

CONCORD NEW ENERGY GROUP LIMITED
(formerly known as China WindPower Group Limited)

FOR THE YEAR
ENDED 31 DECEMBER 2014
STOCK CODE : 182



2014
ANNUAL
REPORT

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Corporate Information

Board of Directors

Executive Directors

Mr. Liu Shunxing
(Chairman)
Mr. Ko Chun Shun, Johnson
(Vice Chairman)
Mr. Yang Zhifeng
(Chief Executive Officer)
Mr. Wang Xun
Ms. Liu Jianhong
Mr. Yu Weizhou

Non-executive Directors

Ms. Ko Wing Yan, Samantha
Mr. Gao Fuchun

Independent Non-executive Directors

Dr. Wong Yau Kar, David, BBS, JP
Mr. Yap Fat Suan, Henry
Mr. Shang Li
Ms. Huang Jian

Company Secretary

Mr. Chan Kam Kwan, Jason

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Bankers

China Development Bank
Industrial and Commercial Bank of China
ICBC Financial Leasing
Agricultural Bank of China
International Finance Corporation
Standard Chartered Bank
Hang Seng Bank

Registered Office

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Principal Office in Hong Kong

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Admiralty
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Branch Share Registrar and Transfer Office in Hong Kong

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Website

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Chairman's Statement

Dear Shareholders:

On behalf of the board of directors (the "Board") of Concord New Energy Group Limited (the "Company" or the "Group"), I hereby present to shareholders the 2014 annual results of the Group. The consolidated revenue and profit attributable to equity holders of the Company for the year ended 31 December 2014 were HK\$3,549,639,000 and HK\$317,188,000, respectively. Basic earnings per share were 3.62 HK cents. The Group's profit increased significantly compared to last year. As of 31 December 2014, the Group's net assets stood at HK\$5,755,621,000.

As at the end of 2014, the Group had attributable capacity of 958MW, of which 61% located in areas without curtailment (except areas other than the northeast and Gansu province), while attributable capacity of solar power plants accounted for 34% of total attributable capacity. The Group achieved further improvement in asset composition and asset quality.

In 2014, the Group continued to strengthen management efficiency and maintain disciplined cost-controls. We achieved notable growth in business performance while at the same time reported savings in management costs and a reduced number of employees.

I would like to thank our staff for their effort and contribution along with our shareholders and the Board for their support shown to the Group. Meanwhile, the Group's outstanding performance demonstrated the effectiveness of our strategic expansion in the south and into the solar power sector, as well as our asset composition optimisation and cost control measures.

The renewable energy industry is expected to maintain steady growth momentum in 2015. In order to ease the haze pollution problem and propel environmental protection, the Chinese government introduced a series of favorable policies to support the development of the renewable energy industry, including simplifying approval procedures, increasing grid transmission capacity and providing subsidies. Technological innovation will continue to be the driving force of the renewable energy sector. Renewable energy investment has a broad spectrum for development as there are more and more areas suitable for wind and solar power generation, supported by improvements in wind energy utilisation, conversion efficiency of solar modules, as well as equipment quality and stability.

From our judgement, the financial conditions will be improved in the coming new year. With interest rates in downturn, it will be easier to obtain financing for new project, which will reduce the financial costs for commissioned power plants and increase profit of power plants.

The Group has sufficient project resources providing economic benefits, and we are expecting revenue contribution growth from our operating power plants. Over the years, the Group's key employees remained stable and we maintained our advantages in project development, EPC services, operation and maintenance and other aspects. We therefore remain positive on the Group's future business development.

China has been suffering from severe haze pollution problems recently and more attention is placed on environmental protection. We are proud of being part of this industry, as renewable energy is one of the most important solutions to easing environmental pollution.

Chairman's Statement

In the coming year, the Group will continue its efforts to develop quality wholly-owned or majority owned wind and solar power projects in areas without curtailment. We will also continue optimising our asset composition, disposing inefficient assets and increasing the proportion of power plants in areas without curtailment. Moreover, the Group will continue to enhance power plant profitability through improving production safety management, technological innovation and scientific management. Last but not least, we will deepen our focus on scientific management and cost efficiency while at the same time enhancing company enthusiasm and motivation through appropriate systems, processes and other incentives. With the collaborative efforts of our staff, we are expecting another satisfying year in 2015.

Management Discussion and Analysis

I. Operating Environment

Despite the slow recovery of the global economy, more new business opportunities were uncovered in 2014. The world's major economies, such as the United States of America, Germany and China, are putting in large efforts to carry out energy transformation and economic restructuring, aiming to bring new growth element to the global economy via a new wave of technological and industrial revolution including the adoption of renewable energy.

In 2014, China maintained steady economic growth, and the development of renewable energy has received great attention under "New Normal" of China's economy. According to National Electric Power Industry statistics issued by the National Energy Administration ("NEA"), by the end of 2014, the installed grid-connected wind power generation capacity was 95.81GW, up by 25.6% compared to last year and the installed grid-connected solar power generation capacity was 26.52GW, representing an increase of 67% from last year.

In November 2014, China and United States of America jointly issued the "U.S.-China Joint Announcement on Climate Change" announced their action goals after 2020. The United States of America commits to reduce its emissions by 28% by 2025. China intends to reach the peaking of its CO₂ emissions in 2030 or earlier and intends to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030.

i. Wind Power Generation

Based on the "Notice for the Adjustment to Onshore Wind Power FITs" issued by the National Development and Reform Commission ("the NDRC") in December 2014, feed-in tariff ("FIT") in Class I, II and III resource areas were reduced by RMB0.02 per kWh, resulting in FIT of RMB0.49/kWh, RMB0.52/kWh, and RMB0.56/kWh, respectively, while FIT for Class IV resource areas remains at RMB0.61/kWh.

According to the "2014 Wind Power Industry Monitoring Report" by the NEA, China experienced weak wind conditions in 2014, with an average wind speed of about 5.5 m/s at 70 meters height, 8-12% less than the previous year. As a result, national average utilisation hours of wind power decreased by 181 hours to 1,893 hours in 2014 compared to last year. The average curtailment rate dropped 4% to 8% in 2014, marking the lowest curtailment rate in recent years.

ii. Solar Power Generation

In 2014, a series of policies in terms of project approval, grid connection and tariff subsidies were issued in China to encourage and support the development of solar power industry. The NEA, State Grid Corporation, China Southern Power Grid Company and provincial governments have also each issued policy documents to promote the development of solar power. In addition, Shandong, Hebei, Jiangsu, Shanghai and other provinces offered to provide additional subsidies on top of the FIT. In September 2014, the NEA issued the "Notice of further implementation of

Management Discussion and Analysis

related policies on distributed photovoltaic power generation” to demonstrate the government’s long-term support. Moreover, the government implemented favourable measures such as “fully on-grid”, FIT entitlement, increasing power generation quota, enabling direct sale of electricity to end user, and offering preferential loans and monthly subsidies.

According to the data announced by the NEA, newly grid-connected solar power generation capacity reached 10.6GW in 2014 in China, with 8.55GW from photovoltaic power plants and 2.05GW from distributed generation. Solar power generation increased by over 200% to about 25 billion kWh compared with last year.

iii. Technology Improvement of Renewable Energy

In 2014, renewable energy technology was further enhanced. The turbine blade length further increased and wind energy conversion efficiency is further improved, and the complementary tower and engineering technology have also had a new breakthrough, which improves the economic benefits in wind power investment in low wind areas in southern China. In terms of solar power, there is still space for substantial decline in the investment cost of solar power plants due to continuously improving conversion efficiency of crystalline silicon and thin-film modules and the declining costs of raw materials.

iv. Construction of Power Transmission Lines

According to National Electric Power Industry statistics issued by the NEA, investment in construction of power transmission lines grew 6.8% to RMB411.8 billion in 2014 compared to last year. The amount of investment in power transmission lines has exceeded that of power generation for two consecutive years.

Given the government’s emphasize on cross-region power transmission, constructions of such projects have been accelerated. The NEA announced the “Notice on Accelerating the Atmospheric Pollution Prevention Action Plan Construction of the 12 Major Transmission Lines” to address power transmission issues. The NEA jointly signed the “Missions to Construct Power Transmission Lines for Air Pollution Control” with State Grid Corporation and China Southern Power Grid Company, which specified the target construction and operation timetable of power transmission lines. UHV transmission projects between Huainan and Shanghai, Ximeng and Shandong, West Inner Mongolia and Southern Tianjin have been approved and constructions have begun. Completion of these projects is expected to significantly ease the wind curtailment problem and enhance operational stability.

v. Financial Environment

In 2014, the People’s Bank of China reduced the targeted deposit reserve ratio twice, and cut the RMB benchmark loan and deposit interest rates for financial institutions by 0.4%, which improved the overall financing environment and lowered project financing costs.

Management Discussion and Analysis

II. Business Review

In 2014, the Group's consolidated revenue amounted to HK\$3,549,639,000 (2013: HK\$1,882,610,000), increased by 88.55% compared to last year; profit attributable to equity holders of the Company totalled HK\$317,188,000 (2013: HK\$151,117,000), increased by 109.90% compared to last year. The Group's basic earnings per share were 3.62 HK cents (2013: 2.03 HK cents). The Group's fully diluted earnings per share were 3.62 HK cents (2013: 2.03 HK cents).

At the end of 2014, the Group's net asset value totalled HK\$5,755,621,000 (2013: HK\$4,993,886,000). The Group repaid the RMB750,000,000 guaranteed bond on 4 April 2014 and its cash and cash equivalents were HK\$1,105,341,000 (2013: HK\$1,850,209,000) by the end of 2014.

During the reporting year, the Group's consolidated revenue and profit increased significantly due to a growing number of new EPC projects, rise in solar power generation output as well as less provision for inventory. In addition, the Group did not record any loss in provision for receivables from the CDM accounts in 2014.

i. Power Plant Investment Development and Operation Business

1. Power Plant Generations

In 2014, the power plants in which the Group invested in generated electricity output of 2,439.33 million kWh (2013: 2,400.48 million kWh), up 1.62% compared to the same period last year, of which wind power generation output was 2,166 million kWh (2013: 2,258.55 million kWh), down 4.10% compared to last year and solar power generation output was 273.33 million kWh (2013: 141.93 million kWh), up 92.58% compared to the same period last year.

During the reporting year, the generation output attributable to the Group was 1,114.29 million kWh (2013: 1,146.26 million kWh), down 2.79% compared to the same period last year, of which wind power generation output was 865.91 million kWh (2013: 1,009.62 million kWh), down 14.23% and solar power generation was 248.39 million kWh (2013: 136.64 million kWh), up 81.78% compared to last year.

In 2014, the wind power generation output reduced mainly due to the disposal of equity interests in some operational wind power plants and lower wind speed throughout the year.

During 2014, the generation output from the Group's consolidated power plants was 213.67 million kWh (2013: 105.97 million kWh), up 101.63% compared to last year. The output was contributed by solar power generation.

This year, revenue from the Group's consolidated power plants was HK\$239,096,000 (2013: HK\$114,273,000) and the share of results of associates and jointly controlled power plants was HK\$49,707,000 (2013: HK\$63,266,000).

Management Discussion and Analysis

In 2014, the availability rate of wind turbines achieved 95.43% (2013: 95.25%), and the weighted average utilisation hours of the Group's invested wind power plants were 1,665 hours (2013: 1,871 hours). The availability rate of the Group's invested solar power plants was 99.80% (2013: 96.27%), and the weighted average utilisation hours were 1,601 hours (2013: 1,551 hours). The average grid curtailment rate of the Group's invested wind power plants was 14.12% (2013: 18.48%) and 1.70% (2013: 1.48%) for the Group's invested solar power plants.

This year, the weighted average tariff rate of the Group's wind power plants was RMB0.5631/kWh (including VAT) (2013: RMB0.5583/kWh). The weighted average tariff rate of the Group's solar power plants was RMB1.075/kWh (including VAT) (2013: RMB1.169/kWh).

2. Transaction of Equity Interests in Power Plants

As one of its major business models, the Group achieved gain through transaction of equity interests in power plants. During the year, the Group achieved gains of HK\$159,714,000 (2013: HK\$178,109,000) through transactions.

3. Newly Added Installed Capacity

In 2014, the total installed capacity of power projects the Group invested in was 648MW, among which there were 6 continued projects and 7 new projects under construction with capacity of 292MW and 356MW, respectively. 8 were wind power plants with capacity of 374MW and attributable capacity of 250MW, and 5 were wholly-owned solar power plants with capacity of 274MW.

During the reporting year, the Group had 6 new wind and solar power plants commenced operation, with total capacity of 406MW and attributable capacity of 341MW; of which 3 were wind power plants with capacity of 146MW and attributable capacity of 81MW and 3 were wholly-owned solar power plants with capacity of 260MW.

As at the end of 2014, the Group had 37 grid-connected wind and solar power plants, with a total capacity of 1,832MW (2013: 1,526MW) and attributable capacity of 958MW (2013: 702MW); of which 28 were wind power plants with total capacity of 1,501MW (2013: 1,355MW) and attributable capacity of 632MW (2013: 548MW) and 9 were solar power plants with total capacity of 331MW (2013: 171MW) and attributable capacity of 326MW (2013: 154MW).

By the end of 2014, the Group had 8 wholly-owned solar power plants with capacity of 323MW (2013: 132MW).

Management Discussion and Analysis

4. *Project Development and Resource Reserves*

During the reporting year, the Group obtained 22 final project approvals with total capacity of 814MW from provincial energy authorities, including 15 wind power projects with total capacity of 734MW and 7 solar power projects with total capacity of 80MW.

Six of the Group's wind power projects with a total capacity of 300MW were included in the fourth batch of the "12th Five-Year" wind power project pre-approval list issued by the NEA, which are all located in regions that are not subject to grid congestion.

In 2014, the Group signed 1,250MW of wind power and 2,045MW of solar power exclusive development right agreements. At the end of the period, the Group's wind resources amounted to over 28GW and solar power resources totalled to 8GW, which ensure the sustainable development of the Group.

ii. **Renewable Energy Service Business**

1. *Engineering, Procurement and Construction (EPC)*

During 2014, the number of projects undertaken by EPC segment increased significantly. The Group's EPC companies undertook 20 external and internal integrated EPC projects with a total capacity of 1,212MW, which brought significant growth in revenue and profit for the segment.

This year, the Group's EPC companies undertook the China Power Investment Group's Huolinhe recycling economy demonstration wind power project, Huaneng New Energy Co. Limited's Liaoning Yixian wind power project, Huadian Fuxin Energy Corporation Limited's Inner Mongolia Wulatezhongqi wind power project, and Shanghai Electric Power Company Limited's Shandong Yantai wind power project. All these projects have commenced operation. In addition, Shenzhen Energy Group Company Limited's Jiangsu Sihong wind power project, Huadian Fuxin Energy Corporation Limited's Inner Mongolia Siziwangqi, Damaoqi and other wind power projects were all progressing smoothly.

The Group's design company, as a member of the integrated EPC group, in addition to providing various design consultancy services for the integrated EPC projects, also provided assessment and consulting services for the Group and external renewable energy investors. During the year, the Group completed 138 wind or solar resource assessment and technical advisory reports, 41 feasibility studies and 13 construction designs.

In 2014, the Group's EPC companies generated total revenue of HK\$3,187,217,000 (2013: HK\$1,643,670,000).

Management Discussion and Analysis

2. *Power Plant Operation and Maintenance (O&M)*

The Group's power plant O&M companies enhanced its market development, established a brand image, and gained recognition within the industry. During the year, it provided full O&M services, equipment preventive tests, technical renovation overhaul, wind power forecast and other services to internal and external power plants, as well as carried out warranty period inspection and maintenance services contracted by turbine manufacturers.

During the reporting period, the Group's O&M unit had provided services to 47 wind and solar power plants. In addition, 15 scheduled inspection service contracts were signed with turbine manufacturers, and 19 service contracts for preventive tests, technical renovation overhaul and wind power forecast were signed with wind power plants.

During 2014, this business segment contributed revenue of HK\$123,326,000 (2013: HK\$124,667,000) to the Group.

