000; paid-up capital: 50,000	30%	–	Investment management and advisory
Fuxin Huanfa Wastage Disposal Company Limited	PRC	Registered capital: 25,000; paid-up capital: 20,000	–	20%	Environmental greening

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Chongqing Fuling Water Resources Development Company Limited	PRC	120,000	–	42%	Hydropower technology development, construction, management, power generation and power supply
Fujian Baima Harbour Railway Spur Line Company Limited	PRC	316,500	–	33%	Railway transportation
Jinzhou Thermal Power Company Limited	PRC	145,000	–	26%	Heat supply
Macro Technologies Inc. (Vietnam) Limited	Vietnam	USD150,000	–	35%	Electricity related technical services
Chongqing Guanming Investment Company Limited	PRC	100,000	49%	–	Investment management
Shanxi Datang International Yuncheng Power Generation Company Limited	PRC	264,694	49%	–	Power generation
Inner Mongolia Hutietaihe Logistics Company Limited	PRC	56,700	–	49%	Provision of railway logistics services
Inner Mongolia Datang Tongfang Silicon and Aluminum Technology Company Limited	PRC	10,000	26%	–	Development and production of silicon and aluminum alloy
Datang Tibet Bodui Hydropower Development Company Limited	PRC	Registered capital: 478,500; paid-up capital: 183,380	20%	–	Hydropower construction

## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Datang Finance Leasing Company Limited ("Datang Leasing Company")	PRC	2,000,000	20%	–	Finance leasing business
Baxin Railway Company Limited ("Baxin Railway Company")	PRC	2,600,000	20%	–	Railway construction
China Datang Corporation Nuclear Power Company Limited	PRC	390,221	40%	–	Nuclear power development, construction and operations
Beijing Shangshan Hengsheng Property Company Limited ("Shangshan Property Company") (i)	PRC	63,763	60%	–	Property development
Datang Tibet Wangpai Hydropower Development Company Limited	PRC	95,000	20%	–	Hydropower construction

\* Datang Finance is a non-bank financial institution.

Note:

- (i) The Company entered into an agreement with another shareholder of Shangshan Property Company, which holds 40% equity interest in Shangshan Property Company. Pursuant to this agreement, the Company and the another shareholder would nominate 3 directors and 4 directors respectively. Therefore, the Company does not obtain control over Shangshan Property Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATES (Continued)

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the associates.

Name	Tongfang Investment Company		Tashan Power Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Project investments and management		Power generation	
% of ownership interests/ voting rights held by the Group	<b>36%/36%</b>	36%/36%	<b>40%/40%</b>	40%/40%
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>				
Non-current assets	<b>809,946</b>	744,433	<b>3,123,922</b>	3,316,033
Current assets	<b>255,255</b>	249,288	<b>552,361</b>	696,056
Non-current liabilities	<b>(10,561)</b>	(24,564)	<b>(2,480,000)</b>	(2,485,000)
Current liabilities	<b>(1,337)</b>	(8,145)	<b>(363,533)</b>	(752,183)
Net assets	<b>1,053,303</b>	961,012	<b>832,750</b>	774,906
Group's share of carrying amount of interests	<b>383,001</b>	349,444	<b>333,100</b>	363,336
<b>Year ended 31 December:</b>				
Revenue	<b>3,439</b>	8,706	<b>1,816,468</b>	1,951,866
Profit from operations and total comprehensive income	<b>37,773</b>	132,471	<b>342,091</b>	324,043
Dividends received from associates	<b>—</b>	—	<b>171,274</b>	—

## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Tashan Coal Company		Datang Finance	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Coal construction and mining		Financial services	
% of ownership interests/ voting rights held by the Group	28%/28%	28%/28%	20%/20%	20%/20%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	6,601,446	6,951,606	16,707,046	17,393,638
Current assets	5,225,053	3,884,298	10,462,550	4,417,959
Non-current liabilities	(1,916,287)	(1,110,850)	–	–
Current liabilities	(2,508,946)	(2,881,212)	(22,022,377)	(17,601,298)
Net assets	7,401,266	6,843,842	5,147,219	4,210,299
Group's share of carrying amount of interests	2,259,104	1,993,885	1,027,468	840,084
<b>Year ended 31 December:</b>				
Revenue	5,759,590	6,268,563	1,209,137	1,021,937
Profit from operations and total comprehensive income	1,105,460	1,374,824	830,259	721,996
Dividends received from associates	50,000	967,901	–	83,491

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Xiduo Railway Company		Datang Leasing Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Railway transportation services		Finance leasing business	
% of ownership interests/ voting rights held by the Group	34%/34%	34%/34%	20%/20%	20%/20%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	9,698,734	8,702,635	10,954,827	7,555,609
Current assets	125,479	739,065	601,985	121,541
Non-current liabilities	(5,206,186)	(5,198,477)	(5,003,329)	(2,870,000)
Current liabilities	(976,768)	(583,606)	(4,139,432)	(3,699,236)
Net assets	3,641,259	3,659,617	2,414,051	1,107,914
Group's share of carrying amount of interests	1,466,184	1,477,643	482,810	221,583
<b>Year ended 31 December:</b>				
Revenue	853,783	315,824	608,840	256,078
(Loss)/profit from operations and total comprehensive income	(33,702)	71,468	306,136	107,312
Dividends received from associates	—	85,081	—	—



## 20. INVESTMENTS IN ASSOCIATES (Continued)

Name	Baxin Railway Company	
	2014	2013
Principal place of business/country of incorporation	PRC/PRC	
Principal activities	Railway construction	
% of ownership interests/voting rights held by the Group	20%/20%	20%/20%
	RMB'000	RMB'000
<b>At 31 December:</b>		
Non-current assets	5,974,218	5,080,560
Current assets	1,867,654	2,557,571
Non-current liabilities	(5,087,854)	(2,767,854)
Current liabilities	(180,806)	(2,281,562)
Net assets	2,573,212	2,588,715
Group's share of carrying amount of interests	635,062	635,059
<b>Year ended 31 December:</b>		
Revenue	14,008	–
Loss from operations and total comprehensive income	(9,148)	(4,239)
Dividends received from associates	–	–

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

	2014	2013
	RMB'000	RMB'000
<b>At 31 December:</b>		
Carrying amounts of interests	1,009,446	1,019,043
<b>Year ended 31 December:</b>		
Profit/(loss) from operations and total comprehensive income	86,283	(50,370)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 21. INVESTMENTS IN JOINT VENTURES

	2014 RMB'000	2013 RMB'000
Unlisted investments: Share of net assets	5,653,654	5,262,631

Details of the Group's joint ventures at 31 December 2014 are as follows:

Name	Place of incorporation/ registration	Registered and paid-up capital RMB'000	Percentage of equity interest		Principal activities
			Direct	Indirect	
Hebei Yuzhou Energy Multiple Development Company Limited ("Yuzhou Energy Multiple Company")	PRC	1,019,014	50%	–	Power generation
Kailuan (Group) Yuzhou Mining Company Limited ("Yuzhou Mining Company")	PRC	1,079,157	34%	15%	Coal mining and sales
Inner Mongolia Huineng Datang Changtan Coal Mining Company Limited ("Changtan Mining Company")	PRC	50,000	40%	–	Coal mining and sales
Fujian Ningde Nuclear Power Company Limited ("Ningde Nuclear Power Company")	PRC	10,116,000	44%	–	Nuclear power plant construction and operations

## 21. INVESTMENTS IN JOINT VENTURES (Continued)

The following table shows information of the joint ventures that are material to the Group. These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the joint ventures.

Name	Yuzhou Energy Multiple Company		Yuzhou Mining Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Power generation		Coal mining and sales	
% of ownership interests/ voting rights held by the Group	<b>50%/50%</b>	50%/50%	<b>49%/49%</b>	49%/49%
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>				
Non-current assets	<b>2,587,054</b>	2,264,552	<b>5,600,180</b>	5,420,902
Current assets	<b>130,270</b>	123,400	<b>640,820</b>	562,960
Non-current liabilities	<b>(360,000)</b>	(225,000)	<b>(2,630,173)</b>	(2,301,390)
Current liabilities	<b>(1,679,466)</b>	(1,436,430)	<b>(1,923,160)</b>	(1,688,202)
Net assets	<b>677,858</b>	726,522	<b>1,687,667</b>	1,994,270
Group's share of carrying amount of interests	<b>338,929</b>	385,156	<b>583,173</b>	707,279
Cash and cash equivalents included in current assets	<b>24,961</b>	52,194	<b>201,706</b>	241,080
Current financial liabilities (excluding accounts and other payables and provisions) included in current liabilities	<b>(1,353,300)</b>	(1,398,301)	<b>(953,920)</b>	(903,920)
Non-current financial liabilities (excluding accounts and other payables and provisions) included in non-current liabilities	<b>(360,000)</b>	(225,000)	<b>(1,622,100)</b>	(1,160,210)
<b>Year ended 31 December:</b>				
Revenue	<b>184,497</b>	221,189	<b>5,142,483</b>	12,408,236
Depreciation and amortisation	<b>(18,238)</b>	(18,535)	<b>(219,898)</b>	(190,387)
Interest income	<b>76</b>	568	<b>1,121</b>	1,153
Interest expense	<b>(54,669)</b>	(57,199)	<b>(56,321)</b>	(57,780)
Income tax expense	<b>(513)</b>	–	<b>(34,644)</b>	(28,621)
(Loss)/profit from operations and total comprehensive income	<b>(137,582)</b>	(31,772)	<b>(361,073)</b>	50,399

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 21. INVESTMENTS IN JOINT VENTURES (Continued)

Name	Changtan Mining Company		Ningde Nuclear Power Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
Principal activities	Coal mining and sales		Nuclear power plant construction and operations	
% of ownership interests/ voting rights held by the Group	40%/40%	40%/40%	44%/44%	44%/44%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	14	48,736	49,306,828	43,974,329
Current assets	50,000	1,301	5,146,998	3,705,756
Non-current liabilities	–	–	(36,744,453)	(34,564,982)
Current liabilities	(14)	(37)	(6,959,981)	(3,492,763)
Net assets	50,000	50,000	10,749,392	9,622,340
Group's share of carrying amount of interests	100,000	100,000	4,631,552	4,070,196
Cash and cash equivalents included in current assets	46,092	44,816	377,558	872,270
Current financial liabilities (excluding accounts and other payables and provisions) included in current liabilities	–	–	(6,270,936)	(2,455,027)
Non-current financial liabilities (excluding accounts and other payables and provisions) included in non-current liabilities	–	–	(36,521,084)	(34,433,333)
<b>Year ended 31 December:</b>				
Revenue	–	–	3,981,182	2,160,281
Depreciation and amortisation	–	–	(680,393)	(420,325)
Interest expense	–	–	(1,260,401)	(705,621)
Profit from operations and total comprehensive income	–	–	596,900	302,340
Dividends received from joint ventures	–	–	121,760	–

## 22. AVAILABLE-FOR-SALE INVESTMENTS

	2014 RMB'000	2013 RMB'000
Equity securities, at fair value		
Listed in Hong Kong	194,864	374,262
Listed outside Hong Kong	197,824	88,129
Market value of listed securities	392,688	462,391
Unlisted equity securities, at cost	4,653,600	3,805,366
Less: Impairment losses	(24,078)	–
	4,629,522	3,805,366
	5,022,210	4,267,757

The fair values of listed securities are based on current bid prices. All the unlisted equity were carried at cost as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

## 23. DEFERRED HOUSING BENEFITS

Pursuant to the “Proposal on Further Reform of Housing Policy in Urban Areas” of the State and the implementation schemes for staff quarters issued by the relevant provincial and municipal governments, the Company implemented a scheme for selling staff quarters in 1999. Under the scheme, the Company provides housing benefits to its staff to buy staff quarters from the Company at preferential prices. The offer price is determined based on their length of services and positions pursuant to the prevailing local regulations. The deferred housing benefits represent the difference between the net book amount of the staff quarters sold and the proceeds collected from the employees, and are amortised over the remaining average service life of the relevant employees.