III. Liquidity and Financial Resources

As at 31 December 2014, the Group had cash and cash equivalents of approximately HK\$1,105,341,000 (31 December 2013: HK\$1,850,209,000). As at that date, the current ratio was 1.21 times (31 December 2013: 1.18 times), gearing ratio (long term debt divided by owner's equity) was 0.27 (31 December 2013: 0.26). At the end of the reporting period, the Group's borrowings amounted to HK\$1,716,242,000 (31 December 2013: HK\$2,330,192,000), and the consolidated net assets of the Group stood at HK\$5,755,621,000 (31 December 2013: HK\$4,993,886,000).

Foreign Exchange Risk

In 2014, the Group's principal businesses (including capital expenditures) were dominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

Charge of Asset

As of 31 December 2014, equipment of the Group was pledged as security for outstanding loan of RMB492,000,000 (31 December 2013: RMB 993,846,000).

Contingent Liability

As at 31 December 2014 the Group has pledged its 49% equity interest of Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian"), with total value of its share of registered capital amounted to HK\$47,207,000 (31 December 2013: HK\$47,365,000) as the security for the outstanding bank borrowing of Erlian as at 31 December 2014 of RMB75,225,000 (31 December 2013: RMB87,832,000).

Management Discussion and Analysis

The Group has also provided a corporate guarantee and has pledged its 49% equity interest of Gansu Guazhou Century Concord Wind Power Co., Ltd. (“Guazhou”), with total value of its share of registered capital of HK\$415,618,000 (31 December 2013: HK\$417,014,000) for a loan facility of Guazhou of up to US\$140,000,000. As at 31 December 2014, the outstanding amount of such loan was approximately US\$68,310,000 (31 December 2013: US\$78,725,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2014.

Commitments

As at 31 December 2014, the Group had capital commitments of HK\$2,778,432,000 (31 December 2013: HK\$841,973,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK\$803,680,000 (31 December 2013: HK\$582,590,000) and capital committed for the payment for equipment purchased by subsidiaries of HK\$1,974,752,000 (31 December 2013: HK\$259,383,000).

IV. Staff and Remuneration

As at 31 December 2014, the Group had 1,069 (31 December 2013: 1,148) full-time employees — 99 for the Group’s headquarter, 312 for project development and management, 224 for EPC and 434 for O&M.

During the year, the staff cost was HK\$149,861,000 (2013: HK\$149,965,000), representing a decline of HK\$104,000 compared to 2013.

V. Social Responsibility and Environmental Protection

The Group strived to improve the energy structure and reduce air pollution through its wind and solar power projects investment, construction and operation. The Group has also increased investment in environmental protection and soil & water conservation to achieve harmony with the environment and friendly development. In 2014, the Group’s Zhangdong wind power plants were once again granted the “friendly wind farm” title in contest organised by Liaoning Power Grid Company.

During the reporting year, the Group’s invested wind and solar power plants reduced carbon dioxide emission by 2,450,000 tons, sulfur dioxide emission by 24,188 tons, and nitrogen oxide emission by 2,415 tons. Moreover, in contrast to coal-fired thermal plants, the Group’s wind and solar power plants saved 820,000 tons of standard coal and 6,850,000 tons of water. At the end of the reporting period, the Group’s invested wind and solar power plants had cumulatively reduced carbon dioxide emission by 10,670,000 tons, sulfur dioxide emission by 105,810 tons, and nitrogen oxide emission by 9,369 tons. They had saved 3,600,000 equivalent tons of standard coal and 29,900,000 tons of water. The reduction of emissions of pollutants made a contribution to the reduction of PM10 and PM2.5 to reduce smog.

Management Discussion and Analysis

VI. Prospect

Renewable energy plays an important role in energy conservation, air quality improvement, and the prevention of global warming. The development of renewable energy is also a strong driving force of industrial structure optimisation as well as global economic recovery. In recent years, under the setting of increasingly prominent global environmental problems, the development pace of world's renewable energy continues to accelerate and the industry continues to expand. With the improved technology level of global renewable energy and declining equipment manufacturing costs, solar, wind and other renewable energy gradually have cost advantage to compete with traditional fossil energy sources. In the long run, renewable energy will become more competitive, as the costs continue to decline.

The Chinese government attached great attention to global warming prevention, environment improvement and smog governance. Chinese government committed to achieve the peaking of CO₂ emissions around 2030 or earlier. It continues to solve problems encountered in the development of renewable energy sources and introduced a series of policies to promote the development of renewable energy. Grid connection and consumption capacity as well as financial environment are expected to continuously improve in the future. China's wind power and solar industry will enter a steady growth stage.

In recent years, the Group significantly improved its performance through business expansion in the solar sector in Southern China, optimizing capital structure and improving cost efficiency. The numbers of the Group's majority owned power plants, power plants in southern China without curtailment and solar power plants have gradually increased, and the Group has gained better asset quality and stronger ability to combat economic risks.

In 2015, the Group will implement the following operational strategies:

1. Stand firmly by the Group's investment principal and develop profitable wholly-owned or majority owned wind and solar power projects with good economic benefits in southern China without curtailment.
2. Continue to optimize and adjust the Group's assets composition and increase installed capacity in regions without curtailment.
3. Strengthen production safety management, increase economic efficiency of power plants, control management costs and improve management efficiency.
4. Strengthen our construction capability in each operating segment, develop innovation and continue to expand the external business.
5. Continue to control costs.

In the coming year, the Group's management team together with all our employees will strive to accomplish the Group's business plans so as to deliver excellent results to our shareholders.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Liu Shunxing, aged 53, joined the Group in 2007. He has become the Chairman of the Company since June 2009. He is also a director of various subsidiaries of the Group. Mr. Liu holds a Bachelor degree of Electricity Generation from Tianjin University and a Master degree of Energy Source Economy Management from the Management College of Harbin Institute of Technology. Mr. Liu is the vice president of China Energy Research Institute, an executive of China Energy Council and a deputy director of the China Specialism Committee of Thermoelectricity. He was formerly the Vice CEO of China Energy Conservation Investment Corporation for eight years.

Mr. Ko Chun Shun, Johnson, aged 63, joined the Group in 2006 as the Chairman and was re-designated as Vice-Chairman of the Company since June 2009. He is also the deputy chairman and executive director of Frontier Services Group Limited, the chairman and executive director of Reorient Group Limited and Varitronix International Limited. Mr. Ko is also the executive director of KuangChi Science Limited. The above companies are all listed on the Hong Kong Stock Exchange. Mr. Ko is also a director of a subsidiary of the Group. Mr. Ko is the father of Ms. Ko Wing Yan, Samantha, an executive Director. Mr. Ko has extensive experience in a variety of activities, including manufacturing, securities trading, international trade, electronics and the renewable energy industry. He also has extensive experience in corporate finance, corporate restructuring and mergers and acquisitions.

Mr. Yang Zhifeng, aged 44, joined the Group in 2007. He is the Chief Executive Officer (“CEO”) of the Company since November 2013 and is also a director of various subsidiaries of the Group. Mr. Yang holds his Master degree in International Finance from Renmin University of China and an EMBA from China Europe International Business School. He once worked in China Energy Conservation Investment Corporation and has extensive experience in industrial investment and corporate management.

Mr. Wang Xun, aged 48, joined the Group in 2007. He is a director of various subsidiaries of the Group. Mr. Wang holds a Master of Business Administration from Cheung Kong Graduate School of Business. Mr. Wang has devoted himself to wind power industry since 1999. Mr. Wang had held senior management positions in Golden Concord Holdings Limited.

Ms. Liu Jianhong, aged 46, joined the Group in 2007. She is the Vice President of the Company and is also a director of various subsidiaries of the Group. Ms. Liu holds her Master degree from the Law School of Renmin University of China and an EMBA from China Europe International Business School. She was the Chief Legal Officer of China Energy Conservation Investment Corporation.

Mr. Yu Weizhou, aged 50, joined the Group in 2009. He is currently the Vice President of the Company and is also a director of various subsidiaries of the Group. He holds a Bachelor degree in statistics and a Master degree in finance from Renmin University of China and a Ph.D degree of Engineering Management from Xian University of Technology. Mr. Yu once worked in State Economic & Trade Commission, State Power Management Commission and China Shenhua-Guohua Energy Investment Ltd.

Biographical Details of Directors and Senior Management

Non-Executive Directors

Ms. Ko Wing Yan, Samantha, aged 35, joined the Group in 2009 as the executive Director and was re-designated as a non-executive Director in September 2014. Ms. Ko holds a Bachelor Degree in Economics and Mathematics from Mount Holyoke College, and a Master Degree in Finance from the Imperial College Management School in London. She has over seven years of experience in banking and has extensive experience in the securities and capital markets, and was a director of global markets — structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served in international investment banks including Morgan Stanley (in Hong Kong) and JP Morgan Securities Limited (in London). Ms. Ko is also the executive director of Reorient Group Limited and the executive director, the CEO and the CFO of Varitronix International Limited, all the shares are listed on the Hong Kong Stock Exchange. Ms. Ko is the daughter of Mr. Ko Chun Shun, Johnson who has currently is the Vice Chairman and an executive Director of the Company.

Mr. Gao Fuchun, aged 44, joined the Group in March 2015. Mr. Gao has graduated from Central Party School majored in law. Mr. Gao is the Deputy Director of Hydropower and New Energy Industries of Huadian Fuxin Energy Corporation Limited (“Huadian Fuxin”), a 9.84% shareholder of the Company. Mr. Gao is very familiar with plant operation management, equipment management and safety management.

Independent Non-Executive Directors

Dr. Wong Yau Kar, David, BBS, JP, aged 57, has been an independent non-executive Director since 2006. Dr. Wong received a doctorate in Economics from the University of Chicago in 1987. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong is active in public service. He is a Hong Kong deputy of the 12th National People’s Congress of the People’s Republic of China (第十二屆全國人民代表大會). He is also Chairman of the Land and Development Advisory Committee, Mandatory Provident Fund Schemes Authority and Protection of Wages on Insolvency Fund Board. Dr. Wong was appointed a Justice of Peace (JP) in 2010 and was awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society.

Dr. Wong is currently an independent non-executive director of China Jiu hao Health Industry Corporation Limited (Stock code: 419), Redco Properties Group Limited (Stock code: 1622), Reorient Group Limited (Stock code: 376), Shenzhen Investment Limited (Stock code: 604) and Sinopec Kantons Holdings Limited (Stock code: 934), the shares of which all are listed on the Hong Kong Stock Exchange.

Mr. Yap Fat Suan, Henry, aged 69, has been an independent non-executive director of the Company since 2006. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in finance and accounting. He retired as the managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. Mr. Yap is also an independent non-executive director of Frontier Services Group Limited, which is listed on the Hong Kong Stock Exchange, and Brockman Mining Limited, which is listed on the Hong Kong Stock Exchange and the Australian Securities Exchange.

Biographical Details of Directors and Senior Management

Independent Non-Executive Directors *(Continued)*

Mr. Shang Li, aged 40, joined the Group in December 2012 holds a Ph.D degree in Computer Engineering from Princeton University, USA. Mr. Shang has extensive experience and knowledge in cyber-physical systems, embedded systems, computer systems and nanotechnologies & etc. He is an Associate Professor of the Department of Electrical, Computer and Energy Engineering in University of Colorado at Boulder and the Chair Professor in Tongji University. He was formerly the vice president and Chief Architect of Intel China Research. He has published over 90 articles in international top journals and conferences in related fields. In 2012, he received the “25 Best Papers from FPGA” from ACM International Symposium on Field-Programmable Gate Arrays and the “Computational Sustainability Award” from the Computing Community Consortium.

Ms. Huang Jian, aged 46, joined the Group in December 2012 holds a Master degree from the Central University of Finance and Economics of the PRC. She is also a certified public accountant in the PRC. Ms. Huang has over past 20 years of professional experience in accounting, auditing and taxation. Ms. Huang was the senior partner of RSM China Certified Public Accountants and she is now a full time member of SME Board Public Offering Review Committee of the China Securities Regulatory Commission.

Senior Management

Mr. Hu Mingyang, aged 43, joined the Group in 2009. He is the Chief Financial Officer of the Company. He holds a Master degree in economics from Peking University, and is a certified public accountant. He was the Director of Finance Office and General Office, which are directly under China Council for the Promotion of International Trade, and the General Manager of Finance Department of China Patent Agent (H.K.) Ltd.

Mr. Niu Wenhui, aged 44, joined the Group in 2010. He is the Vice President of the Company. He holds a Bachelor Degree of Hangzhou Dianzi University. He had served as vice president of China Ruilian Industrial Group and Chief Financial Officer of Rainbow Group Shenzhen Branch.

Mr. Wang Zuohai, aged 50, joined the Group in 2007. He is the Vice President of the Company. He holds a Doctor Degree of Southwestern University of Finance and Economics. Mr. Wang had served as Vice General Manager of Financial Department of Motorola (China) Electronics Ltd., CFO and General Manager of Assets Management Department of China Bamboo Paper (Group) Co., Limited.

Mr. Shang Xuelian, aged 51, joined the Group in 2008. He is the Vice President of the Company. He holds a Bachelor Degree of Shandong University. Mr. Shang had served as Vice Chief Engineer and General Manager of thermal power plant of Shandong Lubei Enterprise Group Limited.

Mr. Xie Jianmin, aged 51, joined the Group in 2007. He is assistant to CEO. Mr. Xie holds a Doctorate degree from Xi'an Jiaotong University. He was a professor of Southeast University and he has been conducting advanced research in the wind power industry. He was the Director of Ningxia Wind Power Research Institute.

Mr. Liu Ruiqing, aged 50, joined the Group in 2011. He is assistant to CEO. He holds a Master degree from North China Electric Power University. He has worked for Huadian Group New Energy Limited and Guohua New Energy Development Limited.

Report of the Directors

The directors of the Company (the “Directors”) submit their report together with the audited consolidated financial statements for the year ended 31 December 2014 (the “Year”).

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in Note 18 to the financial statements. An analysis of the Group’s income and contribution to operating profit for the Year is set out in Note 5 to the financial statements.

Results and Dividends

The results of the Group for the Year are set out in the consolidated income statement on page 34. The Directors do not recommend the payment of a final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the Year are set out in Note 33 to the financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group and of the Company are set out in Note 15 to the financial statements.

Share Capital

Details of the movements in the share capital of the Company are set out in Note 31 to the financial statements.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 December 2014 are set out in Note 33 to the financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company’s bye-laws and there is no restriction against such rights under the laws of the Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Report of the Directors

Five-year Financial Summary

A summary of the results, and of the assets, liabilities and equities of the Group for the last five financial years is set out on page 171 and 172.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Share Options

The Company has adopted the existing share option scheme (the "Share Option Scheme") on 16 April 2007.

The purpose of the Share Option Scheme is to recognise and acknowledge the contributions of the Qualified Persons (as defined in the Share Option Scheme, including but not limited to, the directors, employees, partners and associates of the Group) of the Group.

Pursuant to this 10-year term Share Option Scheme, the Company can grant options to the Qualified Persons for a consideration of HK\$1.00 for each grant payable by the Qualified Persons. The total number of the shares issued and to be issued upon exercise of the options granted to each Qualified Person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. During the Year, no share options were granted under the Share Option Scheme. The share option scheme limit was refreshed by a resolution passed at the annual general meeting held on 20 June 2011. The maximum number of options that can be granted by the Company was refreshed to 739,377,996 share options.

Subscription price in relation to each option pursuant to the Share Option Scheme shall be not less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date on which the option is offered to a Qualified Person; or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; or (iii) the nominal value of the shares. There shall be no minimum holding period for the vesting or exercise of the options but the options are exercisable within the option period as determined by the board of directors of the Company.

Movements of the share option are set out in Note 32 to the financial statements. As at the date of this report, the total number of share option that can be granted was 739,377,996, representing 8.26% of the issued share capital of the Company.

Report of the Directors

Directors

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Liu Shunxing
Mr. Ko Chun Shun, Johnson
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Yu Weizhou
Mr. Zhou Zhizhong (resigned on 13 March 2015)
Mr. Chan Kam Kwan, Jason (resigned on 21 January 2014)

Non-executive Directors

Mr. Tsoi Tong Hoo, Tony (resigned on 21 January 2014)
Ms. Ko Wing Yan, Samantha (re-designated on 30 September 2014)
Mr. Gao Fuchun (appointed on 13 March 2015)

Independent Non-executive Directors

Dr. Zhou Dadi (resigned on 21 January 2014)
Dr. Wong Yau Kar, David, BBS, JP
Mr. Yap Fat Suan, Henry
Dr. Shang Li
Ms. Huang Jian

In accordance with bye-laws 99 and 102(B) of the Company's Bye-laws, Mr. Yang Zhifeng, Mr. Wang Xun, Ms. Liu Jianhong and Mr. Yu Weizhou, and Ms. Ko Wing Yan, Samantha and Mr. Gao Fuchun shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All the non-executive Directors are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meeting of the Company.

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

Report of the Directors

Directors' Service Contracts

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year, or to pay compensation or make other payments equivalent to more than one year's emolument.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2014, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), or known to the Company, were as follows:

(i) Long positions in the shares of the Company:

Name of the Directors	Number of shares held and nature of interest				Total	Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate			
Liu Shunxing	—	—	2,138,479,387 ¹		2,138,479,387	23.90
Ko Chun Shun, Johnson	—	—	2,000,000,000 ²		2,000,000,000	22.36
Wang Xun	—	—	2,023,469,387 ³		2,023,469,387	22.62
Yang Zhifeng	—	—	2,023,469,387 ³		2,023,469,387	22.62
Liu Jianhong	1,210,000	—	2,023,469,387 ³		2,024,679,387	22.63
Ko Wing Yan, Samantha	—	—	20,000,000 ⁴		20,000,000	0.22
Dr. Wong Yau Kar, David, BBS, JP	400,000	—	—		400,000	0.004
Yap Fat Suan, Henry	200,000	—	—		200,000	0.002

Report of the Directors

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation *(Continued)*

(i) Long positions in the shares of the Company: *(Continued)*

Notes:

1. 2,023,469,387 shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited ("Concord International"). Four executive Directors, namely Mr. Liu Shunxing, Mr. Yang Zhifeng, Mr. Wang Xun and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the above four directors of the Company are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited. 115,010,000 shares are held by Guangfeng International Holdings Limited which is wholly owned by Beijing Guangfeng Energy Technology Limited. Mr. Liu Shunxing held as to 99% of the issued shares of Beijing Guangfeng Energy Technology Limited.
2. Mr. Ko Chun Shun, Johnson is deemed to be interested in 2,000,000,000 shares held by Gain Alpha Finance Limited ("Gain Alpha"). Gain Alpha is wholly owned by Mr. Ko Chun Shun, Johnson.
3. 2,023,469,387 shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited ("Concord International"). Four executive Directors, namely Mr. Liu Shunxing, Mr. Yang Zhifeng, Mr. Wang Xun and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International, and the above four directors of the Company are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.
4. Ms. Ko Wing Yan, Samantha is deemed to be interested in 20,000,000 shares held by Pine Coral Limited ("Pine Coral"). Pine Coral is wholly owned by Ms. Ko Wing Yan, Samantha.

(ii) Long positions in the underlying shares of share options of the Company:

Details of the movement of the share options are set out in Note 32 to the financial statements.

Save as disclosed above, as at 31 December 2014, none of the directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

Report of the Directors

Directors' Rights to Acquire Shares

Save as disclosed under the heading "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, at no time during the Year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors (including their respective spouse and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

Substantial Shareholders

As at 31 December 2014, save as disclosed under the section "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Long positions in the shares of the Company:

Name of shareholder	Number of the shares of the company held	Approximate percentage of the total issued share capital (%)
China Wind Power Investment Limited (1)	2,023,469,387	22.62
Gain Alpha Finance Limited (2)	2,000,000,000	22.36
Huadian Fuxin International Investment Company Limited ("Huadian Fuxin") (3)	880,000,000	9.84

Note:

- (1) The shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited ("Concord International"). Four executive Directors, namely Mr. Liu Shunxing, Mr. Yang Zhifeng, Mr. Wang Xun and Ms. Liu Jianhong held as to 88.02% of the issued shares of Concord International.
- (2) Gain Alpha is wholly owned by Mr. Ko Chun Shun, Johnson.
- (3) The subscription of the 880,000,000 shares of the Company by Huadian Fuxin was completed on 19 March 2014. Details of the Huadian's subscription can refer to the circular dated 23 January 2014.

Save as disclosed above, as at 31 December 2014, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

Report of the Directors

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Major Suppliers and Major Customers

During the Year, sales to the Group's largest 5 customers accounted for 57% of the total sales for the Year, and the largest customer included there in amounted to 28%.

Purchases from the Group's 5 largest suppliers accounted for 74% of the total purchases for the Year, and the largest supplier included therein amounted to 24%.

None of the Directors, their associates or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's share capital, had interests in the major suppliers or customers noted above.

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 23 to 31 of the annual report.

Post Balance Sheet Event

Details of the post balance sheet event is set out in Note 42 to the financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient of public float of the Company's securities as required under the Listing Rules.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Liu Shunxing

Chairman

Hong Kong, 19 March 2015

Corporate Governance Report

The board of Directors of the Company (the “Board”) is committed to achieving a high standard of corporate governance.

Throughout the year ended 31 December 2014, the Board has reviewed the Group’s corporate governance practices and is satisfied that the Company has complied with the code provisions in the Corporate Governance Code (“the Code”) set out in the Appendix 14 to the Listing Rules on the Stock Exchange.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

The Board

As at 31 December 2014, the Board comprised of twelve Directors, including seven executive Directors, one non-executive Director and four independent non-executive Directors. Biographical details of the Directors are stated under the section “Biographical Details of Directors and Senior Management”.

Mr. Ko Chun Shun, Johnson (“Mr. Ko”), an executive Director and the Vice Chairman of the Company, is the father of Ms. Ko Wing Yan, Samantha (“Ms. Ko”), a non-executive Director. Mr. Ko and Ms. Ko are directors of Varitronix International Limited. Mr. Ko, Ms. Ko and Dr. Wong Yau Kar, David, BBS, JP are all directors of Reorient Group Limited. Mr. Ko and Mr. Yap Fat Suan, Henry are both directors of Frontier Services Group Limited. The shares of the above companies are all listed on the Stock Exchange. Messrs. Chan Kam Kwan, Jason, Tsoi Tong Hoo, Tony and Dr. Zhou Dadi have resigned as the Directors on 21 January 2014. Ms. Ko has been re-designated as a non-executive Director on 30 September 2014.

A major shareholder of the Company, China Wind Power Investment Limited, is held 88.02% indirectly by 4 executive Directors namely, Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong.

Save as disclosed above, there are no financial, business, family or other material/relevant relationships between the Board members.

For a Director to be considered independent, that director should not have any direct or indirect material interest in the Group. In determining the independence of Directors, the Board follows the requirement set out in the Listing Rules. Each of the independent non-executive Directors has made an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

All the non-executive Directors (including the independent non-executive Directors) are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meeting of the Company.

Corporate Governance Report

The Board *(Continued)*

The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board to ensure that the Board acts in the best interest for the Group. The Chairman is responsible for approving the agenda for each Board meeting, after taking into account the matters proposed by other Directors. With the support of the executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages all Directors to be fully engaged in the Board's affairs and make contributions to the Board's functions. The Board has adopted good corporate governance practices and procedures and has taken appropriate steps to provide effective communication with shareholders.

The CEO is responsible for managing the business of the Group, attending to the formulation and implementation of group policies, and assuming full accountability for the Group's operations. Acting as the principal manager of the Group's business, the CEO develops a strategic operating plan that reflects the long-term objectives and priorities established by the Board, and is directly responsible for maintaining the operational performance of the Group. Working with the senior management and the Board, the CEO ensures that the funding requirements of the business are met and closely monitors the operating and financial results against the plans and budgets. He also takes remedial actions when necessary and advises the Board of any significant developments and issues of the Group.

Ongoing dialogues are maintained with all Directors to keep them fully informed of all major business developments and issues.

Corporate Governance Report

The Board *(Continued)*

The Board meets regularly, and at least 4 times a year. Between meetings, senior management of the Group provides to Directors the information on the activities and developments in the business of the Group on a timely basis and when required, additional Board meetings are held. In addition, Directors have full access to the information of the Group and the independent professional advice whenever deemed necessary by the Directors. During the year ended 31 December 2014, a total of 8 board meetings and two general meetings (“2014 SGM” and “2014 AGM”) were held and the attendance of each director is set out below:

	Name of Directors	Number of meetings attended in The year ended 31 December 2014/Number of meetings eligible to attend		
		Board meetings	2014 SGM ⁴	2014 AGM ⁵
Chairman	Liu Shunxing	8/8	1/1	1/1
Vice Chairman	Ko Chun Shun, Johnson	8/8	1/1	1/1
CEO	Yang Zhifeng	8/8	1/1	1/1
Executive Directors	Wang Xun	8/8	1/1	1/1
	Liu Jianhong	8/8	1/1	1/1
	Yu Weizhou	8/8	1/1	1/1
	Zhou Zhizhong ³	8/8	1/1	1/1
	Chan Kam Kwan, Jason ¹	2/2	0/0	0/0
Non-executive Director	Tsoi Tong Hoo, Tony ¹	2/2	0/0	0/0
	Ko Wing Yan, Samantha ²	8/8	1/1	1/1
Independent Non-Executive Directors	Dr. Zhou Dadi ¹	2/2	0/0	0/0
	Dr. Wong Yau Kar, David, BBS, JP	8/8	1/1	1/1
	Yap Fat Suan, Henry	8/8	1/1	1/1
	Shang Li	8/8	1/1	1/1
	Huang Jian	8/8	1/1	1/1

Notes:

¹ Messrs. Tsoi Tong Hoo Tony, Chan Kam Kwan, Jason and Zhou Dadi had resigned as Directors on 21 January 2014.

² Ms. Ko Wing Yan Samantha has been re-designated as a non-executive Director on 30 September 2014.

³ Mr. Zhou Zhizhong has resigned as executive Director on 13 March 2015.

⁴ 2014 SGM was held on 12 March 2014

⁵ 2014 AGM was held on 30 May 2014

Corporate Governance Report

The Board *(Continued)*

Professional Training for Directors

All Directors, including independent non-executive Directors, should always know their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 31 December 2014, all existing Directors have received relevant trainings on the topics relating to corporate governance and regulations and have provided their training records as follow:

Directors	Type of training
Executive Directors	
Mr. Liu Shunxing	B
Mr. Ko Chun Shun, Johnson	A & B
Mr. Wang Xun	B
Mr. Yang Zhifeng	B
Ms Liu Jianhong	B
Mr. Yu Weizhou	B
Mr. Zhou Zhizhong	B
Mr. Chan Kam Kwan, Jason	A & B (resigned on 21 January 2014)
Non-executive Director	
Mr. Tsoi Tong Hoo, Tony	B (resigned on 21 January 2014)
Ms. Ko Wing Yan, Samantha	B (re-designated on 30 September 2014)
Independent non-executive Directors	
Dr. Zhou Dadi	B (resigned on 21 January 2014)
Dr. Wong Yau Kar, David, BBS, JP	B
Mr. Yap Fat Suan, Henry	A & B
Dr. Shang Li	B
Ms. Huang Jian	B

Notes:

A: attending training course

B: reading relevant materials

Corporate Governance Report

Board Committees

During the year ended 31 December 2014, the Board has reviewed and monitored the training and continuous professional development of directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements. Besides, the Company has set up three committees including the Nomination Committee, the Remuneration Committee and the Audit Committee. Each committee has its specific terms of reference with reference to the Code:

Remuneration Committee

The Remuneration Committee comprises five members. The Remuneration Committee is chaired by Dr. Wong Yau Kar, David, BBS, JP with Mr. Liu Shunxing, Ms. Liu Jianhong, Mr. Yap Fat Suan, Henry and Dr. Shang Li being the members. The Remuneration Committee meets for the determination of the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee also meets as and when required to consider remuneration related matters such as making recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management.

Under its term of reference, the Remuneration Committee assists the Board in achieving its objective of attracting, retaining and motivating people of the highest caliber and experience needed to shape and execute strategies across the Group's operations. The Committee also assists the Group in the administration of the fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Group. The written terms of reference are posted on the websites of the Company and the Stock Exchange.

During the year, the Remuneration Committee has held 1 meeting with all members present. The Committee has reviewed the remuneration packages for Directors and senior management of the Group.

Nomination Committee

The Nomination Committee comprises five members, namely Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong, Dr. Wong Yau Kar, David, BBS, JP Mr. Yap Fat Suan, Henry and Ms. Huang Jian.

The terms of reference of the Nomination Committee have been determined with reference to the Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Nomination Committee is responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. During the year, the Nomination Committee has held 1 meeting with all members present. The Committee has reviewed the structure, size and composition of the Board.

Corporate Governance Report

Board Committees *(Continued)*

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Audit Committee is chaired by Mr. Yap Fat Suan, Henry and the other members of the Committee are Dr. Wong Yau Kar, David, BBS, JP and Ms. Huang Jian. Mr. Yap Fat Suan, Henry is a chartered accountant in England and Wales and is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

The terms of reference of the Audit Committee are in line with the Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual financial statements, to review the scope, extent and effectiveness of the Group's internal control system, and to review the Group's financial and accounting policies.

The Audit Committee has held 2 meetings during the year with all members present.

There are no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

Auditors' Remuneration

A summary of fees for audit and non-audit services is as follows:

Nature of the services	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Audit services	3,397	3,292
Other services	—	136
	3,397	3,428

Corporate Governance Report

Internal Controls

The Board is responsible for the Group's internal control system and has the responsibility for reviewing its effectiveness. The Company and its subsidiaries have adopted a set of internal control procedures and policies to safeguard the assets, to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations. The internal control system is designed to ensure the financial, operational and compliance controls, and risk management functions are in place and functioning effectively. The Board has conducted a review of and is satisfied with the effectiveness of the internal control system of the Group.

The Board also reviews, at least annually, the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function, and their training programmes and budget.

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and are in compliance with the statutory requirements and applicable financial reporting standards. As at 31 December 2014, the Directors was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

A statement by the auditor about the auditor's responsibility is set out on page 32 and 33 of this annual report.

Company Secretary

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The Company Secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and board committees in a timely manner. The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of Report and Financial Statements and interim reports within the period laid down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification is made when there are any dealings of the Director in the securities of the Group.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensure that the standards and disclosures required by the Listing Rules are observed.

During the year, Mr. Chan Kam Kwan, Jason, the Company Secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

Corporate Governance Report

Shareholders' Rights

How Shareholders can convene a special general meeting (“SGM”)

Subject to Section 74 of the Companies Act 1981 of Bermuda (the “Act”) and Bye-law 62 of the Bye-laws of the Company, shareholders holding in aggregate not less than 10% of the paid-up capital of the Company have the right, by written requisition to the Board or the secretary of the Company, to request a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

Procedures for putting forward proposals at a general meeting

Any number of shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 shareholders of the Company are entitled to put forward a proposal for consideration at a general meeting of the Company. Shareholders should follow the requirements and procedures as set out in Section 79 of the Act for putting forward such proposal at a general meeting.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Suite 3901, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Fax: (852) 2866 0281
Email: cs@cwpgroup.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Corporate Governance Report

Investor Relations

The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. Subject to the Act and the bye-laws of the Company, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Constitutional Document

There are no changes in the Company's constitutional document during the year.