During 2005 to 2007, the Company and some of its subsidiaries carried out another housing benefit scheme – “Monetary Housing Benefit Scheme” upon the approval from Housing Reform Office of the local government. Under the Monetary Housing Benefit Scheme, the Company and some of its subsidiaries provided monetary housing subsidies to those employees whose houses did not meet the standard they should have enjoyed based on their length of services and their positions and rankings. There is no such subsidy payment in 2014 (2013: nil). The benefits were amortised over the remaining average service life of the relevant employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 23. DEFERRED HOUSING BENEFITS (Continued)

	RMB'000
<b>Cost</b>	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	<b>653,269</b>
<b>Accumulated amortisation</b>	
At 1 January 2013	579,447
Charge for the year	24,795
At 31 December 2013 and 1 January 2014	604,242
Charge for the year	24,738
<b>At 31 December 2014</b>	<b>628,980</b>
<b>Carrying amount</b>	
<b>At 31 December 2014</b>	<b>24,289</b>
At 31 December 2013	49,027

## 24. LONG-TERM ENTRUSTED LOANS TO ASSOCIATES

	2014 RMB'000	2013 RMB'000
Entrusted loans to associates	<b>435,889</b>	520,977
Less: Current portion of long-term entrusted loans to associates	<b>(335,706)</b>	(185,000)
	<b>100,183</b>	335,977

At 31 December 2014, the long-term entrusted loans to associates carried interest rate of 6.15% (2013: 6.15%) per annum and there were neither pledges nor guarantees received on these loans.

The long-term entrusted loans are due within 3 years (2013: 2 years) from the end of the reporting period.

## 25. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	2,779,254	2,949,435
Finished goods	696,000	557,383
Others	269,166	175,281
	<b>3,744,420</b>	3,682,099

## 26. ACCOUNTS AND NOTES RECEIVABLES

Accounts and notes receivables of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales customers and comprise the following:

	2014 RMB'000	2013 RMB'000
Accounts receivables from third parties	9,468,926	9,751,101
Notes receivables from third parties	504,789	292,543
Accounts receivables from related parties	31,109	57,756
	<b>10,004,824</b>	10,101,400

The Group usually grants credit period of approximately 1 month to local power grid customers and coal purchase customers from the month end after sales and sale transactions made, respectively.

The ageing analysis of accounts and notes receivables is as follows:

	2014 RMB'000	2013 RMB'000
Within one year	9,059,461	9,809,030
Between one to two years	682,669	86,754
Between two to three years	61,826	180,101
Over three years	200,868	25,515
	<b>10,004,824</b>	10,101,400

At 31 December 2014, the Group applied tariff collection rights in securing loans, for which details please refer to notes 33 and 40 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 26. ACCOUNTS AND NOTES RECEIVABLES (Continued)

Reconciliation of allowance for accounts and notes receivables:

	2014 RMB'000	2013 RMB'000
At 1 January	4,692	4,041
Allowance for the year	338,020	673
Disposals of subsidiaries	–	(5)
Reversal of allowance	–	(17)
At 31 December	342,712	4,692

At 31 December 2014, accounts and notes receivables of RMB945,363 thousand (2013: RMB292,370 thousand) were past due but not impaired. The major portion of the past due accounts and notes receivables were due from certain local thermal power companies and customers of coal purchases, and the directors believe that such receivables can be recovered because such local thermal companies and customers of coal purchases had no recent history of default. The ageing analysis of these accounts and notes receivables is as follows:

	2014 RMB'000	2013 RMB'000
Between one to two years	682,669	86,754
Between two to three years	61,826	180,101
Over three years	200,868	25,515
	945,363	292,370



## 27. PREPAYMENTS AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000 (restated)
<b>Prepayments</b>		
Prepayments for fuel and materials	275,905	1,249,998
Prepayments for construction	5,138	21,073
VAT recoverable	4,700,913	4,866,605
Other taxes recoverable	24,952	16,935
Prepayments to related parties	54,905	295,995
Prepayments for transportation cost	22,444	58,197
Others	182,864	201,222
	<b>5,267,121</b>	6,710,025
<b>Other receivables</b>		
Advanced payments for construction	743,813	948,413
Receivables from disposals of property, plant and equipment	81,082	25,163
Staff advances	7,776	18,138
Staff housing maintenance fund deposits	21,513	13,250
Receivables from sales of materials	101,667	138,165
Receivables from related parties	6,071	11,254
Other deposits	108,936	167,109
Dividends receivables	444,125	486,736
Government grant receivables	257,919	281,895
Prepayments for fuel recoverable	991,003	–
Others	818,516	778,263
	<b>3,582,421</b>	2,868,386
Allowance for doubtful debts	<b>(470,140)</b>	(41,929)
	<b>3,112,281</b>	2,826,457
	<b>8,379,402</b>	9,536,482

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 27. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Reconciliation of allowance for other receivables:

	2014 RMB'000	2013 RMB'000
At 1 January	41,929	43,670
Allowance for the year	437,366	–
Disposals of subsidiaries	–	(1,656)
Reversal of allowance	(9,155)	(85)
At 31 December	470,140	41,929

## 28. SHORT-TERM ENTRUSTED LOANS TO RELATED PARTIES

	2014 RMB'000	2013 RMB'000
Entrusted loan to an associate (i)	–	100,183
Entrusted loans to a joint venture (ii)	803,170	516,198
Entrusted loan to a fellow subsidiary (iii)	10,000	–
	813,170	616,381

Notes:

- (i) At 31 December 2013, the short-term entrusted loan to an associate carried interest rate of 6% per annum and there was neither pledge nor guarantee received on this loan.
- (ii) At 31 December 2014, the short-term entrusted loans to a joint venture carried interest rate ranging from 6.336% to 6.653% (2013: of 6.336%) per annum and there were neither pledges nor guarantees received on these loans.
- (iii) At 31 December 2014, the short-term entrusted loan to a fellow subsidiary carried interest rate of 6% per annum and there was neither pledge nor guarantee received on this loan.

## 29. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2014 RMB'000	2013 RMB'000
Bank deposits	2,824,054	4,244,406
Deposits with Datang Finance	2,463,508	3,635,676
Cash on hand	936	762
	5,288,498	7,880,844
Restricted deposits included in bank deposits	(275,223)	–
Cash and cash equivalents	5,013,275	7,880,844

The carrying amounts of the Group's cash and cash equivalents and restricted deposits are denominated in the following currencies:

	2014 RMB'000	2013 RMB'000
RMB	5,098,760	7,859,484
USD	159,319	20,009
HKD	29,606	308
EUR	21	22
Indonesian Rupiah	792	1,021
	5,288,498	7,880,844

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 30. SHARE CAPITAL

	Number of shares			Amount		
	A shares (i)	H shares (i)	Total	A shares	H shares	Total
	'000	'000	'000	RMB'000	RMB'000	RMB'000
Registered, issued and fully paid:						
Shares of RMB1 (2013: RMB1) each						
At 1 January 2013, 31 December 2013 (ii),						
1 January 2014 and 31 December 2014	9,994,360	3,315,678	13,310,038	9,994,360	3,315,678	13,310,038

Notes:

- (i) Both A shares and H shares rank pari passu to each other.
- (ii) At 31 December 2013, 100,000,000 A shares were subject to lock-up periods and were not freely tradable.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The Group monitors capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2014 was 79.37% (2013, as restated: 78.72%).

Taking into consideration of the expected operating cash flows of the Group and the available banking facilities and their experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.

### 31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 RMB'000	2013 RMB'000 (restated)
Property, plant and equipment	16,153,812	15,116,192
Investments in subsidiaries	35,653,506	36,453,284
Other non-current assets	26,506,304	21,814,840
Cash and cash equivalents	2,179,471	4,857,668
Other current assets	13,233,646	9,126,745
<b>TOTAL ASSETS</b>	<b>93,726,739</b>	87,368,729
Share capital	13,310,038	13,310,038
Reserves	29,583,302	28,169,355
Long-term loans	14,912,600	15,982,000
Long-term bonds	15,394,158	13,923,589
Other non-current liabilities	504,835	295,817
Short-term loans	500,000	2,240,000
Short-term bonds	11,000,000	5,000,000
Other current liabilities	8,521,806	8,447,930
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,726,739</b>	87,368,729

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 32. RESERVES

### (a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

### (b) Company

	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Restricted reserve	Other reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013, as previously stated	9,982,310	3,910,442	10,270,129	14,338	4,020	1,903,595	26,084,834
Effect of correction of prior year errors	-	(7,306)	-	-	-	(65,756)	(73,062)
At 1 January 2013, as restated	9,982,310	3,903,136	10,270,129	14,338	4,020	1,837,839	26,011,772
Total comprehensive income for the year, as restated	-	-	-	-	-	3,488,587	3,488,587
Transfer from restricted reserve	-	-	-	(6,190)	-	6,190	-
Transfer to surplus reserve, as restated	-	320,699	572,591	-	-	(893,290)	-
Dividends paid	-	-	-	-	-	(1,331,004)	(1,331,004)
At 31 December 2013	9,982,310	4,223,835	10,842,720	8,148	4,020	3,108,322	28,169,355
At 1 January 2014, as previously stated	9,982,310	4,232,614	10,842,720	8,148	4,020	3,187,335	28,257,147
Effect of correction of prior year errors	-	(8,779)	-	-	-	(79,013)	(87,792)
At 1 January 2014, as restated	9,982,310	4,223,835	10,842,720	8,148	4,020	3,108,322	28,169,355
Total comprehensive income for the year	-	-	-	-	-	3,011,152	3,011,152
Transfer from restricted reserve	-	-	-	(5,868)	-	5,868	-
Transfer to surplus reserve	-	349,350	1,590,132	-	-	(1,939,482)	-
Dividends paid	-	-	-	-	-	(1,597,205)	(1,597,205)
<b>At 31 December 2014</b>	<b>9,982,310</b>	<b>4,573,185</b>	<b>12,432,852</b>	<b>2,280</b>	<b>4,020</b>	<b>2,588,655</b>	<b>29,583,302</b>

## 32. RESERVES (Continued)

### (c) Nature and purpose of reserves

#### (i) Capital reserve

Capital reserve mainly comprised: (i) the difference between the nominal amount of the domestic shares issued and the fair value of the net assets injected into the Company during its formation and also proceeds from the issue of H shares and A shares in excess of their par value, net of issuance expenses in 1997, 2006, 2010 and 2011; and (ii) the premium from convertible bonds converted to shares. The capital reserve is non-distributable.

#### (ii) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

#### (iii) Discretionary surplus reserve

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the Board of Directors and is subject to shareholders' approval at their general meeting.

The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them. The discretionary surplus reserve is distributable.

#### (iv) Restricted reserve

Pursuant to relevant regulations and guidance issued by the MOF, certain deferred housing benefits are charged to equity directly when incurred under PRC GAAP. In order to reflect such undistributable retained earnings in these financial statements prepared under IFRS, a restricted reserve is set up to reduce the balance of retained earnings with an amount equals to the residual balance of deferred housing benefits, net of tax.

Pursuant to relevant PRC regulations, coal mining companies are required to set aside an amount to a fund for future development and work safety which they transferred certain amounts from retained earnings to restricted reserve. The fund can then be used for future development and work safety of the coal mining operations, and is not available for distribution to shareholders. When qualifying development expenditure and improvements of safety incurred, an equivalent amount is transferred from restricted reserve to retained earnings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 32. RESERVES (Continued)

### (d) Basis for profit appropriation

In accordance with the articles of association of the Company, distributable profit of the Company is derived based on the lower of profit determined in accordance with PRC GAAP and IFRS.