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF CONCORD NEW ENERGY GROUP LIMITED

(Formerly known as China WindPower Group Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Concord New Energy Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 170, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Independent Auditor's Report *(Continued)*

TO THE SHAREHOLDERS OF CONCORD NEW ENERGY GROUP LIMITED *(Continued)*

(Formerly known as China WindPower Group Limited)

(incorporated in Bermuda with limited liability)

Auditor's Responsibility *(Continued)*

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 Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Revenue	6	3,549,639	1,882,610
Other income	6	25,383	46,401
Other gains, net	7	166,487	177,204
Exchange gains, net	7	3,765	10,538
Expenses			
Cost of construction and inventories sold	10	(2,916,660)	(1,436,399)
Inventory write-down	21	—	(39,934)
Employee benefit expense	8, 10	(149,861)	(149,965)
Depreciation and amortisation	10	(109,431)	(63,991)
Operating lease payments		(4,052)	(2,537)
Other expenses		(117,358)	(114,438)
Finance costs	9	(105,722)	(103,496)
Share of results of associates			
— Share of results before provision for receivables	19	7,645	3,272
— Provision for receivables	19(vi)	—	(2,380)
Share of results of joint ventures			
— Share of results before provision for receivables	20	42,062	59,994
— Provision for receivables	20(ix)	—	(73,785)
Profit before income tax		391,897	193,094
Income tax expense	11	(73,786)	(41,967)
Profit for the year		318,111	151,127
Profit attributable to:			
Owners of the Company		317,188	151,117
Non-controlling interests		923	10
		318,111	151,127

Consolidated Income Statement (Continued)

For the year ended 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Earnings per share attributable to owners of the Company during the year			
Basic earnings per share	<i>13(a)</i>	3.62 HK cents	2.03 HK cents
Diluted earnings per share	<i>13(b)</i>	3.62 HK cents	2.03 HK cents

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	318,111	151,127
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences		
— Group	(7,023)	69,365
— Associates	(1,229)	10,326
— Joint ventures	(4,352)	46,202
— Recycling upon loss of control over subsidiaries	(12,446)	—
— Recycling upon disposal and partial disposal of joint ventures	—	(32,024)
Total other comprehensive (loss)/ income for the year, net of tax	(25,050)	93,869
Total comprehensive income for the year	293,061	244,996
Total comprehensive income attributable to:		
Owners of the Company	291,866	244,642
Non-controlling interests	1,195	354
	293,061	244,996

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	2,817,908	2,238,277
Leasehold land and land use rights	16	149,214	147,699
Intangible assets	17	1,355,554	1,361,973
Interests in associates	19	370,741	369,950
Interests in and advances to joint ventures	20	1,623,384	1,486,510
Available-for-sale financial assets	23	697	—
Prepayments, deposits and other receivables	25	253,391	22,931
Deferred tax assets	34	7,418	15,168
		6,578,307	5,642,508
Current assets			
Inventories	21	350,374	449,450
Trade and bill receivables	24	550,183	524,103
Prepayments, deposits and other receivables	25	928,732	806,825
Amounts due from associates	19	85,992	66,580
Amounts due from joint ventures	20	1,167,519	511,524
Cash and cash equivalents	26	1,105,341	1,850,209
		4,188,141	4,208,691
Non-current assets held for sale	37	23,643	—
		4,211,784	4,208,691
Total assets		10,790,091	9,851,199
LIABILITIES			
Non-current liabilities			
Borrowings	30	1,358,756	1,262,479
Deferred tax liabilities	34	6,023	4,875
Deferred government grants	35	21,435	16,952
Loans from a joint venture	20	155,833	—
		1,542,047	1,284,306

Consolidated Balance Sheet (Continued)

As at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Current liabilities			
Trade and bill payables	28	2,355,188	1,304,735
Other payables and accruals	29	529,918	823,359
Amounts due to associates	19	29,039	79,848
Amounts due to joint ventures	20	187,276	270,867
Borrowings	30	357,486	1,067,713
Current income tax liabilities		33,516	26,485
		3,492,423	3,573,007
Total liabilities			
		5,034,470	4,857,313
Net current assets			
		719,361	635,684
Total assets less current liabilities			
		7,297,668	6,278,192
Net assets			
		5,755,621	4,993,886
EQUITY			
Equity attributable to owners of the Company			
Share capital	31	89,462	80,187
Reserves		5,564,813	4,891,264
		5,654,275	4,971,451
Non-controlling interests		101,346	22,435
Total equity			
		5,755,621	4,993,886

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

The financial statements on pages 34 to 170 were approved by the Board of Directors on 19 March 2015 and were signed on its behalf.

Liu Shunxing
Director

Ko Chun Shun, Johnson
Director

Balance Sheet

As at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	—	—
Interests in subsidiaries	18	1,407,096	1,382,487
Deposits	25	669	669
		1,407,765	1,383,156
Current assets			
Trade receivables	24	—	5,657
Amounts due from subsidiaries	18	1,059,320	1,297,463
Amounts due from joint ventures	20	608	360
Cash and cash equivalents	26	24,961	184,709
		1,084,889	1,488,189
Total assets		2,492,654	2,871,345
LIABILITIES			
Current liabilities			
Borrowings	30	—	952,528
Other payables and accruals	29	8,820	19,822
Amounts due to subsidiaries	18	388,567	177,792
Total liabilities		397,387	1,150,142
Net current assets		687,502	338,047
Total assets less current liabilities		2,095,267	1,721,203
Net assets		2,095,267	1,721,203

Balance Sheet (Continued)

As at 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>31</i>	89,462	80,187
Reserves	<i>33</i>	2,005,805	1,641,016
Total equity		2,095,267	1,721,203

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

The financial statements on pages 34 to 170 were approved by the Board of Directors on 19 March 2015 and were signed on its behalf.

Liu Shunxing
Director

Ko Chun Shun, Johnson
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Premium arising on acquisition of non-controlling interests HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings (Note 33(ii)) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2013	73,936	2,341	2,675,788	(35,481)	354,569	118,673	1,264,180	4,454,006	992	4,454,998
Comprehensive income										
Profit for the year	—	—	—	—	—	—	151,117	151,117	10	151,127
Other comprehensive income										
Currency translation differences										
— Group	—	—	—	—	69,021	—	—	69,021	344	69,365
— Associates	—	—	—	—	10,326	—	—	10,326	—	10,326
— Joint ventures	—	—	—	—	46,202	—	—	46,202	—	46,202
— Recycling upon disposal and partial disposal of joint ventures	—	—	—	—	(32,024)	—	—	(32,024)	—	(32,024)
Total other comprehensive income, net of tax	—	—	—	—	93,525	—	—	93,525	344	93,869
Total comprehensive income	—	—	—	—	93,525	—	151,117	244,642	354	244,996
Total contributions by and distributions to owners of the Company recognised directly in equity										
Subscription of new ordinary shares	6,000	251,770	—	—	—	—	—	257,770	—	257,770
Exercise of share options	251	10,770	—	—	—	(3,425)	—	7,596	—	7,596
Share-based compensation	—	—	—	—	—	7,437	—	7,437	—	7,437
Total contributions by and distributions to owners of the Company	6,251	262,540	—	—	—	4,012	—	272,803	—	272,803
Non-controlling interests arising on business combination	—	—	—	—	—	—	—	—	21,089	21,089
Total transactions with owners	6,251	262,540	—	—	—	4,012	—	272,803	21,089	293,892
Balance at 31 December 2013	80,187	264,881	2,675,788	(35,481)	448,094	122,685	1,415,297	4,971,451	22,435	4,993,886

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Premium arising on acquisition of non-controlling interests HK\$'000	Exchange reserve HK\$'000	Other reserves HK\$'000	Retained earnings (Note 33(ii)) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2014	80,187	264,881	2,675,788	(35,481)	448,094	122,685	1,415,297	4,971,451	22,435	4,993,886
Comprehensive income										
Profit for the year	—	—	—	—	—	—	317,188	317,188	923	318,111
Other comprehensive (loss)/income										
Currency translation differences										
— Group	—	—	—	—	(7,295)	—	—	(7,295)	272	(7,023)
— Associates	—	—	—	—	(1,229)	—	—	(1,229)	—	(1,229)
— Joint ventures	—	—	—	—	(4,352)	—	—	(4,352)	—	(4,352)
— Recycling upon loss of control over subsidiaries	—	—	—	—	(12,446)	—	—	(12,446)	—	(12,446)
Total other comprehensive (loss)/income, net of tax	—	—	—	—	(25,322)	—	—	(25,322)	272	(25,050)
Total comprehensive (loss)/income	—	—	—	—	(25,322)	—	317,188	291,866	1,195	293,061
Total contributions by and distributions to owners of the Company recognised directly in equity										
Subscription of new ordinary shares	8,800	369,600	—	—	—	—	—	378,400	—	378,400
Exercise of share options	475	20,954	—	—	—	(7,087)	—	14,342	—	14,342
Share-based compensation	—	—	—	—	—	3,098	—	3,098	—	3,098
Total contributions by and distributions to owners of the Company	9,275	390,554	—	—	—	(3,989)	—	395,840	—	395,840
Non-controlling interests arising on partial disposal of subsidiaries	—	—	—	—	—	—	—	—	100,965	100,965
Acquisition of non-controlling interests (Note 40)	—	—	—	—	—	(4,882)	—	(4,882)	(22,494)	(27,376)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	(755)	(755)
Total transactions with owners	9,275	390,554	—	—	—	(8,871)	—	390,958	77,716	468,674
Balance at 31 December 2014	89,462	655,435	2,675,788	(35,481)	422,772	113,814	1,732,485	5,654,275	101,346	5,755,621

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities			
Cash generated from operations	36(a)	353,097	461,207
Income tax paid		(59,035)	(75,556)
Net cash generated from operating activities		294,062	385,651
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,863,807)	(357,013)
Capital injection to joint ventures		(85,149)	(212,057)
Capital injection to associates		—	(62,787)
Prepayment to an associate		(19,688)	—
Purchases of leasehold and land use rights		(8,034)	—
Net proceeds from disposal of available-for-sale financial assets		—	2,910
Net proceeds received from joint venture partners	36(b), (c)	16,822	267,116
Net proceeds from disposal of subsidiaries	36(d)	346,347	73,185
Acquisition of subsidiaries, net of cash acquired	36(e)	2,579	(108,576)
Acquisition of non-controlling interests		(27,376)	—
Net proceeds from disposal of property, plant and equipment	36(g)	116,424	1,161
Net proceeds from disposal of financial assets at fair value through profit or loss		14,030	1,668
Dividends received from associates		—	1,587
Dividends received from joint ventures		—	67,463
Loan granted to joint ventures		—	(222,004)
Loan to a third party		(1,340,825)	—
Loan repayments received from joint ventures		—	136,235
Receipts of government grants		5,863	9,900
Loan repayments received from third parties		—	45,358
Interest received		7,963	19,152
Net cash used in investing activities		(2,834,851)	(336,702)

Consolidated Cash Flow Statement (Continued)

For the year ended 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		378,400	257,770
Net proceeds from exercise of share options		14,342	7,596
Proceeds from borrowings		2,547,937	989,826
Repayment of borrowings		(1,062,618)	(106,216)
Dividends paid to non-controlling interests		(755)	—
Interest paid		(74,157)	(111,185)
Net cash generated from financing activities		1,803,149	1,037,791
Net (decrease)/increase in cash and cash equivalents		(737,640)	1,086,740
Cash and cash equivalents at beginning of the year		1,850,209	731,167
Exchange (loss)/ gain on cash and cash equivalents		(7,228)	32,302
Cash and cash equivalents at end of the year		1,105,341	1,850,209
Analysis of balances of cash and cash equivalents			
Cash and bank balances	<i>26</i>	1,105,341	1,850,209

The notes on pages 45 to 170 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

Concord New Energy Group Limited (Formerly known as China WindPower Group Limited) (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered address office is Suite 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

On 9 February 2015, a Special General Meeting (“SGM”) was held by the Company which the English name of the Company was approved to be changed from “China WindPower Group Limited” to “Concord New Energy Group Limited” and the adoption of “協合新能源集團有限公司” replacing “中國風電集團有限公司” as the Chinese name of the Company and become effective on 9 February 2015.

During the year, the Company and its subsidiaries (together the “Group”) were involved in the following principal activities of engineering, procurement, construction and equipment manufacturing, power plant operation and maintenance, and investment in power plants.

The shares of the Company are listed on the Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”).

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2015.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit” as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

The preparation of consolidated financial statements in conformity with HKFRSs 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.

There are no amended standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have a material impact on the Group.

New standards, amendments to standards and interpretation that have been issued but were not effective

The following new standards, amendments to standards and interpretation which have been issued by the HKICPA as of 31 December 2014 may impact to the Group in future years but are not yet effective for the year ended 31 December 2014 and have not been early adopted in these financial statements:

		Applicable accounting period to the Group
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9 (2014)	Financial Instruments	1 January 2018
HKFRS 10 (Amendment) and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
HKFRSs (Amendment)	Annual Improvements 2010-2012 Cycle	1 July 2014
HKFRSs (Amendment)	Annual Improvements 2011-2013 Cycle	1 July 2014
HKFRSs (Amendment)	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group has commenced an assessment of the impact of these new, amended and revised HKFRSs but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.2 Consolidation

(a) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.6).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associates and joint ventures ("JVs")

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. JVs are joint arrangement whereby the venture partners that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and JVs are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of its associates' and JVs' post-acquisition profits or losses are recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates or JVs equal or exceed its interests in the associates or JVs, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates or JVs.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(b) Associates and joint ventures (“JVs”) *(Continued)*

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates or JVs are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or JVs and their carrying value and recognises the amount adjacent to 'share of results of associates/JVs' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates or JVs are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates or JVs. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and JVs have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains or losses on dilution of equity interest in associates and JVs are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in associates and JVs are stated at cost less impairment (Note 2.8). The results of associates and JVs are accounted for by the Company on the basis of dividend received and receivable.

(c) Disposal/partial disposal

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

When the Group receives a consideration from another venture partner as a compensation for the Group to contribute its non-monetary assets/business to a JV, the difference between the fair value of consideration received from the venture partner and the portion of carrying amount of non-monetary assets/business contributed attributable to equity interests of the other venture partner is recognised as a gain or loss in the consolidated income statement. The unrealised gains or losses on non-monetary assets/business contributed to JVs are eliminated against the investment under the equity method.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(c) Disposal/partial disposal (Continued)

If the Group's ownership interest in a joint venture is reduced, but the investment continues to be a joint venture, the Group shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

If the ownership of interest in a joint venture, which is accounted for under the equity method, is reduced, and the investment becomes an associate which continues to be accounted for under the equity method, the Group shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognised in other comprehensive income.

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

When the Group ceases to have control or significant influence over an entity, any retained interest in the entity is re-measured to its fair value at the date when the control and significant influence is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. As a result, the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Renminbi ("RMB"), the currency of the primary economic environment in which the entity operates ("the functional currency"). As the Company is listed on the Main Board of the Hong Kong Stock Exchange, the directors consider that it will be more appropriate to adopt Hong Kong Dollars ("HK\$") as the Group's and the Company's presentation currency. Accordingly, the consolidated financial statements are presented in HK\$.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other income' and 'finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'exchange gain, net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from translation of inter-company loan balances between group entities are recognised in other comprehensive income and accumulated in equity under 'exchange reserve' when such loans form part of the Group's net investments in foreign entities. When such loans are repaid, the related exchange gains or losses are reclassified to the consolidated income statement.

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. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a JV that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity under 'exchange reserve' in respect of that operation attributable to the owners of the Company are reclassified to the consolidated income statement as a part of gain or loss of disposal.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(d) Disposal of foreign operation and partial disposal *(Continued)*

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or JVs that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the consolidated income statement as a part of gain or loss of disposal.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to qualifying assets.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20 to 25 years
Leasehold improvements	Over the shorter of useful lives and lease terms
Furniture, fixtures and equipment	3 to 20 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.5 Property, plant and equipment *(Continued)*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and JVs and represents the excess consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates or JVs is included in interests in associates or JVs and is tested for impairment as part of the overall balances.

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

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

(b) Other intangible assets

Intangible assets acquired in business combination are identified and recognised separately from goodwill where they satisfy the definition of intangible assets and their fair values can be measured reliably. Such intangible assets are recognised at their fair values at the acquisition date. The other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs over their estimated useful lives of 20 years.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.7 Leasehold land and land use rights

The leasehold land and land use rights have finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of land use rights over the lease terms.

2.8 Impairment of investments in subsidiaries, associates, JVs and non-financial assets

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

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

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and joint ventures and their carrying value and recognises the amount adjacent to 'share of results of associates' and 'share of results of joint ventures' accounted for using equity method' in the income statement.

2.9 Financial assets

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.9 Financial assets *(Continued)*

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and bill receivables, deposits and other receivables, amounts due from associates and JVs, loan to a JV and cash and cash equivalents in the consolidated and company balance sheets (Notes 2.13 and 2.14).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss categories are presented in the consolidated income statement within 'other gains, net' in the period in which they arise.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.9 Financial assets *(Continued)*

(c) Available-for-sale financial assets *(Continued)*

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustment recognised in equity are included in the consolidated income statement as 'other gains, net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of JVs to secure loans.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.10.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Management determines the provision for impairment of receivables. This estimate is based on the credit history of its receivables and the current market condition. Management reassesses the provision at each reporting date.

Significant judgement is exercised on the assessment of the collectability of receivables. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.10 Impairment of financial assets *(Continued)*

(a) Assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the specific identification of their individual costs. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.12 Construction contracts

A construction contract is defined by HKAS11 as a contract specifically negotiated for the construction of an asset. The accounting policy for contract revenue is set out in Note 2.22.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the percentage of completion method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the percentage of surveys of work performed for individual contract up to the reporting date. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits exceed progress billings and a contract represents a liability where the opposite is the case.

The Group presents as an asset the gross amount due from customers (including associates and JVs) for contract work for all contracts in progress for which costs incurred plus recognised profits exceed progress billings. Progress billings not yet paid by customers and retention are included in 'trade and bill receivables'.

The Group presents as a liability the gross amount due to customers (including associates and JVs) for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables mainly represent amounts due from the People's Republic of China ("PRC") local government authority in relation to the amounts paid to guarantee the construction projects of power plants. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, bill and other receivables and amounts due from subsidiaries, associates and JVs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks.

2.15 Share capital

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

Where the Company purchases the company's equity share capital for cancellation, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and amounts due to subsidiaries, associates and JVs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method except for borrowing costs capitalised for qualifying assets (Note 2.5).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 date.

2.18 Borrowing costs

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

2.19 Current and deferred income tax

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

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.19 Current and deferred income tax *(Continued)*

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

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and JVs, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on temporary differences arising from the elimination of unrealised gains on transactions between subsidiaries of the Group. They are amortised at a rate according to depreciation rate of assets retained within the Group.

Investment tax credits are tax benefits received only for investment in specific assets. The tax benefit is recognised separately from related assets as deferred government grant and amortised over the estimated useful lives of the related assets in the consolidated income statement.

2.20 Employee benefits

(a) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are recognised within 'employee benefit expense' in the consolidated income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.20 Employee benefits *(Continued)*

(a) Pension obligations *(Continued)*

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal government. The subsidiaries are required to contribute certain percentage of the payroll costs to the central pension schemes. The contributions are recognised within 'employee benefit expense' in the consolidated income statement as they become payable in accordance with the rules of the central pension schemes.

(b) Share-based compensation

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Forfeiture occurs when either a service or a non-market vesting condition is not met.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to interests in subsidiaries undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.20 Employee benefits *(Continued)*

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Provisions

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

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

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

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and value-added tax and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities as described below.

- (i) Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyers and the goods are accepted by the customers and collectability of the related receivables is reasonably assured.
- (ii) Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.
- (iii) Contract revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of surveys of work performed (Note 2.12).
- (iv) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable. Dividend income is recognised when the shareholders' right to receive payment has been established.
- (v) Dealings in securities and sale of investments are recognised on the transaction dates when the relevant contract notes are exchanged or on the settlement dates when the securities are delivered.
- (vi) Electricity income is recognised when electricity is generated and transmitted.

2.23 Government grants

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

Government grant relating to land use rights and property, plant and equipment are included in non-current liabilities as deferred government grant and are credited to the consolidated income statement within 'other income' on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies *(Continued)*

2.23 Government grants *(Continued)*

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

2.24 Leases

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

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

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

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.25 Dividend distribution

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

2.26 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the Consolidated Financial Statements

3. Financial risk management

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks. The management periodically analyses and reviews measures to manage its exposure to market risk (including foreign currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its risk management and has not used any derivatives or other instruments for hedging purposes.

As at 31 December 2014, the Group financial instruments mainly consisted of trade and bills receivables, deposits and other receivables, amounts due from/to associates, amounts due from/to JVs, loans from/to a JV, cash and cash equivalents, trade and bill payables, other payables and accruals and borrowings. Details of these financial instruments are disclosed in Note 22.

(a) *Market risk*

(i) *Foreign exchange risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Group operates mainly in the PRC, the United States of America ("the US") and Hong Kong. Majority of revenues and cost of construction and inventories are denominated in RMB, same as the functional currency.

As at 31 December 2014 and 2013, certain bank balances, loan to a JV, prepayments, deposits and other receivables and other payables and accruals and a borrowing are denominated in United States dollars ("US\$") and hence exposed to foreign exchange risk.

As at 31 December 2014 and 2013, certain cash and bank balances, deposits and other receivables and other payables and accruals are denominated in Hong Kong dollars ("HK\$") and hence exposed to foreign exchange risk.

Details of the Group's loan to a JV, prepayments, deposits and other receivables, bank balances, other payables and accruals and borrowings denominated in foreign currencies are disclosed in Notes 20, 25, 26, 29 and 30, respectively.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) **Market risk** *(Continued)*

(i) *Foreign exchange risk (Continued)*

As at 31 December 2014, if US\$ had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the year and equity would increase/decrease by HK\$4,065,000 (2013: HK\$3,538,000), mainly as a result of foreign exchange gains/losses on translation of US\$ denominated trade and other receivables, loan to a JV, bank balances, other payables and a borrowing.

As at 31 December 2014, if HK\$ had strengthened/weakened by 5% against RMB with all other variable held constant, the profit for the year and equity would increase/decrease by HK\$9,835,000 (2013: HK\$15,573,000), mainly as a result of foreign exchange losses/gains on translation of HK\$ denominated other receivables, bank balances and other payables.

(ii) *Cashflow and fair value interest rate risk*

Cashflow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate as it is issued at fixed interest rates.

The Group's cashflow interest rate risk arises from bank balances, loan to a JV, loans to third parties and borrowings. Borrowings issued at variable rates expose the Group to cashflow interest rate risk which is partially offset by bank balances held at variable rates.

The interest rate profile of the Group's bank balances and borrowings are disclosed in Notes 26 and 30 respectively. The cash deposits placed with banks generate interest at the prevailing market interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year and equity would increase/decrease by HK\$1,060,000 (2013: HK\$2,130,000). This is mainly attributable to the Group's exposure to interest income/expenses on floating rate bank balances and borrowings.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the respective notes to the consolidated financial statements.

Credit risk is managed on a group basis. Both trade and bill receivables and amounts due from associates and JVs arise during the course of the Group's business operations and are trade in nature. For trade receivables, the management of the Group limit credit risk by assessing the credit quality of the customer, perform ongoing credit evaluation taking into account its financial position, past trade experience and other factors. For the amounts due from associates and JVs, the Group has significant influence or joint operational control over its associates and JVs and their financial positions with other ventures are regularly monitored in order to minimise the credit risk associated with receivables due from associates and JVs. The Group has policies in place to review the recoverability of trade receivables and amounts due from associates and JVs on an ongoing basis and assess the adequacy of provision for impairment.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the consolidated and company balance sheets.

In addition, the Group also provides certain guarantee for a JV's borrowing, the maximum credit risk relating to the guarantee is disclosed in Note 38.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash reserves and banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows and match maturity profiles of financial assets and liabilities.

As at 31 December 2014, the Group has available unutilised bank and other loans facilities of approximately HK\$967,394,000 (2013: HK\$764,179,000).

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) **Liquidity risk** *(Continued)*

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay. Balances due within twelve months approximate their carrying balances, as the impact of discounting was not significant.

As at 31 December 2014

	Group				
	Less than 3 months HK\$'000	3-6 months HK\$'000	6-12 months HK\$'000	1-2 years HK\$'000	Over 2 years HK\$'000
Trade and bill payables	2,355,188	—	—	—	—
Other payables and accruals	311,487	—	—	—	—
Amounts due to JVs	47,679	—	—	—	—
Borrowings (excluding finance lease liabilities)	66,698	48,806	273,483	129,570	867,406
Finance lease liabilities	9,068	8,871	33,085	93,761	590,446
Loans from a joint venture	—	—	—	—	155,833
Financial guarantee <i>(Note 38)</i>	38,922	24,259	86,953	235,835	533,205

	Company				
	Less than 3 months HK\$'000	3-6 months HK\$'000	6-12 months HK\$'000	1-2 years HK\$'000	Over 2 years HK\$'000
Other payables and accruals	8,820	—	—	—	—
Amounts due to subsidiaries	388,567	—	—	—	—
Financial guarantee <i>(Note 38)</i>	38,922	24,259	86,953	235,835	533,205

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

As at 31 December 2013

	Less than 3 months <i>HK\$'000</i>	3-6 months <i>HK\$'000</i>	Group 6-12 months <i>HK\$'000</i>	1-2 years <i>HK\$'000</i>	Over 2 years <i>HK\$'000</i>
Trade and bill payables	1,304,735	—	—	—	—
Other payables and accruals	277,268	—	—	—	—
Amounts due to associates	47,779	—	—	—	—
Amounts due to JVs	9,682	—	—	—	—
Borrowings	27,011	998,319	140,511	189,612	1,712,769
Financial guarantee <i>(Note 38)</i>	62,159	—	60,361	116,655	541,958

	Less than 3 months <i>HK\$'000</i>	3-6 months <i>HK\$'000</i>	Company 6-12 months <i>HK\$'000</i>	1-2 years <i>HK\$'000</i>	Over 2 years <i>HK\$'000</i>
Other payables and accruals	19,822	—	—	—	—
Amounts due to subsidiaries	177,792	—	—	—	—
Borrowings	—	969,122	—	—	—
Financial guarantee <i>(Note 38)</i>	62,159	—	60,361	116,655	541,958

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.2 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as equity plus borrowings.

The Group's total borrowings and total capital positions as at 31 December 2014 and 2013 were as follows:

	2014 HK\$'000	2013 HK\$'000
Total borrowings	1,716,242	2,330,192
Total equity	5,755,621	4,993,886
Total capital	7,471,863	7,324,078
Gearing ratio	23%	32%

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.3 Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2014				
Available-for-sale financial assets <i>(Note 23)</i>	—	—	697	697
As at 31 December 2013				
Available-for-sale financial assets <i>(Note 23)</i>	—	—	—	—

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Financial instruments valued with reference to the quoted market price are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

Note that all the fair value estimates on the available-for-sale financial are included in level 3.

The following table presents the changes in level 3 instruments for the year ended 31 December 2014 and 2013.

	2014 HK\$'000	2013 HK\$'000
Opening balance	—	2,775
Additions	697	—
Disposal	—	(2,775)
Closing balance	697	—
Total gains or losses for the year included in profit or loss for assets disposed during the year	—	458

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet	
				Cash collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2014					
Trade receivables	668,825	(134,659)	534,166	—	534,166
Prepayment	659,659	(186,190)	473,469	—	473,469
Amounts due from joint ventures	1,292,600	(125,081)	1,167,519	—	1,167,519
Amounts due from associates	118,114	(32,122)	85,992	—	85,992
Total	2,739,198	(478,052)	2,261,146	—	2,261,146
As at 31 December 2013					
Amounts due from joint ventures	714,002	(202,478)	511,524	—	511,524
Amounts due from associates	79,422	(12,842)	66,580	—	66,580
Total	793,424	(215,320)	578,104	—	578,104

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.4 Offsetting financial assets and financial liabilities *(Continued)*

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts of recognised financial liabilities <i>HK\$'000</i>	Gross amounts of recognised financial assets set off in the balance sheet <i>HK\$'000</i>	Net amounts of financial liabilities presented in the balance sheet <i>HK\$'000</i>	Related amounts not set off in the balance sheet	
				Cash collateral received <i>HK\$'000</i>	Net amount <i>HK\$'000</i>
As at 31 December 2014					
Trade payables	2,189,561	(244,129)	1,945,432	—	1,945,432
Receipt in advance	174,258	(76,720)	97,538	—	97,538
Amounts due to joint ventures	312,357	(125,081)	187,276	—	187,276
Amounts due to associates	61,161	(32,122)	29,039	—	29,039
Total	2,737,337	(478,052)	2,259,285	—	2,259,285
As at 31 December 2013					
Amounts due to joint ventures	473,345	(202,478)	270,867	—	270,867
Amounts due to associates	92,690	(12,842)	79,848	—	79,848
Total	566,035	(215,320)	350,715	—	350,715

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

Notes to the Consolidated Financial Statements

4. Critical accounting estimates and judgements

In preparing the consolidated financial statements, management is required to exercise significant judgements in the selection and application of accounting principles, as well as in making estimates and assumptions. The following is a review of the significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

(a) Revenue recognition

The Group uses the percentage of completion method in accounting for contract revenue from the individual contract of construction works and revenue from fixed-price contracts to deliver services to customers. The percentage of completion of construction works is determined by reference to the percentage of surveys of work performed for individual contract at the reporting date. Because of the nature of activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses. In addition, use of the percentage of completion method for service revenue required the Group to estimate the service performed to date as a proportion of the total services to be performed. The Group regularly reviews and revises the estimation of the total services to be performed during the services rendering.

(b) Income tax

The Group is subject to income taxes in numerous jurisdictions, including Hong Kong and the PRC. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Notes to the Consolidated Financial Statements

4. Critical accounting estimates and judgements *(Continued)*

(c) Impairment of assets

At each reporting date, the Group reviews internal and external sources of information to identify indications that the following assets which are significant to the Group and/or the Company may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- goodwill and other intangible asset;
- interests in subsidiaries, associates and JVs;
- inventories;
- available-for-sale financial assets; and
- trade and other receivables

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill that has indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The sources utilised to identify indications of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given reporting date.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Group or the Company to estimate the recoverable amount, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's or the Company's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or the Group or the Company may engage external advisors to counsel the Group or the Company in making this assessment. Regardless of the resources utilised, the Group or the Company is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset.

Notes to the Consolidated Financial Statements

4. Critical accounting estimates and judgements *(Continued)*

(d) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment with similar nature and function. It could change significantly as a result of changes in the Group's operations including any future relocation or renovation of the Group's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down assets that have been abandoned or sold.

(e) Sale and leaseback transactions

The Group has entered into several sales and leaseback transactions during the year. Management assessed whether the sales and leaseback transactions should be accounted for as a secured borrowing when: the Group retains all the risks and rewards incident to ownership of an underlying asset and enjoys substantially the same rights to its use as before the arrangement. An option is included on terms that make its exercise almost certain.

The Group's interpretations on whether the lessee conveys a right to use of the underlying assets in the transactions have a direct impact on whether the transactions should be accounted for using present value of the minimum lease payment or at amortised cost.

5. Segment information

(a) Business segments

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making.

The Executive Directors consider the business from a product and service perspectives. The Group has, reported on three operating segments as follows:

- Engineering, procurement, construction and equipment manufacturing — providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects, providing the funding in a form of sale and leaseback arrangement and manufacturing of tower tube and gear box equipment for power business;
- Power plant operation and maintenance — providing operation and maintenance services to power plants; and
- Investment in power plants — investing in power plants.

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

The Executive Directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments.

Segment assets comprise goodwill, interests in associates, interests in and advances to JVs, property, plant and equipment, leasehold land and land use rights, other intangible assets, available-for-sale financial assets, inventories, receivables and cash and cash equivalents which are related to the segments.

Segment assets included goodwill amounted to HK\$96,087,000 (2013: HK\$100,670,000), HK\$76,929,000 (2013:HK\$77,855,000) and HK\$1,175,560,000 (2013: HK\$1,176,041,000) allocated to the “engineering, procurement, construction and equipment manufacturing” segment, “power plant operation and maintenance” segment and “investment in power plants” segment, respectively.

As at 31 December 2014, non-current assets held for sale of HK\$23,643,000 was included in “investment in power plants” segment.

Segment liabilities comprise payables, borrowings, current income tax liabilities and deferred government grant which are related to the segments.

Inter-segment sales and transfers are transacted at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Sales to external customers included revenue from sales of goods amounted to HK\$2,696,896,000 (2013: HK\$1,127,597,000), revenue from construction service amounted to HK\$588,672,000 (2013: HK\$597,941,000) and revenue from operation and maintenance, consultancy and design services amounted to HK\$264,071,000 (2013: HK\$157,072,000).