## 33. LONG-TERM LOANS

	2014 RMB'000	2013 RMB'000
Long-term bank loans	136,790,681	138,243,816
Other long-term loans	14,134,183	12,161,256
	<b>150,924,864</b>	150,405,072

Long-term loans are repayable as follows:

	2014			2013		
	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	Other long-term loans RMB'000	Total RMB'000
Within one year	12,290,426	942,799	13,233,225	11,725,867	624,958	12,350,825
In the second year	14,602,765	1,642,300	16,245,065	13,579,147	790,818	14,369,965
In the third to fifth year, inclusive	54,824,846	8,093,343	62,918,189	46,239,122	2,440,565	48,679,687
After five years	55,072,644	3,455,741	58,528,385	66,699,680	8,304,915	75,004,595
	<b>136,790,681</b>	<b>14,134,183</b>	<b>150,924,864</b>	138,243,816	12,161,256	150,405,072
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(12,290,426)</b>	<b>(942,799)</b>	<b>(13,233,225)</b>	(11,725,867)	(624,958)	(12,350,825)
Amount due for settlement after 12 months	<b>124,500,255</b>	<b>13,191,384</b>	<b>137,691,639</b>	126,517,949	11,536,298	138,054,247



### 33. LONG-TERM LOANS (Continued)

Long-term loans are classified as follows:

	Long-term bank loans RMB'000	2014 Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	2013 Other long-term loans RMB'000	Total RMB'000
Secured loans	41,774,669	–	41,774,669	43,010,825	–	43,010,825
Guaranteed loans	11,356,610	8,729,949	20,086,559	10,712,980	8,028,493	18,741,473
Unsecured loans	83,659,402	5,404,234	89,063,636	84,520,011	4,132,763	88,652,774
	<b>136,790,681</b>	<b>14,134,183</b>	<b>150,924,864</b>	138,243,816	12,161,256	150,405,072
Less: Amount due for settlement within 12 months (shown under current liabilities)						
Secured loans	(3,256,986)	–	(3,256,986)	(3,375,682)	–	(3,375,682)
Guaranteed loans	(1,483,681)	(163,979)	(1,647,660)	(1,191,770)	(150,998)	(1,342,768)
Unsecured loans	(7,549,759)	(778,820)	(8,328,579)	(7,158,415)	(473,960)	(7,632,375)
	<b>(12,290,426)</b>	<b>(942,799)</b>	<b>(13,233,225)</b>	(11,725,867)	(624,958)	(12,350,825)
Non-current portion						
Secured loans	38,517,683	–	38,517,683	39,635,143	–	39,635,143
Guaranteed loans	9,872,929	8,565,970	18,438,899	9,521,210	7,877,495	17,398,705
Unsecured loans	76,109,643	4,625,414	80,735,057	77,361,596	3,658,803	81,020,399
	<b>124,500,255</b>	<b>13,191,384</b>	<b>137,691,639</b>	126,517,949	11,536,298	138,054,247

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 33. LONG-TERM LOANS (Continued)

The carrying amounts of the Group's long-term loans are denominated in the following currencies:

	Long-term bank loans RMB'000	2014 Other long-term loans RMB'000	Total RMB'000	Long-term bank loans RMB'000	2013 Other long-term loans RMB'000	Total RMB'000
RMB	136,651,307	13,695,965	150,347,272	137,813,536	11,598,320	149,411,856
USD	139,374	409,949	549,323	139,375	528,493	667,868
HKD	-	-	-	290,905	-	290,905
EUR	-	28,269	28,269	-	34,443	34,443
	<b>136,790,681</b>	<b>14,134,183</b>	<b>150,924,864</b>	138,243,816	12,161,256	150,405,072

The interest rates for long-term loans per annum at 31 December were as follows:

	2014	2013
Long-term bank loans	5.23% – 7.14%	3.05% – 6.55%
Other long-term loans	1.13% – 6.55%	1.13% – 6.55%

Long-term loans of RMB14,863,850 thousand (2013: RMB8,969,293 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining long-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2014, long-term bank loans amounted to RMB1,746,000 thousand (2013: RMB1,516,000 thousand) were secured by the following assets:

	2014 RMB'000	2013 RMB'000
Property, plant and equipment	<b>3,872,135</b>	2,873,928

At 31 December 2014, long-term bank loans amounted to RMB40,028,669 thousand (2013: RMB41,494,825 thousand) were secured by certain tariff collection rights of the Group.

### 33. LONG-TERM LOANS (Continued)

At 31 December 2014, long-term bank loans amounted to RMB11,356,610 thousand (2013: RMB10,712,980 thousand) were guaranteed by the following parties:

	2014 RMB'000	2013 RMB'000
The Company	8,942,345	7,550,248
Certain subsidiaries of the Company	20,000	234,500
China Datang	2,100,000	2,400,000
Certain non-controlling shareholders of subsidiaries	222,825	528,232
Others	71,440	–
	<b>11,356,610</b>	10,712,980

At 31 December 2014, other long-term loans amounted to RMB794,600 thousand (2013: RMB751,000 thousand) which were borrowed from China Datang were unsecured and interest-bearing ranging from 3.60% to 5.40% (2013: 3.60%) per annum.

At 31 December 2014, other long-term loans amounted to RMB3,813,800 thousand (2013: RMB2,226,500 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 5.54% to 6.15% (2013: 5.76% to 6.35%) per annum.

At 31 December 2014, other long-term loans amounted to RMB30,000 thousand (2013: RMB30,000 thousand) which were borrowed from Datang Leasing Company were unsecured and interest-bearing at 6.40% (2013: 6.40%) per annum.

At 31 December 2014, other long-term loans included a loan amounted to RMB409,949 thousand (2013: RMB528,493 thousand) borrowed by the MOF from International Bank for Reconstruction and Development ("World Bank") and on-lent to a subsidiary of the Company for the construction of electricity utility plant, with the maturities from 1998 to 2017. The effective annual interest rate was LIBOR Base Rate plus LIBOR Total Spread as defined in the loan agreement between MOF and World Bank. China Datang provided guarantees on 60% of the loan balance. In addition, at 31 December 2014, another other long-term loans amounted to RMB3,000,000 thousand (2013: RMB3,000,000 thousand) were also guaranteed by China Datang.

At 31 December 2014, other long-term loans amounted to RMB5,320,000 thousand (2013: RMB4,500,000 thousand) were guaranteed by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 34. LONG-TERM BONDS

	2014 RMB'000	2013 RMB'000
Medium-term notes (i)	3,467,532	2,998,336
Corporate bonds (ii)	11,926,626	8,943,821
Non-public debt financing instruments (iii)	4,995,369	4,979,768
Offshore RMB bonds (iv)	497,909	494,190
	<b>20,887,436</b>	17,416,115
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(5,493,278)</b>	(2,998,336)
Amount due for settlement after 12 months	<b>15,394,158</b>	14,417,779

Notes:

- (i) Medium-term notes represented unsecured notes issued by the Company in inter-bank market on 22 August 2014 (2013: 3 March 2009) with par value of RMB100 each totalling RMB3.5 billion (2013: RMB3 billion). Such medium-term notes are of 5-year term with fixed annual coupon and effective interest rates of 5.20% (2013: 4.10%) and 5.41% (2013: 4.44%), respectively. At 31 December 2014, accrued interest for these notes amounted to RMB65,819 thousand (2013: RMB102,107 thousand).
- (ii) Corporate bonds represented unsecured bonds issued by the Company on 19 August 2009, 22 April 2011, 27 March 2013 and 3 November 2014 with par value of RMB100 each totalling RMB12 billion (2013: RMB9 billion). Such bonds, which are secured by China Datang and of which 65.29% of RMB3 billion were counter-guaranteed by the Company, are of 10-year term with fixed annual coupon and effective interest rates of 5.00%/5.25%/5.10%/5.00% and 5.10%/5.36%/5.20%/5.10%, respectively. At 31 December 2014, accrued interest for these bonds amounted to RMB308,384 thousand (2013: RMB283,287 thousand).
- (iii) Non-public debt financing instruments represented debt financing instruments issued by the Company on 18 April 2012 with par value of RMB100 each totalling RMB5 billion. Such debt financing instruments are of 3 years with fixed annual coupon and effective interest rates of 5.08% and 5.41%, respectively. At 31 December 2014, accrued interest for these instruments amounted to RMB179,540 thousand (2013: RMB178,844 thousand).
- (iv) Offshore RMB bonds represented unsecured offshore RMB-denominated bonds issued by a subsidiary of the Company on 30 November 2012 in denominations of RMB1,000,000 each and integral multiples of RMB10,000 in excess thereof totalling RMB0.5 billion. Such bonds are of 3-year term with fixed annual coupon and effective interest rates of 5.20% and 5.27%, respectively. At 31 December 2014, accrued interest for these bonds amounted to RMB2,166 thousand (2013: RMB2,172 thousand).

## 35. DEFERRED INCOME

Deferred income primarily represented government grants received by the Group from local environmental protection authorities for undertaking approved environmental protection projects.

## 36. DEFERRED TAX

The following are the deferred tax assets (before offset) recognised by the Group:

	Assets revaluation	Deductible tax losses	Intragroup unrealised profits	Preliminary expenses	Depreciation	Government grants	Impairment of assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013, as previously stated	11,123	957,912	563,915	476	31,596	36,040	29,521	103,024	1,733,607
Effect of correction of prior year errors	-	-	-	-	9,033	-	-	-	9,033
At 1 January 2013, as restated	11,123	957,912	563,915	476	40,629	36,040	29,521	103,024	1,742,640
Disposals of subsidiaries	(6,345)	(3,546)	-	-	-	-	-	-	(9,891)
(Charge)/credit to profit or loss for the year	-	(130,232)	30,036	(476)	-	3,802	14,203	72,640	(10,027)
At 31 December 2013 and 1 January 2014, as restated	4,778	824,134	593,951	-	40,629	39,842	43,724	175,664	1,722,722
(Charge)/credit to profit or loss for the year	(287)	(632,316)	48,075	-	(981)	152,636	188,730	(63,053)	(307,196)
<b>At 31 December 2014</b>	<b>4,491</b>	<b>191,818</b>	<b>642,026</b>	<b>-</b>	<b>39,648</b>	<b>192,478</b>	<b>232,454</b>	<b>112,611</b>	<b>1,415,526</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 36. DEFERRED TAX (Continued)

The following are the deferred tax liabilities (before offset) recognised by the Group:

	Assets revaluation	Depreciation	Mining safety and development funds	Deferred housing benefits	Fair value gain on available- for-sale investments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	703,330	9,296	20,732	7,793	15,859	6,359	763,369
Disposals of subsidiaries	(49,011)	–	–	–	–	–	(49,011)
(Credit)/charge to profit or loss for the year	(29,055)	(2,372)	2,329	(2,638)	–	(795)	(32,531)
Credit to other comprehensive income for the year	–	–	–	–	(4,416)	–	(4,416)
At 31 December 2013 and 1 January 2014	625,264	6,924	23,061	5,155	11,443	5,564	677,411
Disposals of subsidiaries							
(Credit)/charge to profit or loss for the year	(29,952)	(2,372)	1,289	(2,497)	–	(174)	(33,706)
Charge to other comprehensive income for the year	–	–	–	–	29,813	–	29,813
<b>At 31 December 2014</b>	<b>595,312</b>	<b>4,552</b>	<b>24,350</b>	<b>2,658</b>	<b>41,256</b>	<b>5,390</b>	<b>673,518</b>

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2014 RMB'000	2013 RMB'000 (restated)
Deferred tax assets	1,386,234	1,667,726
Deferred tax liabilities	(644,226)	(622,415)
	<b>742,008</b>	1,045,311

### 36. DEFERRED TAX (Continued)

No deferred tax asset has been recognised in respect of certain unused tax losses of RMB9,045,546 thousand (2013: RMB1,962,191 thousand) due to the unpredictability of future profit streams. The related unrecognised tax losses will expire in the following years ending 31 December:

	2014 RMB'000	2013 RMB'000
2014	–	312,097
2015	273,786	267,833
2016	531,031	525,674
2017	430,902	397,356
2018	2,304,836	459,231
2019	5,504,991	–
	<b>9,045,546</b>	1,962,191

### 37. PROVISIONS

	<b>Mine disposal and environmental restoration</b> RMB'000
At 1 January 2014	40,875
Changes in present value	1,316
<b>At 31 December 2014</b>	<b>42,191</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 38. OTHER NON-CURRENT LIABILITIES

	2014 RMB'000	2013 RMB'000 (restated)
Finance lease payables	11,771,745	10,895,762
Others	2,172,960	2,060,522
	<b>13,944,705</b>	12,956,284
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(2,564,319)</b>	(2,152,015)
	<b>11,380,386</b>	10,804,269

### Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within one year	2,964,436	2,462,140	2,361,152	1,897,437
In the second to fifth years, inclusive	8,411,382	7,467,737	6,816,302	6,045,517
After five years	2,690,235	3,672,638	2,594,291	2,952,808
	<b>14,066,053</b>	13,602,515	<b>11,771,745</b>	10,895,762
Less: Future finance charges	<b>(2,294,308)</b>	(2,706,753)	N/A	N/A
Present value of lease obligations	<b>11,771,745</b>	10,895,762	<b>11,771,745</b>	10,895,762
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(2,361,152)</b>	(1,897,437)
Amount due for settlement after 12 months			<b>9,410,593</b>	8,998,325

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 9 years (2013: 9 years). At 31 December 2014, the average effective borrowing rate was 5.98% (2013: 6.16%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the plant and machinery at nominal prices.