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 December 2014

	Engineering, procurement, construction and equipment manufacturing HK\$'000	Power plant operation and maintenance HK\$'000	Investment in power plants HK\$'000	Total HK\$'000	
Segment revenue					
Inter-segment sales	76,117	(9,612)	(66,505)	—	
Sales to external customers	3,187,217	123,326	239,096	3,549,639	
Segment results	107,262	42,295	175,514	325,071	
Finance income	1,836	50	6,077	7,963	
Other gains, net	(7,257)	—	159,714	152,457	
Unallocated income				31,450	
Unallocated expenses				(35,953)	
Finance costs	(4,446)	(16)	(84,629)	(89,091)	
Profit before income tax				391,897	
Income tax expense	(61,187)	(7,917)	(4,682)	(73,786)	
Profit for the year				318,111	
Segment assets	2,818,969	370,690	7,524,537	10,714,196	
Unallocated assets				75,895	
Total assets				10,790,091	
Segment liabilities	(3,068,053)	(17,509)	(1,889,278)	(4,974,840)	
Unallocated liabilities				(59,630)	
Total liabilities				(5,034,470)	
Other segment information				Unallocated	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,758	1,998	1,884,296	29	1,888,081
Depreciation of property, plant and equipment	34,362	4,353	71,204	20	109,939
Amortisation of other intangible assets and prepaid operating lease payment	5,866	—	168	403	6,437
Loss/(Gain) on disposal of property, plant and equipment	1,074	(15)	(28,799)	—	(27,740)
Share-based compensation	708	157	1,071	1,162	3,098

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 December 2013

	Engineering, procurement, construction and equipment manufacturing <i>HK\$'000</i>	Power plant operation and maintenance <i>HK\$'000</i>	Investment in power plants <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Segment revenue					
Inter-segment sales	389,020	11,035	(400,055)	—	
Sales to external customers	1,643,670	124,667	114,273	1,882,610	
Segment results	56,356	46,404	117,791	220,551	
Finance income	2,727	244	1,047	4,018	
Other gains, net	(3,030)	—	178,109	175,079	
Unallocated income				44,509	
Unallocated expenses				(90,809)	
Finance costs	(8,039)	(1)	(36,115)	(44,155)	
Share of joint ventures and an associate's provision for receivables	—	—	(76,165)	(76,165)	
Inventory write-down	(39,934)	—	—	(39,934)	
Profit before income tax				193,094	
Income tax expense	(35,600)	(8,409)	2,042	(41,967)	
Profit for the year				151,127	
Segment assets	2,651,108	367,541	6,604,354	9,623,003	
Unallocated assets				228,196	
Total assets				9,851,199	
Segment liabilities	(2,402,897)	(20,756)	(1,460,502)	(3,884,155)	
Unallocated liabilities				(973,158)	
Total liabilities				(4,857,313)	
Other segment information				Unallocated	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	9,982	326	555,997	—	566,305
Depreciation of property, plant and equipment	36,243	4,090	37,390	20	77,743
Amortisation of other intangible assets and prepaid operating lease payment	5,825	—	—	121	5,946
(Gain)/loss on disposal of property, plant and equipment	(549)	—	118	—	(431)
Share-based compensation	1,601	485	3,338	2,013	7,437

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(b) Geographical segments

The Company is domiciled in Bermuda. None of its revenue was generated from external customers in Bermuda, and no non-current assets are located in Bermuda.

Management considers the geographical segments with revenue derived from different locations, which determined by the country in which the customer is operated. Engineering, procurement and construction and equipment manufacturing is operated in the PRC. The Group's power plant operation and maintenance activities are operated in the PRC, while investment in power plants is operated in the PRC and the US. There are no sales between geographical segments.

Total assets and capital expenditures are allocated based on the geographical location of the assets, mainly located in the PRC and other locations including the US and Hong Kong.

The Group's revenue, total assets and capital expenditures by locations are analysed as follows:

	2014			2013		
	Revenue <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditures <i>HK\$'000</i>
The PRC	3,541,071	9,024,518	1,733,906	1,860,879	8,351,171	537,896
Others	8,568	1,765,573	154,175	21,731	1,500,028	28,409
	3,549,639	10,790,091	1,888,081	1,882,610	9,851,199	566,305

(c) Major customers

Two (2013: One) external customers contribute more than 10% revenue of the Group. These revenues are attributable to the engineering, procurement and construction and equipment manufacturing segment. The revenue of these customers are summarised below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	1,007,767	554,824
Customer B	539,346	N/A

Notes to the Consolidated Financial Statements

6. Revenue and other income

Revenue represents consultancy and construction income, the net invoiced value of goods sold and other services rendered during the year.

	Group	
	2014	2013
	HK\$'000	HK\$'000
Revenue	3,549,639	1,882,610
Other income		
Interest income	16,870	24,535
Subletting income	4,993	7,139
Government grants (<i>Note</i>)	1,344	11,481
Others	2,176	3,246
	25,383	46,401

Note:

For the year ended 31 December 2014, the Group obtained government grants of HK\$5,863,000 of which HK\$587,000 was recognised as income from the US government to subsidise technical development and support. The remaining balance is deferred over a period of 5 years.

For the year ended 31 December 2013, the Group obtained government grants of HK\$9,900,000 and recognised as income from the US government to subsidise for technical development and support.

Notes to the Consolidated Financial Statements

7. Other gains, net and exchange gains, net

An analysis of other gains, net and exchange gains, net are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Other gains, net		
Loss on businesses or assets contribution to JVs (<i>Note 36(b)</i>)	(13)	—
Gain on disposal and partial disposal of JVs (<i>Note 36(c)</i>)	—	137,881
Gain/(loss) on disposal of subsidiaries, net (<i>Note 36(d)</i>)	140,103	(9,310)
Gain on acquisition of subsidiaries (<i>Note 36(e)</i>)	24,174	46,439
Gain on partial disposal of a subsidiary (<i>Note 36(f)</i>)	—	68
Gain on disposal of available-for-sale financial assets	—	458
Net realised gains on disposal of financial assets at fair value through profit or loss	14,030	1,668
Adjustment of sales proceed of prior year's disposal of JVs	(11,807)	—
	166,487	177,204
Exchange gains, net		
Exchange gain on partial repayments of shareholders' loans	—	10,853
Others (<i>Note</i>)	3,765	(315)
	3,765	10,538

Note:

For the year ended 31 December 2014, the exchange gain represented the currency translation difference arising from the US dominated bank borrowing.

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' emoluments)

	Group	
	2014	2013
	HK\$'000	HK\$'000
Wages, salaries and bonuses	171,553	174,910
Pension costs — defined contribution plans (<i>Note (i)</i>)	23,219	22,675
Share-based compensation (<i>Note 32</i>)	3,098	7,437
	197,870	205,022
Less: Employee benefit expense capitalised (<i>Note (ii)</i>)	(48,009)	(55,057)
	149,861	149,965

Notes:

- (i) As at 31 December 2014, the Group had no significant forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Same).
- (ii) For the year ended 31 December 2014, employee benefit expense of HK\$6,970,000 (2013: HK\$8,077,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JVs under interests in associates and JVs (Notes 19 and 20). In addition, employee benefit expense of HK\$41,039,000 (2013: HK\$46,980,000) has been capitalised as construction in progress under property, plant and equipment (Note 15), work in progress under inventories (Note 21) and amounts due from/(to) customers for contract work (Note 27) as at 31 December 2014.

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' emoluments) (Continued)

(a) Directors' emoluments

Details of directors' emoluments are set out below:

	Group				Total HK\$'000
	For the year ended 31 December 2014				
	Fees HK\$'000	Basic salaries, bonuses, allowances and benefits HK\$'000	Employer's contribution to pension schemes HK\$'000	Share-based compensation (Note (ii)) HK\$'000	
Chairman					
Liu Shunxing (Note (i))	—	2,011	17	368	2,396
Executive Directors					
Ko Chun Shun, Johnson	—	1,040	12	—	1,052
Yang Zhifeng (Note (vii))	—	1,894	—	245	2,139
Wang Xun	—	878	—	245	1,123
Liu Jianhong	—	1,784	17	245	2,046
Yu Weizhou	—	1,696	—	245	1,941
Zhou Zhizhong (Note (ix))	—	1,252	—	245	1,497
Non-executive Directors					
Tsoi Tong Hoo, Tony (Note (iii))	108	—	—	20	128
Ko Wing Yan, Samantha (Note (viii))	36	592	12	98	738
Independent Non-executive Directors					
Wong Yau Kar, David, BBS, JP	144	—	—	20	164
Yap Fat Suan, Henry	144	—	—	20	164
Shang Li	144	—	—	—	144
Huang Jian (Note (vi))	144	—	—	—	144
Zhou Dadi (Note (v))	36	—	—	24	60
	756	11,147	58	1,775	13,736

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' emoluments) (Continued)

(a) Directors' emoluments (Continued)

	Group				Total HK\$'000
	For the year ended 31 December 2013				
	Fees HK\$'000	Basic salaries, bonuses, allowances and benefits HK\$'000	Employer's contribution to pension schemes HK\$'000	Share-based compensation (Note (ii)) HK\$'000	
Chairman					
Liu Shunxing (Note (i))	—	2,086	—	1,136	3,222
Executive Directors					
Ko Chun Shun, Johnson	—	1,046	15	16	1,077
Yang Zhifeng (Note (vii))	—	1,711	—	757	2,468
Wang Xun	—	535	—	757	1,292
Liu Jianhong	—	1,782	—	757	2,539
Yu Weizhou	—	1,588	—	750	2,338
Zhou Zhizhong (Note (ix))	—	1,494	—	740	2,234
Ko Wing Yan, Samantha (Note (viii))	—	795	30	308	1,133
Chan Kam Kwan, Jason (Note (iv))	—	300	15	87	402
Non-executive Director					
Tsoi Tong Hoo, Tony (Note (iii))	144	—	—	75	219
Independent Non-executive Directors					
Zhou Dadi (Note (v))	144	—	—	83	227
Wong Yau Kar, David, BBS, JP	144	—	—	69	213
Yap Fat Suan, Henry	144	—	—	69	213
Shang Li	144	—	—	—	144
Huang Jian (Note (vi))	144	—	—	—	144
	864	11,337	60	5,604	17,865

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' emoluments) *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

- (i) Mr. Liu Shunxing has resigned as the Chief Executive Officer ("CEO") of the Company but remains as the Chairman and Executive Director of the Company with effect from 12 November 2013.
- (ii) It represents amortisation of the fair value of share options measured at the grant date charged to the consolidated income statement over the reporting period, regardless of whether or not the share options have been exercised.
- (iii) Mr. Tsoi Tong Hoo, Tony has resigned as a Non-executive Director and a member of the Audit Committee with effect from 21 January 2014.
- (iv) Mr. Chan Kam Kwan, Jason has resigned as an Executive Director with effect from 21 January 2014.
- (v) Mr. Zhou Dadi has resigned as an Independent Non-executive Director on 21 January 2014.
- (vi) Ms. Huang Jian, an existing Independent Non-executive Director, has been appointed as a member of the Audit Committee with effect from 21 January 2014.
- (vii) Mr. Yang Zhifeng has been appointed as the Chief Executive of the Company with effect from 12 November 2013.
- (viii) Ms. Ko Wing Yan, Samantha has resigned as an Executive Director, and appointed as Non-executive Director from 30 September 2014.
- (ix) Mr. Zhou Zhizhong has resigned as an Executive Director with effect from 13 March 2015.
- (x) Mr. Gao Fuchun has been appointed as Non-executive Director with effect from 13 March 2015.

Save as those emoluments presented above, no other fees or emoluments were paid, have been or will be paid to the Independent Non-executive Directors in respect of the current year (2013: Same).

For the year ended 31 December 2014, there were no arrangement under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2013: Same).

Details of share options granted to directors are set out in Note 32 to the consolidated financial statements.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2013: five) directors whose emoluments are reflected in the analysis presented above.

Notes to the Consolidated Financial Statements

9. Finance costs

	Group	
	2014	2013
	HK\$'000	HK\$'000
Interest expenses:		
— Bank borrowings, wholly repayable within five years	58,240	8,040
— Bank borrowings, not wholly repayable within five years	30,851	36,115
— Guaranteed bond, wholly repayable within five years	38,412	67,330
	127,503	111,485
<i>Less: Interest capitalised (Note)</i>	(21,781)	(7,989)
	105,722	103,496

Note: For the year ended 31 December 2014, borrowing costs have been capitalised at various applicable rates ranging from 4.17% to 6.55% per annum for qualifying assets classified as construction in progress under property, plant and equipment (Note 15).

Notes to the Consolidated Financial Statements

10. Profit before income tax

Profit before income tax is stated after charging the following:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Cost of construction and inventories sold		
Cost of construction	521,972	510,631
Cost of inventories sold	2,394,688	925,768
	2,916,660	1,436,399
Depreciation of property, plant and equipment (<i>Note 15</i>)	103,821	59,811
Amortisation of prepaid operating lease payment (<i>Note 16</i>)	5,207	4,059
Amortisation of other intangible assets (<i>Note 17</i>)	403	121
	109,431	63,991
Auditor's remuneration	3,397	3,292
Business taxes and other levies	30,701	16,020
Inventory write-down (<i>Note 21</i>)	—	39,934
Provision for trade receivables (<i>Note 24</i>)	—	10,176
Provision for other receivables (<i>Note 25</i>)	100	—
Professional fee	8,912	15,887
Travelling expenses	12,539	10,364
Employee benefit expense	149,861	149,965
Gains on disposal of property, plant and equipment	(27,740)	(431)
Others	93,501	61,667
	271,271	306,874

Notes to the Consolidated Financial Statements

11. Income tax expense

	Group	
	2014	2013
	HK\$'000	HK\$'000
Current tax		
— PRC corporate income tax	70,077	37,227
— Withholding tax	774	4,535
— (Over)/under-provision in prior years	(438)	1,074
	70,413	42,836
Deferred tax (<i>Note 34</i>)	3,373	(869)
	73,786	41,967

PRC corporate income tax is provided for at the rate of 25% (2013: 25%) for the year of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including two years exemption followed by three years of a 50% tax reduction and three years exemption followed by three years of a 50% tax reduction.

Notes to the Consolidated Financial Statements

11. Income tax expense *(Continued)*

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Profit before income tax	391,897	193,094
Tax calculated at domestic tax rates applicable to profits in the respective locations <i>(Note)</i>	98,594	39,826
Tax effects of associates' & JVs' results reported, net of tax	(13,276)	6,059
Effects of tax holiday on assessable profits of subsidiaries incorporated in the PRC	(31,953)	(7,315)
Income not subject to tax	(43,913)	(65,885)
Expenses not deductible for tax purposes	16,349	38,871
Tax losses for which no deferred tax asset was recognised	4,355	7,646
Utilisation of previously unrecognised tax losses	(2,585)	(72)
Temporary differences resulting from unrealised gains on transactions between the Group and its associates and JVs for which no deferred tax asset was recognised	45,879	17,228
Recognition of withholding tax in current year	774	4,535
(Over)/under-provision in prior years	(438)	1,074
	73,786	41,967

Note: The weighted average applicable tax rate for the year was 25.16% (2013: 20.63%). The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned and inter-company profits elimination in different group companies which are subject to different tax rates.

12. Loss attributable to owners of the Company

The loss attributable to owners of the Company for the year ended 31 December 2014 is dealt with in the financial statements of the Company to the extent of HK\$18,038,000 (2013: HK\$135,581,000).

Notes to the Consolidated Financial Statements

13. Earnings per share

(a) Basic

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

	2014	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	317,188	151,117
Weighted average number of ordinary shares in issue (<i>thousands</i>)	8,758,580	7,427,168
Basic earnings per share attributable to owners of the Company (<i>HK cents per share</i>)	3.62	2.03

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Consolidated Financial Statements

13. Earnings per share *(Continued)*

(b) Diluted *(Continued)*

	2014	2013
Profit used to determine diluted earnings per share <i>(HK\$'000)</i>	317,188	151,117
Weighted average number of ordinary shares in issue <i>(thousands)</i>	8,758,580	7,427,168
Adjustment for:		
— effect of dilutive potential shares issuable under the Company's share option scheme <i>(thousands)</i>	1,153	4,403
Weighted average number of ordinary shares used to determine diluted earnings per share <i>(thousands)</i>	8,759,733	7,431,571
Diluted earnings per share attributable to owners of the Company <i>(HK cents per share)</i>	3.62	2.03

14. Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: Nil).

Notes to the Consolidated Financial Statements

15. Property, plant and equipment — Group and Company

Group

	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
As at 1 January 2014	355,243	37,363	1,440,757	49,899	539,151	2,422,413
Acquisition of subsidiaries	—	—	38	272	76,016	76,326
Additions	1,135	—	5,990	3,664	1,877,292	1,888,081
Reclassification to held for sale	—	—	(23,643)	—	—	(23,643)
Disposals	—	—	(161,286)	(971)	—	(162,257)
Transfer from construction in progress	906	—	395,953	—	(396,859)	—
Loss of control over subsidiaries	(12,169)	—	(932,202)	(6,973)	(229,803)	(1,181,147)
Exchange differences	(1,234)	(125)	(7,870)	(184)	4,160	(5,253)
As at 31 December 2014	343,881	37,238	717,737	45,707	1,869,957	3,014,520
Accumulated depreciation						
As at 1 January 2014	28,401	20,210	108,636	26,889	—	184,136
Charge for the year	13,572	6,259	82,745	7,363	—	109,939
Disposals	—	—	(382)	(585)	—	(967)
Loss of control over subsidiaries	(1,254)	—	(90,965)	(3,721)	—	(95,940)
Exchange differences	(39)	(40)	(400)	(77)	—	(556)
As at 31 December 2014	40,680	26,429	99,634	29,869	—	196,612
Net book value						
As at 31 December 2014	303,201	10,809	618,103	15,838	1,869,957	2,817,908

Notes to the Consolidated Financial Statements

15. Property, plant and equipment — Group and Company (Continued)

Group (Continued)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost						
As at 1 January 2013	228,869	28,203	680,884	48,302	366,113	1,352,371
Acquisition of subsidiaries	—	—	209	2,547	466,597	469,353
Additions	—	8,157	23,043	3,025	532,080	566,305
Disposals	—	—	(37)	(3,281)	(83)	(3,401)
Transfer from construction in progress	117,463	—	704,805	—	(822,268)	—
Loss of control over subsidiaries	—	—	(270)	(2,209)	(17,116)	(19,595)
Exchange differences	8,911	1,003	32,123	1,515	13,828	57,380
As at 31 December 2013	355,243	37,363	1,440,757	49,899	539,151	2,422,413
Accumulated depreciation						
As at 1 January 2013	18,189	13,178	53,157	20,177	—	104,701
Charge for the year	9,502	6,523	53,174	8,544	—	77,743
Disposals	—	—	(16)	(1,992)	—	(2,008)
Loss of control over subsidiaries	—	—	(130)	(560)	—	(690)
Exchange differences	710	509	2,451	720	—	4,390
As at 31 December 2013	28,401	20,210	108,636	26,889	—	184,136
Net book value						
As at 31 December 2013	326,842	17,153	1,332,121	23,010	539,151	2,238,277

For the year ended 31 December 2014, depreciation of HK\$103,821,000 (2013: HK\$59,811,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and depreciation of HK\$2,668,000 (2013: HK\$3,404,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JVs under interests in associates and JVs (Notes 19 and 20). In addition, depreciation of HK\$3,450,000 (2013: HK\$14,528,000) has been capitalised as construction in progress under property, plant and equipment, work in progress under inventories (Note 21) and amounts due from/(to) customers for contract work (Note 27) as at 31 December 2014.

As at 31 December 2014, bank borrowings are secured on buildings and equipment for the net book value of nil balance (2013: HK\$190,784,000) and HK\$623,677,000 (2013: HK\$602,681,000) (Note 30), respectively.

Notes to the Consolidated Financial Statements

15. Property, plant and equipment — Group and Company (Continued)

Company

	Leasehold improvements	Furniture and fixtures	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost			
As at 1 January 2013 and 31 December 2013	1,351	28	1,379
Accumulated depreciation			
As at 1 January 2013 and 31 December 2013	1,351	28	1,379
Net book value			
As at 31 December 2013	—	—	—
Cost			
As at 1 January 2014 and 31 December 2014	1,351	28	1,379
Accumulated depreciation			
As at 1 January 2014 and 31 December 2014	1,351	28	1,379
Net book value			
As at 31 December 2014	—	—	—

Notes to the Consolidated Financial Statements

16. Leasehold land and land use rights — Group

	Group <i>HK\$'000</i>
Net book amount as at 1 January 2013	148,947
Amortisation of prepaid operating lease payment	(5,825)
Exchange differences	4,577
Net book amount as at 31 December 2013	147,699
Addition	8,034
Amortisation of prepaid operating lease payment	(6,034)
Exchange differences	(485)
Net book amount as at 31 December 2014	149,214

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	149,214	147,699

For the year ended 31 December 2014, amortisation of HK\$5,207,000 (2013: HK\$4,059,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and amortisation of HK\$976,000 (2013: HK\$1,205,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JVs under interests in associates and JVs (Notes 19 and 20). In addition, reversal of amortisation of HK\$149,000 (2013: HK\$149,000) has been capitalised as construction in progress under property, plant and equipment (Note 15) and work in progress under inventories (Note 21) as at 31 December 2014.

Notes to the Consolidated Financial Statements

17. Intangible assets — Group

	Goodwill <i>HK\$'000</i>	Group Other intangible asset <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net book amount as at 1 January 2013	1,322,969	1,821	1,324,790
Amortisation	—	(121)	(121)
Acquisition of subsidiaries	1,512	5,569	7,081
Partial disposal of JVs	(11,198)	—	(11,198)
Exchange differences	41,283	138	41,421
Net book amount as at 31 December 2013	1,354,566	7,407	1,361,973
Amortisation	—	(403)	(403)
Acquisition of subsidiaries	73	—	73
Disposal of a subsidiary	(1,523)	—	(1,523)
Exchange differences	(4,540)	(26)	(4,566)
Net book amount as at 31 December 2014	1,348,576	6,978	1,355,554

Goodwill arose from the acquisition of China Wind Power Holdings Limited (“China Wind Power”) and its subsidiaries (collectively “China Wind Power Group”) which was completed on 1 August 2007. Goodwill was allocated to the groups of cash-generating units identified according to the operations, which was substantially allocated to the investment in power plants. In 2013, the Group has recognised additional goodwill of HK\$1,512,000 in relation to the acquisition of Kangbao Century Concord Wind Power Co Ltd. which was completed on 13 January 2013 and allocated to the operation of investment in power plants. In 2014, the Group has recognised additional goodwill of HK\$73,000 in relation to the acquisition of Fuchuan Century Concord Wind Power Co.,Ltd,. (“Fuchuan”) which was allocated to the operation of investment in power plants.

Goodwill is monitored at the groups of cash-generating units, a level lower than the operating segments. The Group has assessed the recoverable amount of goodwill and determined that the goodwill has not been impaired.

Notes to the Consolidated Financial Statements

17. Intangible assets — Group *(Continued)*

The recoverable amount is determined based on fair value less cost to sell calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a ten-year period and a pre-tax discount rate of 9% (2013: 9%). Cash flows beyond the ten-year period are extrapolated assuming no new wind farms are being constructed beyond the ten-year period and the existing wind farms will continue to operate until end of their useful lives (2013: steady growth rate of 10%). Other key assumptions include projected installation capacity in the coming ten years with annual growth rate of 13% (2013: 16%), estimated power generating capacity of each wind farm, expected tariff rate and applicable PRC corporate income tax rate. Management determined these key assumptions based on past performance and their expectation on market development.

Goodwill on acquisition is attributable to the anticipated profitability of the Company and its subsidiaries identified according to their operations. The Group and its subsidiaries operate in the power business, in particular consultancy and design; engineering and construction; manufacture of equipment; operation and maintenance of power plants; and investment in power plants.

There was no impairment loss recognised during the year ended 31 December 2014 (2013: Same). Had the projected installation capacity used in cash flow projections been 50% (2013: 30%) lower than management's estimate, no additional impairment loss of goodwill should be recognised by the Group (2013: Same).

Other intangible asset arose from the acquisition of the China Wind Power Group completed on 1 August 2007. It represents the Wind Power Plan Cooperation Agreements signed with relevant local government authorities in the PRC. This intangible asset is amortised over the duration of the agreement of 20 years. For the year ended 31 December 2014, amortisation of HK\$403,000 (2013: HK\$121,000) has been charged in 'depreciation and amortisation' in the consolidated income statement.

18. Interests in subsidiaries — Company

	Company	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets		
Unlisted shares, at cost <i>(Note (i))</i>	6,892	6,915
Loans to subsidiaries <i>(Note (ii))</i>	1,400,204	1,375,572
	1,407,096	1,382,487
Current assets/(liabilities)		
Amounts due from subsidiaries <i>(Note (iii))</i>	1,059,320	1,297,463
Amounts due to subsidiaries <i>(Note (iv))</i>	(388,567)	(177,792)

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries — Company (Continued)

Notes:

(i) As at 31 December 2014, particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CCH Investment Ltd.	Hong Kong, limited company	1 ordinary share of HK\$1	100%	—	Investment holding
China Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US\$1	—	100%	Investment holding
China Wind Power (HK) Ltd.	Hong Kong, limited company	1 ordinary share of HK\$1	100%	—	Investment holding
CWP Construction Ltd.	Hong Kong, limited company	1 ordinary share of HK\$1	—	100%	Investment holding
CCH Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US\$1	100%	—	Investment holding
Glad Power Investments Ltd.	British Virgin Islands, limited company	50,000 ordinary share of US\$1	—	100%	Investment holding
CWP Energy Equipment Ltd.	Hong Kong, limited company	1 ordinary share of HK\$1	—	100%	Investment holding
Urban Energy Solar LLC. (USA)	The US, limited company	Registered capital of US\$100	—	100%	Solar power plant investment and operation
Hoku Solar Power I, LLC	The US, limited company	—	—	80%	Solar power plant operation
Jefferson Solar Park, LLC	The US, limited company	—	—	80%	Solar power plant investment and operation
HMV Indy I, LLC	USA, LLC	1 ordinary share of US\$1	—	80%	Solar power plant investment and operation
Century Concord Wind Power Investment Co., Ltd. 協合風電投資有限公司	The PRC, limited company	Registered capital of RMB2,500,000,000	—	100%	Investment holding
Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd. 天津協合華興風電裝備有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB490,000,000	—	100%	Sales of wind power equipment and new energy equipment

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries — Company (Continued)

Notes: (Continued)

(i) As at 31 December 2014, particulars of the principal subsidiaries are as follows: (Continued)

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Haotai New Energy Equipment Ltd. 浩泰新能源裝備有限公司	The PRC, limited company	Registered capital of RMB100,000,000	—	100%	Sales of Solar power equipment and new energy equipment
Jilin CWP Power Engineering Co., Ltd. 吉林協合電力工程有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB100,000,000	—	100%	Power plant facilities construction
Beijing Shijijue Wind Power Technology Co., Ltd. 北京世紀聚合風電技術有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of US\$10,000,000	—	100%	Wind power research and development in wind power technology
Jilin Tianhe Wind Power Equipment Co., Ltd. 吉林省天合風電設備有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK\$213,661,300	—	100%	Power equipment manufacturing
Jilin Tianhe Wind Power Equipment Manufacturing Operation and Maintenance Co. 吉林省天合風電裝備製造運行維護有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK\$34,500,000	—	100%	Wind power equipment manufacturing
Beijing Juhe Power Technology Design Co., Ltd. 北京聚合電力工程設計有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK\$50,000,000	—	100%	Power system design, research and exploitation
Beijing Century Concord Operation and Maintenance Co., Ltd. 北京協合運維風電技術有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB20,000,000	—	100%	Wind power plant operation and maintenance
Tianjin Century Concord New Energy Development Co., Ltd. 天津協合新能源發展有限公司	The PRC, limited company	Registered capital of RMB700,000,000	—	100%	Sales of wind power equipment and new energy equipment
Huayin Century Concord International Lease Limited 華銀協合國際租賃有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB171,662,000	—	100%	Equipment lease
Yongren Century Concord Solar Power Co., Ltd. 永仁協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB86,690,000	—	100%	Solar power plant investment and operation

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries — Company (Continued)

Notes: (Continued)

(i) As at 31 December 2013, particulars of the principal subsidiaries are as follows: (Continued)

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wuwei Century Concord Solar Power Co., Ltd. 武威協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB21,550,000	—	100%	Solar power plant investment and operation
Yulin Century Concord New Energy Co., Ltd 榆林協合生態新能源有限公司	The PRC, limited company	Registered capital of RMB360,000,000	—	100%	Solar power plant investment and operation
Naidong Century Concord Solar Power Co., Ltd. 乃東協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB146,150,000	—	100%	Solar power plant investment and operation
Pingyuan Country Concord Solar Power Co., Ltd 平原縣協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB74,380,000	—	100%	Solar power plant investment and operation
Eryuan Century Concord Solar Power Co., Ltd. 洱源協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB2,000,000	—	100%	Solar power plant investment and operation
Huaping Century Concord Solar Power Co., Ltd. 華坪協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB3,000,000	—	100%	Solar power plant investment and operation
Yongzhou Dongtian Century Concord Wind Power Co., Ltd. 永州東田協合風力發電有限公司	The PRC, limited company	Registered capital of RMB83,176,000	—	100%	Wind power plant investment and operation
Feixi Century Concord Wind Power Co., Ltd. 肥西協合風力發電有限公司	The PRC, limited company	Registered capital of RMB73,710,000	—	100%	Wind power plant investment and operation
Fuchuan Century Concord Wind Power Co., Ltd. 富川協合風力發電有限公司	The PRC, limited company	Registered capital of RMB1,000,000	—	100%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries — Company *(Continued)*

Notes: *(Continued)*

(i) As at 31 December 2013, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tongdao Century Concord Wind Power Co., Ltd. 通道協合風力發電有限公司	The PRC, limited company	Registered capital of RMB5,000,000	—	100%	Wind power plant investment and operation
Yongzhou Jiepai Century Concord Wind Power Co., Ltd. 永州界牌協合風力發電有限公司	The PRC, limited company	Registered capital of RMB3,000,000	—	100%	Wind power plant investment and operation
Tieling Century Concord Xingda Wind Power Co., Ltd. 鐵嶺協合興達風力發電有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB50,758,910	—	100%	Wind power plant investment and operation
Yanyuan Century Concord Photovoltaic Co., Ltd 鹽源協合光伏發電有限公司	The PRC limited company	Registered capital of RMB56,000,000	—	100%	Solar power plant investment and operation

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

- (ii) The balances are interest free and are not repayable in the foreseeable future.
- (iii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate their fair values and approximately 78% (2013: 32%), 12% (2013: 65%) and 10% (2013: 3%) of the total carrying amounts are denominated in RMB, HK\$ and US\$, respectively.
- (iv) Amounts due to subsidiaries include the trade payables to subsidiaries of HK\$18,463,000 (2013: HK\$7,631,000). All trade payables to subsidiaries are with ageing by invoice date less than three months.

Other balances due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to subsidiaries approximate their fair values and approximately 99% (2013: 95%) and 1% (2013: 5%) of the total carrying amounts are denominated in RMB and HK\$, respectively.