### 38. OTHER NON-CURRENT LIABILITIES (Continued)

The Group's finance lease payables amounted to RMB1,738,975 thousand (2013: RMB1,979,751 thousand) and RMB734,110 thousand (2013: RMB762,773 thousand) were secured by restricted deposits of RMB127,836 thousand (2013: RMB127,836 thousand), all of which will be refunded after settlements of last instalments of respective finance lease arrangements, and certain tariff collection rights of the Group, respectively.

At 31 December 2014, finance lease payables amounted to RMB5,042,227 thousand (2013: RMB4,000,134 thousand) which were due to associates were unsecured and interest-bearing ranging from 5.40% to 7.47% (2013: 5.90% to 7.47%) per annum.

At 31 December 2014, the total future minimum sublease payments expected to be received under non-cancellable subleases amounted to RMB40,167 thousand (2013: RMB58,009 thousand).

### 39. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	2014 RMB'000	2013 RMB'000
<b>Accounts and notes payables</b>		
Fuel and materials payables to third parties	10,006,589	9,995,249
Fuel and materials payables to related parties	170,332	136,738
Notes payables to third parties	2,109,388	1,973,950
Notes payables to a related party	200,000	-
	<b>12,486,309</b>	12,105,937
Construction payables to third parties	8,419,241	8,034,001
Construction payables to related parties	676,683	473,208
Acquisition considerations payables	101,779	81,654
Receipts in advance from third parties	298,985	486,710
Receipts in advance from related parties	15,027	13,773
Salaries and welfares payables	166,798	89,717
Interests payables	1,049,234	1,050,633
Other payables to related parties	586,262	514,228
Others	4,827,178	4,668,763
	<b>28,627,496</b>	27,518,624

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 39. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES (Continued)

The ageing analysis of the accounts and notes payables is as follows:

	2014 RMB'000	2013 RMB'000
Within one year	10,375,066	10,982,287
Between one to two years	1,318,491	557,375
Between two to three years	349,168	240,683
Over three years	443,584	325,592
	<b>12,486,309</b>	12,105,937

## 40. SHORT-TERM LOANS

	2014 RMB'000	2013 RMB'000
Short-term bank loans	11,895,634	16,665,134
Other short-term loans	1,857,500	1,574,100
	<b>13,753,134</b>	18,239,234

Short-term loans are classified as follows:

	2014			2013		
	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000	Short-term bank loans RMB'000	Other short-term loans RMB'000	Total RMB'000
Secured loans	470,497	–	470,497	1,501,000	–	1,501,000
Guaranteed loans	320,000	–	320,000	310,000	–	310,000
Unsecured loans	11,105,137	1,857,500	12,962,637	14,854,134	1,574,100	16,428,234
	<b>11,895,634</b>	<b>1,857,500</b>	<b>13,753,134</b>	16,665,134	1,574,100	18,239,234

## 40. SHORT-TERM LOANS (Continued)

The carrying amounts of the Group's short-term loans are denominated in the following currencies:

	Short-term bank loans RMB'000	2014 Other short-term loans RMB'000	Total RMB'000	Short-term bank loans RMB'000	2013 Other short-term loans RMB'000	Total RMB'000
RMB	11,525,831	1,857,500	13,383,331	15,682,043	1,574,100	17,256,143
USD	369,803	–	369,803	983,091	–	983,091
	11,895,634	1,857,500	13,753,134	16,665,134	1,574,100	18,239,234

The interest rates for short-term loans per annum at 31 December were as follows:

	2014	2013
Short-term bank loans	1.32% – 6.60%	1.71% – 7.00%
Other short-term loans	5.04% – 6.10%	5.04% – 6.00%

Short-term loans of RMB12,764,134 thousand (2013: RMB11,919,634 thousand) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining short-term loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

At 31 December 2014, short-term bank loans amounted to RMB470,497 thousand (2013: RMB1,501,000 thousand) were secured by certain tariff collection rights of the Group.

At 31 December 2014, short-term bank loans amounted to RMB320,000 thousand (2013: RMB310,000 thousand) were guaranteed by the Company.

At 31 December 2014, other short-term loans amounted to RMB1,855,000 thousand (2013: RMB688,000 thousand) which were borrowed from Datang Finance were unsecured and interest-bearing ranging from 5.04% to 6.10% (2013: 5.04% to 6.00%) per annum.

## 41. SHORT-TERM BONDS

At 31 December 2014, short-term bonds represented unsecured bonds issued by the Group in July 2014, August 2014, October 2014 and December 2014 (2013: May 2013, July 2013, September 2013 and December 2013) at par value of RMB100 each with annual coupon and effective interest rate of ranging from 4.30% to 5.50% (2013: 4.30% to 5.70%) and matured within 12 months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Reconciliation from profit before tax to cash generated from operations

	2014 RMB'000	2013 RMB'000 (restated)
Profit before tax	5,172,316	7,958,677
Adjustments for:		
Depreciation of property, plant and equipment	11,432,921	9,998,671
Depreciation of investment properties	18,150	16,424
Amortisation of intangible assets	57,302	51,436
Amortisation of long-term deferred expenses	124,848	57,492
Amortisation of deferred income	(101,727)	(62,006)
Amortisation of deferred housing benefits	24,738	24,795
Net gains on disposals of property, plant and equipment	(4,347)	(43,496)
Write-off of property, plant and equipment	36,179	86,599
Interest income	(88,881)	(79,504)
Finance costs	8,517,299	8,355,500
Investment income	(220,069)	(350,200)
Impairment losses on available-for-sale investments	208,992	241,476
Impairment losses on property, plant and equipment	2,203,912	665,095
Impairment losses on intangible assets	42,457	–
Allowance for accounts receivables	338,020	673
Reversal of allowance for accounts receivables	–	(17)
Allowance for other receivables	437,366	–
Reversal of allowance for other receivables	(9,155)	(85)
Allowance for inventories	15,153	356,652
Shares of profits of associates	(606,547)	(686,196)
Shares of profits of joint ventures	(112,703)	(134,780)
Other (gains)/losses	(8,391)	16,926
Operating profit before working capital changes	27,477,833	26,474,132
Increase in inventories	(77,474)	(358,728)
(Increase)/decrease in accounts and notes receivables	(235,483)	169,925
Decrease/(increase) in prepayments and other receivables	521,659	(1,071,682)
Increase in accounts payables and accrued liabilities	1,019,994	7,208,358
Increase/(decrease) in taxes payables	289,721	(112,179)
Cash generated from operations	28,996,250	32,309,826

## 42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

### (b) Acquisition of a subsidiary

On 1 January 2014, the Group acquired 100% interest in Kangding Guoneng Hydropower Development Company Limited ("Kangding Hydropower Company") which was a wholly-owned subsidiary of China Datang. The fair value of the identifiable assets and liabilities of Kangding Hydropower Company acquired as at the date of acquisition is as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	50,103
Cash and cash equivalents	12,346
Other current assets	16,978
Loans	(16,000)
Other current liabilities	(9,860)
Total consideration – satisfied by cash	53,567
Net cash outflow arising on acquisition:	
Cash consideration paid	53,567
Cash and cash equivalents acquired	(12,346)
	41,221

Kangding Hydropower Company contributed approximately RMB23,587 thousand and RMB16,919 thousand respectively to the Group's revenue for the year for the period between the date of acquisition and the end of the reporting period and to the Group's profit for the year for the period between the date of acquisition and the end of the reporting period.

### (c) Capital injection from non-controlling interests

During the year, the Group's interests in a wholly-owned subsidiary, Jiangxi Datang International Fuzhou Power Generation Company Limited, were diluted to 51% resulting from the capital injection of RMB787,176 thousand from a non-controlling shareholder. The effect of the dilution on the equity attributable to the owners of the Company is as follows:

	RMB'000
Carrying amount of non-controlling interests decreased	(720,876)
Capital injection from non-controlling interests	787,176
Gain on dilution recognised directly in equity	66,300

### (d) Material non-cash transactions

Additions to property, plant and equipment during the year of RMB2,402,773 thousand (2013: RMB1,912,970 thousand) were financed by finance leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 43. CONTINGENT LIABILITIES

In February 2014, a supplier of a subsidiary of the Group (the "Subsidiary") (the "Supplier") filed an arbitration application to China International Economic and Trade Arbitration Commission to request the Subsidiary to repay its accounts receivables from another supplier of the Subsidiary amounting to RMB180,000 thousand for which the Subsidiary should repay the balance of the above outstanding amount. As at 31 December 2014, the arbitration ruling is pending.

In May 2014, the Subsidiary, as a defendant, was sued by a bank relating to the accounts receivables factoring loans to the Supplier amounting to RMB101,431 thousand. Since the Subsidiary, after investigation, considered that the related factoring loans contracts are invalid, the Subsidiary has not repaid to the bank. In December 2014, all the litigation claims were rebutted by the Court. Subsequent to the end of the reporting period, the bank has lodged an appeal which is under legal proceedings.

In August 2014, the Subsidiary received an arbitration application from another bank relating to the accounts receivables factoring loans to the Supplier amounting to RMB251,179 thousand. Since the Subsidiary has not repaid the debt, the bank filed an arbitration to demand payment from the Subsidiary. The Subsidiary considered that certain evidence filed by the Bank involved suspicion of fraud, it, therefore, has filed an application for authentication. As at 31 December 2014, the arbitration proceedings are in progress.

The Group intends to contest the above claims, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liabilities, if any, will not have a material impact on the Group's financial position.

## 44. FINANCIAL GUARANTEES

The Group issues financial guarantee contracts to its associates, joint ventures and other equity investee for their borrowings from financial institutions for business developments that transfer significant insurance risk. The risk under any one financial guarantee contract is the possibility that the insured event (default of a specified debtor) occurs and the uncertainty of the amount of the resulting claims. By the nature of such financial guarantee contracts, this risk is predictable.

Experience shows credit risks from specified debtors are relatively remote. The Group maintains a close watch on the financial position and liquidity of the associates, joint ventures and other equity investee for which financial guarantees have been granted in order to mitigate such risks. The Group takes all reasonable steps to ensure that it has appropriate information regarding any claim exposure. Details of financial guarantee contracts issued by the Group to the above-mentioned parties at the end of the reporting period are as follows:

	2014 RMB'000	2013 RMB'000
Associates	716,040	966,000
Joint ventures	379,597	571,810
Other equity investee	12,000	36,000
	<b>1,107,637</b>	1,573,810

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.

## 45. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2014 RMB'000	2013 RMB'000
Property, plant and equipment		
Contracted but not provided for	8,352,953	9,928,965
Authorised but not contracted for	6,093,801	8,992,614
Equity investment		
Contracted but not provided for	45,223	–
Share of capital commitments of joint ventures	1,958,664	1,772,558
	<b>16,450,641</b>	20,694,137

## 46. LEASE COMMITMENTS

At 31 December 2014 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 RMB'000	2013 RMB'000
Within one year	49,113	45,938
In the second to fifth years, inclusive	39,940	26,672
After five years	18,363	17,100
	<b>107,416</b>	89,710

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 47. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with its related parties in the normal course of business during the year:

### (a) Significant transactions with related parties

#### (i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and joint ventures of the Group and their respective subsidiaries

	2014 RMB'000	2013 RMB'000
<b>China Datang Group</b>		
Clean development mechanism income	–	13,245
Sales of coal	32,967	191
Sales of desulfurisation materials	4,083	312
Disposal of land use rights (i)	–	271,273
Alternative power generation income (ii)	128,259	70,309
Provision of repairs and maintenance services	24,050	31,991
Receipt of coal ash disposal service (iii)	–	57,890
Purchases of indicators of small-capacity generating units	–	429,691
Purchases of materials and equipment (iv)	635,768	836,968
Purchases of fuel	46,365	32,261
Receipt of construction services	61,070	–
Receipt of construction tendering agency services	1,510	1,090
Receipt of construction consulting services	26,624	23,893
Operating lease expenses for buildings and facilities	22,228	22,228
Receipt of repairs and maintenance services	8,950	22,732
Receipt of desulfurisation and denitrification services (v)	1,221,129	676,615
Receipt of construction supervision services	8,782	4,761
Receipt of technical support services	4,508	2,907
Receipt of management services	3,488	2,916
Drawdown of loans	43,600	751,000
Interest expense on loans	27,451	192
Increase in entrusted loans	10,000	–
Interest income on entrusted loans	647	10,232
Provision of agency and custody services	15,563	–
Clean development mechanism expenses	13,865	–
Provision of heat supply services	113	–
Provision of training services	6	–
Rental income	597	–
<b>Associates of the Group</b>		
Receipt of technical support services	39,185	39,439
Receipt of finance lease services (ii)	1,397,286	4,216,229
Rental income	825	–
Drawdown of loans	7,910,000	13,572,500
Interest expense on loans (vi)	302,675	223,347
Interest income on deposits (ii)	44,183	45,293
Increase in entrusted loans	150,000	100,000
Interest income on entrusted loans	34,427	59,841



## 47. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant transactions with related parties (Continued)

#### (i) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates and joint ventures of the Group and their respective subsidiaries (Continued)

	2014 RMB'000	2013 RMB'000
<b>Subsidiary of an associate of the Group</b>		
Purchases of fuel	245,267	360,701
<b>Joint ventures of the Group</b>		
Purchases of fuel	360,304	435,549
Increase in entrusted loans	876,600	881,700
Interest income on entrusted loans	41,451	31,272

During the year, China Datang Group injected capital to one subsidiary (2013: two subsidiaries) of the Company totalled RMB474,680 thousand (2013: RMB412,939 thousand).

During the year, the Group injected capital to four (2013: nil) of its associates which are the subsidiaries of China Datang totalled RMB377,948 thousand (vii), of which RMB132,088 thousand represented capital injected to an associate by transferring all its 24% equity interest in an associate, CNNC Liaoning Nuclear Power Co., Ltd. to that associate with a gain of RMB7,633 thousand.

During the year ended 31 December 2013, China Datang set upon associate with the Company for a capital injection of RMB36,000 thousand (i).

During the year ended 31 December 2013, the Group disposed of all its equity interest in a wholly-owned subsidiary, Chongqing Yuneng Industrial Group Company Limited to a subsidiary of China Datang at total consideration of RMB538,589 thousand (i) with a loss of RMB16,411 thousand.

#### (ii) Financial guarantees and financing facilities with China Datang Group and associates and joint ventures of the Group

	2014 RMB'000	2013 RMB'000
<b>China Datang Group</b>		
Long-term loans of the Group guaranteed by China Datang	5,345,970	5,717,096
Long-term bonds of the Group guaranteed by China Datang	12,000,000	9,000,000
<b>Associates of the Group</b>		
Long-term loans of the associates guaranteed by the Company	716,040	966,000
Integrated credit facilities provided by an associate	24,000,000	18,000,000
<b>Joint ventures of the Group</b>		
Long-term loans of joint ventures guaranteed by the Company	379,597	320,310
Short-term loans of a joint venture guaranteed by the Company	-	251,500

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 47. RELATED PARTY TRANSACTIONS (Continued)

### (a) Significant transactions with related parties (Continued)

#### (iii) Significant transactions with Government-Related Entities

During the years ended 31 December 2014 and 2013, the Group sold substantially all of its electricity to local government-related power grid companies. Please refer the details of information of power generation revenue to major power grid companies to note 9 to the consolidated financial statements. The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2014 and 2013, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

#### (iv) Compensation to key management personnel of the Group

	2014 RMB'000	2013 RMB'000
Basic salaries and allowances	4,186	2,219
Bonus	2,610	6,499
Retirement benefits	575	324
Other benefits	1,273	940
	<b>8,644</b>	9,982

Further details of directors' and supervisors' emoluments are included in note 13 to the consolidated financial statements.

## 47. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties

#### (i) Significant balances with China Datang Group and associates and joint ventures of the Group and their respective subsidiaries

	2014 RMB'000	2013 RMB'000
<b>China Datang Group</b>		
Deposits paid for property, plant and equipment (included in property, plant and equipment)	245,473	183,786
Accounts receivables	31,109	50,330
Prepayments and other receivables	60,953	301,389
Accounts payables and accrued liabilities	1,392,799	1,085,081
Long-term loans (including current portion)	794,600	751,000
Short-term entrusted loans	10,000	–
<b>Associates of the Group</b>		
Long-term entrusted loans (including current portion)	435,889	520,977
Accounts receivables	–	7,426
Prepayments and other receivables	23	5,860
Short-term entrusted loans	–	100,183
Short-term loans	1,855,000	688,000
Accounts payables and accrued liabilities	222,896	17,339
Long-term loans (including current portion)	3,843,800	2,256,500
Other non-current liabilities (including current portion)	5,042,227	4,000,134
<b>Subsidiary of an associate of the Group</b>		
Accounts payables and accrued liabilities	32,609	6,113
<b>Joint ventures of the Group</b>		
Accounts payables and accrued liabilities	–	29,414
Short-term entrusted loans	803,170	516,198

Except for long-term loans, short-term loans, other non-current liabilities, long-term entrusted loans and short-term entrusted loans stated above, all the above balances are unsecured, interest-free and due on demand.

Terms of long-term loans, short-term loans, other non-current liabilities, long-term entrusted loans and short-term entrusted loans are described in notes 33, 40, 38, 24 and 28 respectively to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 47. RELATED PARTY TRANSACTIONS (Continued)

### (b) Significant balances with related parties (Continued)

#### (ii) Significant balances with Government-Related Entities

At 31 December 2014, the long-term loans (including current portion) and short-term loans payable to Government-Related Entities included in long-term loans (including current portion) and short-term loans amounted to RMB89,381,997 thousand (2013: RMB90,793,845 thousand) and RMB11,631,268 thousand (2013: RMB16,627,176 thousand) respectively.

The balances with Government-Related Entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest-free and due within 12 months.

Notes:

- (i) These transactions constitute connected transactions under the Listing Rules.
- (ii) These transactions constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (iii) These transactions constitute continuing connected transactions under the Listing Rules.
- (iv) Certain transactions totalled RMB615,212 thousand (2013: RMB768,607 thousand) and RMB2,470 thousand (2013: nil) constitute continuing connected transactions and connected transactions respectively under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (v) Certain transactions totalled RMB367,311 thousand (2013: RMB361,480 thousand) and RMB652,217 thousand (2013: RMB204,730 thousand), of which RMB156,217 thousand are related to certain agreements entered into during 2013, constitute continuing connected transactions and connected transactions respectively under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (vi) Certain transactions totalled RMB300,728 thousand (2013: RMB217,314 thousand) constitute continuing connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of the Directors.
- (vii) Certain transactions totalled RMB332,088 thousand (2013: nil) constitute connected transactions under the Listing Rules, details of which are included in the section headed "Connected transactions" of the Report of Directors.

## 48. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2014 are as follows:

### (a) Subsidiaries acquired from business combination under common control

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000	Percentage of equity interest		Principal activities
			Direct	Indirect	
Liaoning Datang International Renewable Power Company Limited ("Liaoning Renewable Power Company")	PRC	1,716,420	53.85%	–	Wind power generation
Liaoning Datang International Changtu Wind Power Company Limited	PRC	342,850	–	100%	Wind power generation
Datang Hulunbeier Fertilizer Company Limited	PRC	548,200	–	100%	Production and sales of chemical materials
Datang Zhangzhou Wind Power Company Limited	PRC	217,590	–	100%	Wind power generation
Tangshan Jibei Electricity Overhaul Company Limited	PRC	15,524	–	100%	Electrical equipment overhaul

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Tianjin Datang International Panshan Power Generation Company Limited ("Panshan Power Company")	PRC	831,250	75%	–	Power generation
Inner Mongolia Datang International Tuoketuo Power Generation Company Limited ("Tuoketuo Power Company")	PRC	1,714,020	60%	–	Power generation
Shanxi Datang International Shentou Power Generation Company Limited ("Shentou Power Company")	PRC	749,000	60%	–	Power generation
Shanxi Datang International Yungang Thermal Power Company Limited	PRC	690,000	100%	–	Power generation and heat supply
Gansu Datang International Liancheng Power Generation Company Limited	PRC	275,500	55%	–	Power generation
Hebei Datang International Tangshan Thermal Power Company Limited	PRC	380,264	80%	–	Power generation and heat supply
Jiangsu Datang International Lvzigang Power Generation Company Limited ("Lvzigang Power Company")	PRC	1,050,182	55%	–	Power generation

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Guangdong Datang International Chaozhou Power Generation Company Limited ("Chaozhou Power Company")	PRC	559,981	52.5%	–	Power generation
Fujian Datang International Ningde Power Generation Company Limited ("Ningde Power Company")	PRC	370,000	51%	–	Power generation
Chongqing Datang International Pengshui Hydropower Development Company Limited ("Pengshui Hydropower Company")	PRC	1,098,170	40%	24%	Hydropower generation
Chongqing Datang International Wulong Hydropower Development Company Limited ("Wulong Hydropower Company")	PRC	1,399,560	51%	24.5%	Hydropower generation
Datang International (Hong Kong) Limited	Hong Kong	USD102,900,000	100%	–	Import of power related fuel and equipment
Qinghai Datang International Zhiganglaka Hydropower Development Company Limited ("Zhiganglaka Company")	PRC	380,000	–	90%	Hydropower generation

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Hebei Datang International Wangtan Power Generation Company Limited ("Wangtan Power Company")	PRC	450,000	70%	–	Power generation
Chongqing Datang International Shizhu Power Generation Company Limited	PRC	585,910	70%	–	Power generation
Sichuan Datang International Ganzi Hydropower Development Company Limited ("Ganzi Hydropower Company")	PRC	1,625,063	52.5%	–	Hydropower generation
Beijing Datang Fuel Company Limited ("Beijing Datang Fuel")	PRC	1,009,650	51%	–	Coal trading
Zhejiang Datang Wushashan Power Generation Company Limited ("Wushashan Power Company")	PRC	1,700,000	51%	–	Power generation
Inner Mongolia Datang International Xilinhaote Mining Company Limited ("Xilinhaote Mining Company")	PRC	1,666,050	60%	–	Coal mining



## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited ("Tuoketuo II Power Company") (i)	PRC	500,000	40%	–	Power generation
Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited	PRC	458,000	100%	–	Power generation and heat supply
Jiangxi Datang International Fuzhou Power Generation Company Limited ("Fuzhou Power Company")	PRC	Registered capital: 1,811,616; paid-up capital: 1,341,176	51%	–	Power generation
Liaoning Datang International Jinzhou Thermal Power Generation Limited	PRC	368,000	100%	–	Power generation and heat supply
Chongqing Datang International Wulongxingshun Wind Power Company Limited	PRC	93,880	100%	–	Wind power generation
Hebei Datang International Fengrun Thermal Power Company Limited	PRC	393,070	84%	–	Power generation and heat supply
Datang Energy and Chemical Company Limited	PRC	9,733,250	100%	–	Energy and chemical development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Datang Fuxin Energy and Chemical Engineering Company Limited	PRC	30,000	–	100%	Maintenance of chemical power equipment, construction and mechanical subcontracting
Datang Energy and Chemical Marketing Company Limited	PRC	50,000	–	100%	Wholesale and retail of chemical products
Datang International Chemical Technology Research Institute Company Limited	PRC	50,000	–	100%	Coal chemistry related consultation services
Datang Inner Mongolia Erdos Silicon and Aluminium Technology Company Limited	PRC	188,000	100%	–	Silicon and aluminium smelting
Datang Inner Mongolia Duolun Coal Chemical Company Limited ("Duolun Coal Chemical Company")	PRC	4,050,000	–	60%	Coal chemical production
Inner Mongolia Datang International Renewable Energy Resource Development Company Limited ("Renewable Energy Resource Company") (ii)	PRC	258,321	40.35%	–	Production and sale of alumina

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Inner Mongolia Datang International Duolun Hydropower Multiple Development Company Limited	PRC	28,520	–	51%	Hydropower generation and water supply
Liaoning Datang International Fuxin Coal-based Gas Company Limited ("Fuxin Coal-based Gas Company")	PRC	2,946,200	–	90%	Coal-based natural gas generation
Inner Mongolia Datang International Keshiketeng Qi Coal-based Gas Company Limited ("Keshiketeng Qi Coal-based Gas Company")	PRC	5,090,974	–	51%	Coal-based natural gas generation
Inner Mongolia Datang International Xiinhaote Brown Coal Integrated Development Company Limited	PRC	212,700	100%	–	Brown coal processing
Inner Mongolia Datang International Keshiketeng Dashimen Hydropower Development Company Limited	PRC	10,000	–	90%	Hydropower generation and water supply
Fuxin Qingyuan Sewage Disposal Company Limited	PRC	1,300	–	80%	Sewage disposal

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Duolun County Huachuan Zhuoyue Plastic Products Company Limited	PRC	7,000	–	100%	Production of plastic products
Jiangsu Datang Shipping Company Limited	PRC	264,900	98.11%	–	Cargo shipping
Inner Mongolia Datang International Renewable Power Company Limited ("Inner Mongolia Renewable Power Company")	PRC	1,190,020	51%	–	Wind power generation
Fujian Datang International Renewable Power Company Limited ("Fujian Renewable Power Company")	PRC	840,530	53.64%	–	Wind power generation
Shanxi Datang International Linfen Thermal Power Company Limited	PRC	282,550	80%	–	Power generation and heat supply
Liaoning Datang International Fuxin Wind Power Company Limited	PRC	452,400	–	100%	Wind power generation
Tibet Datang International Nujiang Upstream Hydropower Development Company Limited	PRC	310,000	100%	–	Hydropower generation
Datang International Nuclear Power Company Limited	PRC	237,746	100%	–	Nuclear power generation

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Datang Tongzhou Technology Company Limited	PRC	165,000	60.61%	–	Sales of coal ash and integrated application of solid wastes
Beijing Tongzhou High Voltage Environmental Protection Technology Company Limited	PRC	2,000	–	80%	Sales of ash
Zhejiang Datang Tongzhou Environmental Protection Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Tianjin Datang Tongzhou Tongxin Technology Company Limited	PRC	5,000	–	80%	Sales of ash
Fujian Datang Tongzhou Yicai Environmental Protection Technology Company Limited	PRC	5,000	–	55%	Sales of ash and comprehensive utilisation of solid emissions
Beijing Tongzhou Xinyuan Building Materials Technological Development Company Limited	PRC	2,000	–	70%	Sales of ash and comprehensive utilisation of solid emissions
Nantong Tongzhou Datong Logistics Company Limited	PRC	1,000	–	60%	Cargo agent and sales of ash

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Tangshan Haigang Datang Tongzhou Construction Materials Company Limited	PRC	15,000	–	52%	Trading of construction materials
Yunnan Datang International Electric Power Company Limited ("Yunnan Electric Power Company")	PRC	2,899,888	60.91%	–	Power plant construction and operations
Yunnan Datang International Honghe Power Generation Company Limited	PRC	414,550	–	70%	Power generation
Yunnan Datang International Nalan Hydropower Development Company Limited	PRC	173,370	–	51%	Hydropower generation
Yunnan Datang International Lixianjiang Hydropower Development Company Limited	PRC	598,000	–	70%	Hydropower generation
Yunnan Datang International Wenshan Hydropower Development Company Limited	PRC	473,210	–	60%	Hydropower generation
Yunnan Datang International Hengjiang Hydropower Development Company Limited	PRC	2,000	–	70%	Hydropower generation
Yunnan Datang International Biyuhe Hydropower Development Company Limited	PRC	89,044	–	70%	Hydropower development

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Yunnan Datang International Mengyejiang Hydropower Development Company Limited	PRC	126,890	–	100%	Hydropower development
Yunnan Datang International Deqin Hydropower Development Company Limited	PRC	66,591	–	70%	Hydropower plant construction and operations
Yunnan Datang International Renewable Power Company Limited	PRC	50,000	–	100%	Solar power generation
Yunnan Datang International Binchuan Renewable Power Company Limited	PRC	43,000	–	100%	Solar power generation
Hebei Datang International Renewable Power Company Limited ("Hebei Renewable Power Company")	PRC	1,394,166	51.94%	–	Wind power generation
Liaoning Datang International Wafangdian Thermal Power Company Limited	PRC	40,000	100%	–	Power generation and heat supply
Inner Mongolia Datang International Haibowan Water Conservancy Hub Development Company Limited	PRC	133,910	100%	–	Water conservancy hub construction and management

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited	PRC	60,000	51%	–	Power generation and heat supply
Jiangxi Datang International Xinyu Power Generation Company Limited	PRC	633,910	100%	–	Power generation
Inner Mongolia Datang International Zhunge'er Mining Company Limited ("Zhunge'er Mining Company")	PRC	60,000	52%	–	Coal mining
Ningxia Datang International Daba Power Generation Company Limited ("Daba Power Company") (iii)	PRC	489,691	50%	–	Power generation
Hebei Datang International Qian'an Thermal Power Company Limited	PRC	214,914	93.33%	–	Power generation
Yuneng (Group) Company Limited	PRC	1,800,238	100%	–	Hydropower generation
Qinghai Datang International Golmud Photovoltaic Power Generation Company Limited	PRC	79,970	100%	–	Solar power generation
Chengdu Ligu Energy Company Limited	PRC	45,211	100%	–	Hydropower generation



## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Chengdu Qingjiangyuan Energy Company Limited	PRC	38,950	100%	–	Hydropower generation
Chengdu Zhongfu Energy Company Limited	PRC	26,297	100%	–	Hydropower generation
Inner Mongolia Baoli Coal Company Limited	PRC	50,000	70%	–	Coal mining
Sichuan Jinkang Electricity Development Company Limited (“Sichuan Jinkang Company”)	PRC	195,000	–	54.44%	Hydropower generation
Shanxi Datang International Renewable Power Company Limited	PRC	328,110	100%	–	Wind power generation
Zhejiang Datang International Jiangshan Xincheng Thermal Power Company Limited	PRC	252,470	100%	–	Power generation and heat supply
Zhejiang Datang International Shaoxing Jiangbin Thermal Power Company Limited	PRC	600,000	90%	–	Power generation and heat supply
Erdos Ruidefeng Mining Company Limited	PRC	237,220	100%	–	Wholesale of coal
Jiangxi Datang International Yichun Coal and Electricity Company Limited	PRC	Registered capital: 10,000; paid-up capital: 2,000	51%	–	Power plant construction and operations

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

### (b) Subsidiaries acquired from business combination other than under common control and obtained through other methods (Continued)

Name	Place of incorporation/ registration and operation	Registered and paid-up capital RMB'000 unless otherwise stated	Percentage of equity interest		Principal activities
			Direct	Indirect	
Jiangxi Datang International Renewable Power Company Limited	PRC	214,380	100%	–	Wind power generation
Jingneng Changtu Renewable Power Company Limited	PRC	556,830	–	100%	Wind power generation
Shenzhen Datang Baochang Gas Power Generation Company Limited ("Baochang Gas Company")	PRC	USD25,000,000	51%	–	Natural gas power generation
Guangdong Datang International Zhaoqing Thermal Power Company Limited	PRC	20,000	100%	–	Power generation and heat supply
Guangdong Datang International Renewable Power Company Limited	PRC	35,000	100%	–	Wind power generation
Qinghai Datang International Renewable Power Company Limited	PRC	95,680	100%	–	Solar power generation
Ningxia Datang International Renewable Power Company Limited	PRC	227,000	100%	–	Wind power generation
Sichuan Datang International Renewable Power Company Limited	PRC	20,000	100%	–	Solar power generation
Liaoning Datang International Shendong Thermal Power Company Limited	PRC	10,000	100%	–	Power generation and heat supply

## 48. PRINCIPAL SUBSIDIARIES (Continued)

All the above subsidiaries are limited liability companies except that Zhiganglaka Company is also a foreign investment enterprise while Baochang Gas Company and Fuzhou Power Company are also sino foreign equity joint ventures.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Notes:

- (i) On 6 September 2006, the Company entered into an agreement with China Datang, one of the shareholders of Tuoketuo II Power Company, which holds 20% equity interest in Tuoketuo II Power Company. Pursuant to this agreement, the shareholder representative and directors appointed from China Datang will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Tuoketuo II Power Company. Therefore, the Company obtained de facto control over Tuoketuo II Power Company and accounted for it as a subsidiary onwards.
- (ii) The Company entered into an agreement with one of the shareholders of Renewable Energy Resource Company, which holds 10.65% equity interest of this subsidiary in 2007. Pursuant to this agreement, the shareholder representative and directors appointed from this shareholder will act in concert with that of the Company's when exercising voting rights in shareholders' and directors' meetings of Renewable Energy Resource Company. Therefore, the Company obtained de facto control over Renewable Energy Resource Company and accounted for it as a subsidiary onwards.
- (iii) On 27 November 2011, the Company entered into an agreement with another shareholder of Daba Power Company, which holds 50% equity interest in Daba Power Company. Pursuant to this agreement, both the Company and the another shareholder consolidate the financial statements of Daba Power Company by rotation. Up to the year ended 31 December 2014, the Company and the another shareholder would nominate 4 directors and 3 directors respectively. Therefore, the Company obtains control over Daba Power Company and consolidates the financial statements of Daba Power Company up to the year ended 31 December 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Liaoning Renewable Power Company		Panshan Power Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	46.15%/46.15%	46.15%/46.15%	25%/25%	25%/25%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	3,597,464	3,957,717	1,794,367	1,974,231
Current assets	594,132	628,813	360,291	331,668
Non-current liabilities	(1,385,375)	(1,558,649)	(176,000)	(441,000)
Current liabilities	(604,764)	(894,706)	(370,215)	(466,347)
Net assets	2,201,457	2,133,175	1,608,443	1,398,552
Accumulated NCI	1,015,972	984,460	402,110	349,638
<b>Year ended 31 December:</b>				
Revenue	416,312	454,722	2,218,367	2,215,312
Profit	68,282	107,078	517,972	342,312
Total comprehensive income	68,282	107,078	517,972	342,312
Profit allocated to NCI	31,512	8,806	129,493	85,578
Dividends paid to NCI	–	–	(77,020)	(8,846)
Net cash generated from operating activities	434,412	507,076	850,781	548,579
Net cash used in investing activities	(162,611)	(1,037,862)	(105,509)	(240,182)
Net cash (used in)/generated from financing activities	(262,222)	569,848	(746,478)	(305,477)
Net increase/(decrease) in cash and cash equivalents	9,579	39,062	(1,206)	2,920

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Tuoketuo Power Company		Shentou Power Company	
	2014	2013 (restated)	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	40%/40%	40%/40%	40%/40%	40%/40%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	10,019,468	10,422,520	2,351,552	2,517,791
Current assets	1,148,944	1,108,319	264,842	1,539,847
Non-current liabilities	(4,783,452)	(5,087,174)	(650,818)	(774,909)
Current liabilities	(2,358,720)	(2,402,158)	(717,728)	(2,154,668)
Net assets	4,026,240	4,041,507	1,247,848	1,128,061
Accumulated NCI	1,609,998	1,616,140	499,139	451,225
<b>Year ended 31 December:</b>				
Revenue	5,953,630	6,860,316	1,811,416	1,707,718
Profit	1,489,265	1,494,108	395,524	306,376
Total comprehensive income	1,489,265	1,494,108	395,524	306,376
Profit allocated to NCI	595,671	597,643	158,210	122,550
Dividends paid to NCI	(601,813)	(532,416)	(110,296)	(47,834)
Net cash generated from operating activities	2,511,234	2,886,075	730,230	671,538
Net cash used in investing activities	(316,816)	(312,193)	(149,118)	(136,960)
Net cash used in financing activities	(2,052,466)	(2,591,556)	(581,097)	(534,575)
Net increase/(decrease) in cash and cash equivalents	141,952	(17,674)	15	3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Lvsiang Power Company		Chaozhou Power Company	
	2014	2013 (restated)	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	45%/45%	45%/45%	47.5%/47.5%	47.5%/47.5%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	8,006,658	8,489,229	8,596,704	8,825,137
Current assets	1,202,718	1,253,800	1,631,719	1,740,135
Non-current liabilities	(5,001,438)	(5,926,370)	(3,243,898)	(3,535,683)
Current liabilities	(2,567,144)	(2,143,421)	(3,467,405)	(3,688,586)
Net assets	1,640,794	1,673,238	3,517,120	3,341,003
Accumulated NCI	744,810	759,409	1,618,809	1,535,154
<b>Year ended 31 December:</b>				
Revenue	4,764,137	5,529,659	6,059,366	6,617,530
Profit	527,240	457,311	1,412,307	1,464,551
Total comprehensive income	527,240	457,680	1,412,307	1,466,082
Profit allocated to NCI	237,259	205,956	670,846	696,389
Dividends paid to NCI	(251,858)	–	(626,750)	(306,816)
Net cash generated from operating activities	1,873,276	1,841,761	2,348,673	2,356,725
Net cash used in investing activities	(192,421)	(162,072)	(280,355)	(467,117)
Net cash used in financing activities	(1,605,166)	(1,730,711)	(2,068,369)	(1,889,717)
Net increase/(decrease) cash and cash equivalents	75,689	(51,022)	(51)	(109)

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Ningde Power Company		Pengshui Hydropower Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	<b>49%/49%</b>	49%/49%	<b>36%/36%</b>	36%/36%
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>				
Non-current assets	<b>6,924,296</b>	7,546,870	<b>11,740,507</b>	11,939,694
Current assets	<b>969,382</b>	902,927	<b>230,241</b>	106,861
Non-current liabilities	<b>(4,215,755)</b>	(5,072,932)	<b>(9,479,748)</b>	(9,667,330)
Current liabilities	<b>(2,221,167)</b>	(2,776,913)	<b>(729,507)</b>	(1,069,292)
Net assets	<b>1,456,756</b>	599,952	<b>1,761,493</b>	1,309,933
Accumulated NCI	<b>714,103</b>	184,910	<b>634,990</b>	472,428
<b>Year ended 31 December:</b>				
Revenue	<b>4,649,260</b>	4,626,739	<b>1,615,278</b>	1,192,143
Profit	<b>642,374</b>	530,496	<b>522,276</b>	78,022
Total comprehensive income	<b>642,374</b>	530,496	<b>522,276</b>	78,572
Profit allocated to NCI	<b>314,763</b>	259,943	<b>188,019</b>	28,285
Dividends paid to NCI	–	–	<b>(25,457)</b>	(160,792)
Net cash generated from operating activities	<b>1,567,838</b>	2,016,381	<b>1,594,717</b>	1,139,429
Net cash used in investing activities	<b>(210,470)</b>	(278,716)	<b>(274,923)</b>	(1,349,396)
Net cash (used in)/generated from financing activities	<b>(1,344,979)</b>	(1,739,512)	<b>(1,247,842)</b>	227,564
Net increase/(decrease) in cash and cash equivalents	<b>12,389</b>	(1,847)	<b>71,952</b>	17,597

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## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Wulong Hydropower Company		Wangtan Power Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	24.5%/24.5%	24.5%/24.5%	30%/30%	30%/30%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	6,532,912	6,534,823	2,883,628	2,684,819
Current assets	93,728	40,990	263,762	320,972
Non-current liabilities	(4,349,200)	(4,493,400)	(1,037,692)	(1,215,745)
Current liabilities	(506,707)	(555,353)	(1,265,632)	(1,148,256)
Net assets	1,770,733	1,527,060	844,066	641,790
Accumulated NCI	437,158	374,412	252,391	191,709
<b>Year ended 31 December:</b>				
Revenue	795,797	585,357	2,185,877	2,350,001
Profit	237,268	91,581	366,927	263,428
Total comprehensive income	237,268	91,718	366,927	263,428
Profit allocated to NCI	58,130	22,471	110,078	79,029
Dividends paid to NCI	(20,224)	(62,785)	(49,396)	–
Net cash generated from operating activities	583,906	497,319	928,001	815,688
Net cash used in investing activities	(266,205)	(327,862)	(134,521)	(76,892)
Net cash used in financing activities	(304,885)	(169,549)	(793,060)	(738,810)
Net increase/(decrease) in cash and cash equivalents	12,816	(92)	420	(14)



## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Ganzi Hydropower Company		Beijing Datang Fuel	
	2014	2013	2014	2013 (restated)
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	47.5%/47.5%	47.5%/47.5%	49%/49%	49%/49%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	22,467,778	16,120,340	264,615	77,154
Current assets	35,921	499,828	6,932,904	7,998,440
Non-current liabilities	(16,712,261)	(11,679,545)	–	–
Current liabilities	(2,337,228)	(2,490,024)	(5,715,752)	(6,180,090)
Net assets	3,454,210	2,450,599	1,481,767	1,895,504
Accumulated NCI	1,633,866	1,160,450	691,047	897,825
<b>Year ended 31 December:</b>				
Revenue	5,661	2,205	18,210,265	21,489,030
(Loss)/profit	(2,660)	(10,519)	(413,738)	691,161
Total comprehensive income	(2,660)	(9,988)	(413,738)	691,161
(Loss)/profit allocated to NCI	(1,264)	(4,744)	(206,778)	338,669
Dividends paid to NCI	–	–	–	(302,984)
Net cash generated from operating activities	1,426	–	85,950	1,090,020
Net cash (used in)/generated from investing activities	(4,917,575)	(3,835,127)	(2,652)	717,914
Net cash generated from/(used in) financing activities	4,577,307	4,188,014	193,030	(2,044,246)
Net (decrease)/increase in cash and cash equivalents	(338,842)	352,887	276,328	(236,312)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Wushashan Power Company		Xilinhaote Mining Company	
	2014	2013	2014	2013 (restated)
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	49%/49%	49%/49%	40%/40%	40%/40%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	5,638,447	5,972,607	12,994,738	12,356,975
Current assets	767,654	854,974	1,306,263	1,251,989
Non-current liabilities	(509,164)	(1,092,607)	(9,702,962)	(8,759,671)
Current liabilities	(3,278,504)	(3,114,670)	(5,192,124)	(4,080,550)
Net assets/(liabilities)	2,618,433	2,620,304	(594,085)	768,743
Accumulated NCI	1,283,032	1,283,949	(373,844)	180,249
<b>Year ended 31 December:</b>				
Revenue	5,091,413	5,620,726	513,220	481,394
Profit/(loss)	776,158	866,446	(1,358,855)	(757,203)
Total comprehensive income	776,158	866,446	(1,358,855)	(757,203)
Profit/(loss) allocated to NCI	380,318	424,558	(552,503)	(304,901)
Dividends paid to NCI	(381,235)	(180,687)	(1,590)	(21,746)
Net cash generated from/(used in) operating activities	1,725,039	1,731,730	(395,518)	(454,068)
Net cash used in investing activities	(139,544)	(176,961)	(489,593)	(1,149,626)
Net cash (used in)/generated from financing activities	(1,645,649)	(1,490,948)	939,323	1,611,656
Net (decrease)/increase in cash and cash equivalents	(60,154)	63,821	54,212	7,962

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Tuoketuo II Power Company		Fuzhou Power Company	
	2014	2013 (restated)	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	60%/60%	60%/60%	49%/49%	—/—
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	3,290,168	3,286,254	2,657,741	1,000,581
Current assets	274,702	464,769	25,523	16,824
Non-current liabilities	(1,737,625)	(2,120,492)	(1,053,000)	(219,000)
Current liabilities	(628,866)	(514,340)	(159,087)	(114,405)
Net assets	1,198,379	1,116,191	1,471,177	684,000
Accumulated NCI	722,621	669,716	720,876	—
<b>Year ended 31 December:</b>				
Revenue	2,045,985	2,308,037	—	—
Profit	510,672	486,079	—	—
Total comprehensive income	510,672	486,079	—	—
Profit allocated to NCI	306,403	291,647	—	—
Dividends paid to NCI	(262,483)	(8,889)	—	—
Net cash generated from operating activities	1,051,614	658,313	—	—
Net cash used in investing activities	(52,112)	(102,540)	(1,531,597)	(514,007)
Net cash (used in)/generated from financing activities	(998,235)	(555,995)	1,537,224	478,105
Net increase/(decrease) in cash and cash equivalents	1,267	(222)	5,627	(35,902)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Duolun Coal Chemical Company		Fuxin Coal-based Gas Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	40%/40%	40%/40%	10%/10%	10%/10%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	23,754,855	26,150,604	14,674,412	12,870,266
Current assets	912,222	1,271,733	691,765	930,905
Non-current liabilities	(13,385,548)	(16,799,762)	(7,638,877)	(7,843,623)
Current liabilities	(13,577,208)	(8,051,281)	(4,687,656)	(2,918,009)
Net (liabilities)/assets	(2,295,679)	2,571,294	3,039,644	3,039,539
Accumulated NCI	(920,356)	1,024,538	303,964	303,954
<b>Year ended 31 December:</b>				
Revenue	1,117,587	2,547,629	139	266
(Loss)/profit	(4,866,973)	(1,512,825)	106	(92,709)
Total comprehensive income	(4,866,973)	(1,518,040)	106	(92,709)
(Loss)/profit allocated to NCI	(1,944,894)	(607,216)	10	(9,271)
Net cash (used in)/generated from operating activities	(1,458)	446,556	141	55
Net cash used in investing activities	(168,614)	(891,286)	(1,040,282)	(2,996,412)
Net cash generated from financing activities	166,340	440,942	660,657	3,354,667
Net (decrease)/increase in cash and cash equivalents	(3,732)	(3,788)	(379,484)	358,310

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Keshiketeng Qi Coal-based Gas Company		Inner Mongolia Renewable Power Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	49%/49%	49%/49%	49%/49%	49%/49%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	22,495,989	20,572,550	2,461,588	2,410,391
Current assets	1,654,243	1,515,755	225,886	230,653
Non-current liabilities	(740,540)	(356,590)	(1,097,544)	(1,166,295)
Current liabilities	(18,278,241)	(16,599,968)	(321,196)	(256,742)
Net assets	5,131,451	5,131,747	1,268,734	1,218,007
Accumulated NCI	2,514,411	2,514,556	621,680	596,824
<b>Year ended 31 December:</b>				
Revenue	–	–	311,304	217,055
(Loss)/profit	(296)	(132,564)	50,727	11,668
Total comprehensive income	(296)	(132,564)	50,727	11,668
(Loss)/profit allocated to NCI	(145)	(64,956)	24,856	(2,128)
Net cash generated from operating activities	–	27	264,432	293,011
Net cash used in investing activities	(1,569,761)	(2,265,288)	(101,231)	(543,509)
Net cash generated from/(used in) financing activities	1,619,660	1,946,506	(159,246)	253,564
Net increase/(decrease) in cash and cash equivalents	49,899	(318,755)	3,955	3,066

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Fujian Renewable Power Company		Yunnan Electric Power Company	
	2014	2013 (restated)	2014	2013 (restated)
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	<b>46.36%/46.36%</b>	46.36%/46.36%	<b>39.09%/39.09%</b>	39.09%/39.09%
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>				
Non-current assets	<b>1,303,851</b>	1,359,588	<b>15,143,717</b>	15,046,139
Current assets	<b>115,458</b>	152,950	<b>442,868</b>	403,342
Non-current liabilities	<b>(444,700)</b>	(434,270)	<b>(10,163,464)</b>	(10,407,867)
Current liabilities	<b>(140,600)</b>	(256,737)	<b>(2,736,438)</b>	(1,823,501)
Net assets	<b>834,009</b>	821,531	<b>2,686,683</b>	3,218,113
Accumulated NCI	<b>386,646</b>	380,861	<b>1,180,941</b>	1,466,941
<b>Year ended 31 December:</b>				
Revenue	<b>162,184</b>	184,718	<b>1,578,427</b>	1,858,946
Profit/(loss)	<b>12,479</b>	18,806	<b>(539,499)</b>	(260,504)
Total comprehensive income	<b>12,479</b>	18,806	<b>(539,499)</b>	(260,504)
Profit/(loss) allocated to NCI	<b>5,785</b>	6,053	<b>(294,070)</b>	(48,185)
Dividends paid to NCI	–	–	<b>(9,090)</b>	(6,430)
Net cash generated from operating activities	<b>145,271</b>	198,102	<b>900,139</b>	999,558
Net cash used in investing activities	<b>(38,991)</b>	(94,520)	<b>(527,508)</b>	(765,332)
Net cash used in financing activities	<b>(121,288)</b>	(79,872)	<b>(381,267)</b>	(137,443)
Net (decrease)/increase in cash and cash equivalents	<b>(15,008)</b>	23,710	<b>(8,636)</b>	96,783

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Hebei Renewable Power Company		Zhunge'er Mining Company	
	2014	2013	2014	2013
Principal place of business/ country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/ voting rights held by NCI	48.06%/48.06%	48.06%/48.06%	48%/48%	48%/48%
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December:</b>				
Non-current assets	3,576,134	3,754,906	955,084	946,245
Current assets	433,995	488,505	219,760	226,714
Non-current liabilities	(1,536,890)	(1,352,120)	(497,374)	(497,374)
Current liabilities	(510,267)	(1,065,535)	(1,074)	(7,257)
Net assets	1,962,972	1,825,756	676,396	668,328
Accumulated NCI	943,404	877,458	322,355	320,797
<b>Year ended 31 December:</b>				
Revenue	453,366	421,251	5	4
Profit	137,217	120,882	8,068	5,694
Total comprehensive income	137,217	120,882	8,068	5,694
Profit allocated to NCI	65,946	22,330	1,558	2,733
Net cash generated from/(used in) operating activities	379,326	548,198	(8,540)	(46,536)
Net cash (used in)/generated from investing activities	(139,133)	(614,390)	1,609	(187,215)
Net cash (used in)/generated from financing activities	(288,283)	71,838	–	–
Net (decrease)/increase in cash and cash equivalents	(48,090)	5,646	(6,931)	(233,751)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

## 48. PRINCIPAL SUBSIDIARIES (Continued)

Name	Sichuan Jinkang Company	
	2014	2013
Principal place of business/country of incorporation	PRC/PRC	
% of ownership interests/voting rights held by NCI	45.56%/45.56%	45.56%/45.56%
	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>		
Non-current assets	4,424,264	3,835,454
Current assets	84,462	89,750
Non-current liabilities	(2,433,234)	(1,972,994)
Current liabilities	(414,992)	(280,873)
Net assets	1,660,500	1,671,337
Accumulated NCI	756,847	751,211
<b>Year ended 31 December:</b>		
Revenue	132,499	151,404
Profit	12,920	24,044
Total comprehensive income	12,920	24,044
Profit allocated to NCI	5,886	10,955
Dividends paid to NCI	(24,562)	–
Net cash generated from operating activities	100,151	130,245
Net cash used in investing activities	(453,872)	(545,331)
Net cash generated from financing activities	320,986	437,211
Net (decrease)/increase in cash and cash equivalents	(32,735)	22,125



## 49. RETROSPECTIVE ADJUSTMENTS

According to the inspection results of the Supervision and Inspection Bureau of the Ministry of Finance of the PRC and the tax authorities of the PRC covering the periods from 2005 to 2013 during the year, fuel for coal sales, local government surcharges and operating costs – others, finance costs and income tax expense of the Group were understated by RMB1,160 thousand, RMB19,531 thousand, RMB816 thousand, RMB118,134 thousand and RMB12,188 thousand respectively mainly resulting from unrecognised mining rights and tax omission (collectively referred to as the “Prior Year Errors”). The Group has made retrospective adjustments of the comparative figures for the year ended 31 December 2014 to correct the Prior Year Errors.

After retrospective adjustments, operating costs, finance costs and income tax expense of the Group for the year ended 31 December 2013 increased by RMB21,507 thousand, RMB118,134 thousand and RMB12,188 thousand respectively while profit for the year of the Group for the year ended 31 December 2013 decreased by RMB151,829 thousand. Earnings per share for the year ended 31 December 2013 decreased by RMB0.01; property, plant and equipment, intangible assets, deferred tax assets, other non-current liabilities (including current portion) and taxes payables of the Group at 1 January 2014 increased by RMB43,410 thousand, RMB1,451,184 thousand, RMB9,033 thousand, RMB2,014,972 thousand and RMB157,977 thousand respectively while other receivables, reserves, retained earnings and non-controlling interests of the Group at 1 January 2014 decreased by RMB43,410 thousand, RMB8,779 thousand, RMB394,435 thousand and RMB309,518 thousand respectively; and property, plant and equipment, intangible assets, deferred tax assets, other non-current liabilities (including current portion) and taxes payables of the Group at 1 January 2013 increased by RMB23,200 thousand, RMB1,452,344 thousand, RMB9,033 thousand, RMB1,896,838 thousand and RMB125,442 thousand respectively while other receivables, reserves, retained earnings and non-controlling interests of the Group at 1 January 2013 decreased by RMB23,200 thousand, RMB7,306 thousand, RMB269,812 thousand and RMB283,785 thousand respectively (collectively referred to as the “Prior Year Errors Before 2013”). Since the effect of the Prior Year Errors Before 2013 is not material, the consolidated statement of financial position at 1 January 2013 has not been presented.

## 50. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 18 March 2015.

# DIFFERENCES BETWEEN FINANCIAL STATEMENTS

For the year ended 31 December 2014

The consolidated financial statements which are prepared by the Group in conformity with International Financial Reporting Standards ("IFRS") differ in certain respects from China Accounting Standards for Business Enterprises ("PRC GAAP"). Major differences between IFRS and PRC GAAP ("GAAP Differences"), which affect the net assets and net profit of the Group, are summarised as follows:

	Note	Net assets	
		2014 RMB'000	2013 RMB'000 (restated)
Net assets attributable to owners of the Company under IFRS		<b>44,164,881</b>	43,764,584
Impact of IFRS adjustments:			
Difference in the commencement of depreciation of property, plant and equipment	(a)	<b>106,466</b>	106,466
Difference in accounting treatment on monetary housing benefits	(b)	<b>(24,289)</b>	(49,027)
Difference in accounting treatment on mining funds	(c)	<b>(428,957)</b>	(300,117)
Applicable deferred tax impact of the above GAAP Differences		<b>(3,662)</b>	(1,877)
Non-controlling interests' impact of the above GAAP Differences after tax		<b>(10,990)</b>	(2,327)
Net assets attributable to owners of the Company under PRC GAAP		<b>43,803,449</b>	43,517,702
	Note	Net profit	
		2014 RMB'000	2013 RMB'000 (restated)
Profit for the year attributable to owners of the Company under IFRS		<b>1,767,417</b>	3,402,686
Impact of IFRS adjustments:			
Difference in accounting treatment on monetary housing benefits	(b)	<b>24,738</b>	24,795
Difference in accounting treatment on mining funds	(c)	<b>14,619</b>	(19,328)
Applicable deferred tax impact of the above GAAP Differences		<b>(1,785)</b>	(1,492)
Non-controlling interests' impact of the above GAAP Differences after tax		<b>(6,631)</b>	(5,872)
Net profit for the year attributable to owners of the Company under PRC GAAP		<b>1,798,358</b>	3,400,789

Notes:

**(a) Difference in the commencement of depreciation of property, plant and equipment**

This represents the depreciation difference arose from the different timing of the start of depreciation charge in previous years.

**(b) Difference in accounting treatment on monetary housing benefits**

Under PRC GAAP, the monetary housing benefits provided to employees who started work before 31 December 1998 were directly deducted from the retained earnings and statutory public welfare fund after approval by the general meeting of the Company and its subsidiaries.

Under IFRS, these benefits are recorded as deferred assets and amortised on a straight-line basis over the estimated remaining average service lives of relevant employees.

**(c) Difference in accounting treatment on mining funds**

Under PRC GAAP, accrual of future development and work safety expenses are included in respective product cost or current period profit or loss and recorded in a specific reserve accordingly. When such future development and work safety expenses are applied and related to revenue expenditures, specific reserve is directly offset when expenses incurred. When capital expenditures are incurred, they are included in construction in progress and transferred to fixed assets when the related assets reach the expected use condition. They are then offset against specific reserve based on the amount included in fixed assets while corresponding amount is recognised in accumulated depreciation. Such fixed assets are not depreciated in subsequent periods.

Under IFRS, coal mining companies are required to set aside an amount to a fund for future development and work safety through transferring from retained earnings to restricted 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 future development and work safety expenses whereas restricted reserve is offset against retained earnings to the extent of zero.

# CORPORATE INFORMATION

## REGISTERED NAME OF THE COMPANY

大唐國際發電股份有限公司

## ENGLISH NAME OF THE COMPANY

Datang International Power Generation Company Limited

## OFFICE ADDRESS OF THE COMPANY

No. 9 Guangningbo Street,  
Xicheng District,  
Beijing,  
People's Republic of China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Eversheds  
21/F, Gloucester Tower, The Landmark,  
15 Queen's Road Central,  
Hong Kong

## LEGAL REPRESENTATIVE

Chen Jinhang

## AUTHORISED REPRESENTATIVES

Wu Jing  
Zhou Gang

## SECRETARY TO THE BOARD

Zhou Gang

## PRINCIPAL BANKERS

### In the PRC:

Industrial and Commercial Bank of China,  
Baiguang Road Branch  
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Xicheng District,  
Beijing,  
People's Republic of China

### Outside the PRC:

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One Garden Road,  
Central,  
Hong Kong

## DOMESTIC AUDITOR

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(Special General Partnership)  
5-11F, West Tower,  
China Overseas Property Plaza,  
7F, 8 Xibinhe Road,  
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Beijing,  
People's Republic of China

## INTERNATIONAL AUDITOR

RSM Nelson Wheeler  
Certified Public Accountants  
29th Floor,  
Caroline Centre,  
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Causeway Bay,  
Hong Kong

## LEGAL ADVISORS

### as to PRC law:

Beijing Hylands Law Firm  
5A Hanwei Plaza,  
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People's Republic of China

### as to Hong Kong law:

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21/F, Gloucester Tower,  
15 Queen's Road Central,  
Hong Kong

## LISTING INFORMATION

### H Shares

The Stock Exchange of Hong Kong Limited  
Code: 00991

### A Shares

Shanghai Stock Exchange  
Code: 601991

### H Shares

The London Stock Exchange Limited  
Code: DAT

## SHARE REGISTER AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
17/F, Hopewell Center,  
183 Queen's Road East,  
Wanchai, Hong Kong

## INFORMATION OF THE COMPANY

### Available at:

Secretariat of Board of Directors  
Datang International Power Generation Company Limited  
No. 9 Guangningbo Street,  
Xicheng District,  
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People's Republic of China

and

Hill+Knowlton Strategies Asia  
36/F, PCCW Tower, Taikoo Place,  
979 King's Road,  
Hong Kong

## GLOSSARY OF TERMS

The following terms have the following meaning in this annual report, unless otherwise required by the context.

“Coal Consumption for Power Supply”	The average amount of standard coal consumed by the thermal power generation unit to produce 1 KWh of power; Unit of Measurement: g/kWh
“Electricity Consumption Rate of Power Plants”	The ratio of electricity consumed during power generation to the electricity generated; Unit of Measurement: %
“Equivalent availability factor”	For a specified period and a given power plant, the ratio (usually expressed as a percentage) of the number of available hours in that period (reduced, in the case of hours in which the attainable generating capacity of such plant is less than the installed capacity, by the proportion of installed capacity not so attainable) to the total number of hours in that period
“Gross on-grid generation”	The amount of power transmitted to a power network from a power plant as measured by the grid meter
“Gross power generation”	For a specified period, the total amount of electrical power produced by a power plant in that period including electrical power consumed in the operation of the power plant
“Installed capacity”	The highest level of electrical output which a power plant is designed to be able to maintain continuously without causing damage to the plant
“kWh”	A unit of power generation equivalent to the output generated by 1,000 watts of power in one hour
“MW”	1,000,000 watts (equivalent to 1,000 kW)
“MWh”	A unit of power generation equivalent to the output generated by 1,000,000 watts of power in one hour
“North China Power Grid”	The electricity transmission network – covering Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia Autonomous Region
“Utilisation hours”	For a specified period, the number of hours it would take for a power plant operating at installed capacity to generate the amount of electricity actually produced in that period



**大唐国际发电股份有限公司**  
DATANG INTERNATIONAL POWER GENERATION CO., LTD.