Notes to the Consolidated Financial Statements

19. Interests in associates — Group

The amounts recognised in the consolidated balance sheet are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets		
Share of net assets of associates (<i>Note (i) and (v)</i>)	370,741	369,950
Current assets/(liabilities)		
Amounts due from associates (<i>Note (ii)</i>)	59,599	43,177
Amounts due from associates for contract work (<i>Notes (iii) and 27</i>)	26,393	23,403
	85,992	66,580
Amounts due to associates (<i>Note (iv)</i>)	(29,039)	(62,544)
Amounts due to associates for contract work (<i>Notes (iv) and 27</i>)	—	(17,304)
	(29,039)	(79,848)

The amounts recognised in the consolidated income statement are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Share of results of associates		
Share of results before provision for receivables	7,645	3,272
Provision for receivables (<i>Note (vi)</i>)	—	(2,380)
	7,645	892

Notes to the Consolidated Financial Statements

19. Interests in associates — Group (Continued)

Notes:

(i) As at 31 December 2014, particulars of the principal associates are as follows:

Name of associates	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Interest held indirectly		Principal activities
			2014	2013	
Dongtou Energy Investment Co., Ltd. 東投能源投資有限公司	The PRC, limited company	RMB200,000,000	25%	25%	Investment holding
Zhengzhou Zhengji Century Concord Equipment Co., Ltd. 鄭州正機協合能源裝備科技有限公司	The PRC, Sino-foreign equity joint venture	RMB16,000,000	28%	28%	Manufacturing of wind power facilities
Changtu Liaoneng Xiexin Wind Power Co., Ltd. 昌圖遠能協鑫風力發電有限公司	The PRC, Sino-foreign equity joint venture	USD24,819,000	25%	25%	Wind power plant investment and operation
Chaoyang Wind Power Development Service Co., Ltd. 朝陽風電開發服務有限公司	The PRC, limited company	RMB1,800,000	11% (Note a)	11%	Wind power plant investment and operation
Jilin Province Zhanyu Wind Power Assets Management Co., Ltd. 吉林省瞻榆風電資產經營管理有限公司	The PRC, limited company	RMB713,800,000	17.15% (Note b)	17.15%	Wind power plant investment and operation
Fuxin Union Wind Power Co., Ltd. 阜新聯合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB175,500,000	24.5%	24.5%	Wind power plant investment and operation
Fuxin Century Concord-Shenhua Wind Power Co., Ltd. 阜新中華協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB160,000,000	24.5%	24.5%	Wind power plant investment and operation
Chaoyang Century Concord Wanjia Wind Power Co., Ltd. 朝陽協合萬家風力發電有限公司	The PRC, limited company	RMB162,000,000	30%	30%	Wind power plant investment and operation
Sihong Century Concord Wind Power Co., Ltd. 泗洪協合風力發電有限公司	The PRC, limited company	RMB83,660,000	30%	30%	Wind power plant investment and operation
Fuxin Taihe Wind Power Co., Ltd. 阜新泰合風力發電有限公司	The PRC, limited company	RMB300,000,000	30%	30%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

19. Interests in associates — Group *(Continued)*

Notes: (Continued)

- (i) As at 31 December 2014, particulars of the principal associates are as follows: *(Continued)*

Even though the Group holds less than 20 percent of the voting power of the investees, the Group demonstrates significant influences on the investees by:

- (a) holding a seat on the board of directors for a board with 5 members and all directors having equal voting rights.
- (b) holding the second highest percentage in total shareholding of the investee.

- (ii) Amounts due from associates mainly represent trade receivables from associates of HK\$56,251,000 (2013: HK\$42,665,000). Trade receivables from associates with ageing by invoice date less than three months are not considered impaired. As at 31 December 2014, trade receivables of HK\$12,681,000 (2013: HK\$14,765,000) were fully performing. As at 31 December 2014, trade receivables of HK\$43,570,000 (2013: HK\$27,900,000) were past due but not impaired. These relate to a number of associates for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

Other balances due from associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from associates approximate their fair values and are denominated in RMB.

- (iii) Amounts due from associates for contract work are cost of constructions incurred but not billable.
- (iv) Amounts due to associates include the trade deposits received from associates of HK\$29,039,000 (2013: HK\$14,765,000).

Amounts due to associates for contract work are advances received from associates but not yet provided the construction service.

Balances due to associates are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to associates approximate their fair values and are denominated in RMB.

- (v) The Group's share of net assets of associates include the deferred tax provided as temporary differences arising between the tax bases of assets and their carrying amounts in the consolidated financial statements resulted from the unrealised profits on the assets acquired from the Company's subsidiaries.
- (vi) During the year ended 31 December 2013, the Group's share of the provision for receivable of HK\$2,380,000 of Changtu Liaoneng Xiexin Wind Power Co., Ltd. ("Changtu") represents the impairment on carbon emission rights ("CER") receivable provided by Changtu. In view of low transaction volume and unfavourable external market conditions, the directors of Changtu recognised an impairment provision for the entire CER receivable.

Notes to the Consolidated Financial Statements

19. Interests in associates — Group *(Continued)*

The aggregated assets, liabilities, revenue and expenses of the Group's associates, all of which are unlisted, are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total assets	2,962,274	2,865,053
Total liabilities	(1,321,883)	(1,241,073)
Net assets	1,640,391	1,623,980

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	214,141	198,309
Expenses	(192,391)	(188,295)
Profit for the year	21,750	10,014

Set out below is the associate of the Group as at 31 December 2014, which, in the opinion of the directors, is material to the Group. The associate listed below has share capital consisting solely of ordinary shares, which is held directly by the Group; the country of incorporation or registration is also its principal place of business.

Name of entity	Place of business/ country of establishment	% of ownership interest 2014	% of ownership interest 2013	Measurement method
Fuxin Taihe Wind Power Co., Ltd.	The PRC	30%	30%	Equity

Fuxin Taihe generates wind power to the renewable energy industry in the PRC. The Group sells products and provides consultancy, construction and operation maintenance services to it.

Summarised financial information for associate

Set out below is the summarised unaudited financial information for Fuxin Taihe which is accounted for using the equity method.

Notes to the Consolidated Financial Statements

19. Interests in associates — Group *(Continued)*

Summarised balance sheet

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current		
Cash and cash equivalents	80,406	68,072
Other current assets (excluding cash)	139,565	157,393
Total current assets	219,971	225,465
Financial liabilities (excluding trade payables)	(55,394)	(10,700)
Other current liabilities (including trade payables)	(51,218)	(40,281)
Total current liabilities	(106,612)	(50,981)
Non-current		
Assets	888,659	934,997
Financial liabilities	(584,253)	(695,089)
Other liabilities	—	—
Total non-current liabilities	(584,253)	(695,089)
Net assets	417,765	414,392

Notes to the Consolidated Financial Statements

19. Interests in associates — Group *(Continued)*

Summarised statement of comprehensive income

	2014	2013
	HK\$'000	HK\$'000
Revenue	109,583	131,721
Depreciation and amortisation	(46,808)	(46,450)
Interest income	—	239
Interest expense	(46,542)	(50,133)
Other expenses	(11,463)	(16,161)
Profit from continuing operations	4,770	19,216
Income tax expense	(31)	(940)
Net profit from continuing operations	4,739	18,276
Other comprehensive (loss) / income	(1,366)	12,290
Total comprehensive income	3,373	30,566
Dividends received from joint ventures	—	—

The information above reflects the amounts presented in the unaudited financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Notes to the Consolidated Financial Statements

19. Interests in associates — Group *(Continued)*

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Opening net assets as at 1 January	414,392	383,826
Capital injection	—	—
Profit for the year	4,739	18,276
Other comprehensive (loss) / income	(1,366)	12,290
Closing net assets	417,765	414,392
Interest shareholding	30%	30%
Interests in associate	125,330	124,318
Unrealised profits and deferred tax assets credited/(charged) to the consolidated income statement, net	962	(266)
Addition in unrealised profits, net	(10,117)	(9,877)
Carrying value	116,175	114,175

Set out below is, in aggregate, the carrying amounts of the Group's interests in all individually immaterial associates that are accounted for using the equity method.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Carrying amount of the Group's interests	254,566	255,775
The Group's share of:		
Profit/(loss) from continuing operations before provision for receivables	5,261	(1,945)
Provision for receivables	—	(2,380)
Other comprehensive (loss)/income	(816)	6,639
Total comprehensive income	4,445	2,314

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

The amounts recognised in the consolidated balance sheet are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Non-current assets/(liabilities)		
Share of net assets of JVs (<i>Notes (i) and (vii)</i>)	1,566,513	1,432,167
Loan to a JV (<i>Note (ii)</i>)	56,871	54,343
	1,623,384	1,486,510
Loans from a JV (<i>Note (iii)</i>)	(155,833)	—
Current assets/(liabilities)		
Amounts due from JVs (<i>Note (iv)</i>)	988,294	284,102
Amounts due from JVs for contract work (<i>Notes (v) and 27</i>)	60,639	56,262
Loans to JVs (<i>Note (vi)</i>)	118,586	171,160
	1,167,519	511,524
Amounts due to JVs (<i>Note (vii)</i>)	(153,986)	(250,984)
Amounts due to JVs for contract work (<i>Note (vii) and 27</i>)	(33,290)	(19,883)
	(187,276)	(270,867)
Company		
	2014	2013
	HK\$'000	HK\$'000
Current assets		
Amounts due from JVs (<i>Note (iv)</i>)	608	360

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company (Continued)

The amounts recognised in the consolidated income statement are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Share of results of JVs		
Share of results before provision for receivables (<i>Note ix</i>)	42,062	59,994
Provision for receivables	—	(73,785)
	42,062	(13,791)

Notes:

(i) As at 31 December 2014, particulars of the principal JVs are as follows:

Name of JVs	Place of incorporation/ establish/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group 2014	Proportion of value of registered capital held by the Group 2013	Proportion of voting power held	Principal activities
Jilin CWP-Milestone Wind Power Co., Ltd. 吉林里程協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	49%	50%	Wind power plant investment and operation
Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. 二連浩特長風協合風能開發有限公司	The PRC, Sino-foreign equity joint venture	RMB76,000,000	49%	49%	50%	Wind power plant investment and operation
Jilin Taihe Wind Power Co., Ltd. 吉林泰合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	49%	50%	Wind power plant investment and operation
Tongliao Taihe Wind Power Co., Ltd. 通遼泰合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	49%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

20 Interests in and advances to joint ventures — Group and Company

(Continued)

Notes: (Continued)

(i) As at 31 December 2014, particulars of the principal JVs are as follows: (Continued)

Name of JVs	Place of incorporation/ establish/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group 2014	Proportion of value of registered capital held by the Group 2013	Proportion of voting power held	Principal activities
Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. 太仆寺旗申華協合風力發電投資有限公司	The PRC, Sino-foreign equity joint venture	RMB136,000,000	49%	49%	50%	Wind power plant investment and operation
Taipusiqi Union Wind Power Co., Ltd. 太仆寺旗聯合風力發電有限公司	The PRC, limited company	RMB89,000,000	51%	51%	50%	Wind power plant investment and operation
Suqian Century Concord New Energy Co., Ltd. 宿遷協合新能源有限公司	The PRC, limited company	RMB30,000,000	49%	49%	50%	Solar power plant investment and operation
Mengdong Century Concord New Energy Co., Ltd. 蒙東協合新能源有限公司	The PRC, limited company	RMB810,940,000	32.16%	32.16%	50%	Wind power plant investment and operation
Mengdong Century Concord Kezuohouqi Wind Power Co., Ltd. 蒙東協合科左後旗風力發電有限公司	The PRC, limited company	RMB90,000,000	32.16%	32.16%	50%	Wind power plant investment and operation
Mengdong Century Concord Kailu Wind Power Co., Ltd. 蒙東協合開魯風力發電有限公司	The PRC, limited company	RMB86,000,000	32.16%	32.16%	50%	Wind power plant investment and operation
Mengdong Century Concord Kezuohouqihudeng Wind Power Co., Ltd. 蒙東協合科左後旗花燈風力發電有限公司	The PRC, limited company	RMB76,700,000	32.16%	32.16%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

20 Interests in and advances to joint ventures — Group and Company (Continued)

Notes: (Continued)

(i) As at 31 December 2014, particulars of the principal JVs are as follows: (Continued)

Name of JVs	Place of incorporation/ establish/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group 2014	Proportion of value of registered capital held by the Group 2013	Proportion of voting power held	Principal activities
Mengdong Century Concord Zhaluteqibaiyinchagan Wind Power Co., Ltd. 蒙東協合扎魯特旗白音查幹風力發電有限公司	The PRC, limited company	RMB74,200,000	32.16%	32.16%	50%	Wind power plant investment and operation
Tianchang Century Concord Wind Power Co., Ltd. 天長協合風力發電有限公司	The PRC, limited company	RMB55,000,000	49%	49%	50%	Wind power plant investment and operation
Gansu Guazhou Century Concord Wind Power Co., Ltd. 甘肅瓜州協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB669,120,000	51.45%	51.45%	50%	Wind power plant investment and operation
Mengdong Century Concord Zhaluteqi Beisala Wind Power Co., Ltd. 蒙東協合扎魯特旗北薩拉風力發電有限公司	The PRC, limited company	RMB3,000,000	32.16%	32.16%	50%	Wind power plant investment and operation
Zhenlai Huaxing Wind Power Co., Ltd. 鎮賚華興風力發電有限公司	The PRC, limited company	RMB140,000,000	32.16%	32.16%	50%	Wind power plant investment and operation
Mengdong Century Concord Zhaluteqi Wind Power Co., Ltd. 蒙東協合扎魯特旗風力發電有限公司	The PRC, limited company	RMB90,000,000	32.16%	32.16%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

20 Interests in and advances to joint ventures — Group and Company

(Continued)

Notes: (Continued)

(i) As at 31 December 2014, particulars of the principal JVs are as follows: (Continued)

Name of JVs	Place of incorporation/ establish/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group 2014	Proportion of value of registered capital held by the Group 2013	Proportion of voting power held	Principal activities
Wuchuan County Yihe Wind Power Co., Ltd. 武川縣義合風力發電有限公司	The PRC, limited company	RMB100,000,000	46%	46%	50%	Wind power plant investment and operation
Haian Century Concord Wind Power Co., Ltd. 海安協合風力發電有限公司	The PRC, limited company	RMB45,480,000	49%	49%	50%	Wind power plant investment and operation
Suzhou Century Concord Wind Power Co., Ltd. 宿州協合風力發電有限公司	The PRC, limited company	RMB81,980,000	49%	43%	50%	Wind power plant investment and operation
Xiaoxian Century Concord Wind Power Co., Ltd. 蕭縣協合風力發電有限公司	The PRC, limited company	RMB83,550,000	49%	49%	50%	Wind power plant investment and operation
Jianghua Yao Autonomous County Century Concord Wind Power Co., Ltd. 江華瑤族自治縣協合風力發電有限公司	The PRC, limited company	RMB72,722,000	59.3%	59.3%	50%	Wind power plant investment and operation
Jingmen Century Concord Wind Power Co., Ltd. 荊門協合風力發電有限公司	The PRC, limited company	RMB73,308,000	59.3%	59.3%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

20 Interests in and advances to joint ventures — Group and Company (Continued)

Notes: (Continued)

(i) As at 31 December 2014, particulars of the principal JVs are as follows: (Continued)

Name of JVs	Place of incorporation/ establish/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group 2014	Proportion of value of registered capital held by the Group 2013	Proportion of voting power held	Principal activities
Hebi Century Junlong Wind Power Co., Ltd. 鶴壁協合浚龍風力發電有限公司	The PRC, limited company	RMB123,495,900	59.3%	59.3%	50%	Wind power plant investment and operation
Yantai Yihao New Energy Development Co., Ltd 煙台億豪新能源開發有限公司	The PRC, limited company	RMB82,750,000	49%	49%	50%	Wind power plant investment and operation
Yiyang Century Concord Wind Power Co., Ltd. 宜陽協合風力發電有限公司	The PRC, limited company	RMB43,000,000	49%	100%	50%	Wind power plant investment and operation
Topping Centre Limited 成高有限公司	Hong Kong, limited company	1 ordinary share of HK\$1	80%	—	50%	Investment holding
Chuangdao (Shanghai) Smart Technology Co., Ltd. 創導(上海)智能技術有限公司	The PRC, limited company	RMB50,000,000	34%	—	50%	Technology consultation and design for new energy
Tianjin Green Energy International Leasing Co., Ltd. 天津國銀新源國際租賃有限公司	The PRC, wholly-owned foreign enterprise	RMB300,000,000	80%	—	50%	Equipment lease
Hubei Jinquan Wind Power Co., Ltd. 湖北金泉風力發電有限公司	The PRC, limited company	RMB81,000,000	51%	100%	50%	Wind power plant investment and operation

(ii) Loan to a JV, Gansu Guazhou Century Concord Wind Power Co., Ltd., is unsecured, interest bearing at 5.3% (2013: 5.3%) per annum and repayable on 15 July 2022. The carrying amount of the loan to a JV approximates its fair value and is denominated in US\$. The effective interest rate on the loan to a JV was 4.12% (2013: 4.12%).

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

Notes: (Continued)

- (iii) During the year, certain subsidiaries of the Group have entered into sales and leaseback agreements with a JV, Tianjian Green Energy International Leasing Co. Ltd, to lease certain property, plant and equipment for an aggregate of HK\$155,833,000. There are repurchase options stipulated in the agreements at the end of the lease, the Group considered that it is almost certain that they would exercise these repurchase options. As substantial risks and rewards of the secured assets were retained by the Group before and after these arrangements, the transactions were regarded as secured borrowings, rather than finance lease arrangement.

The loans were secured by the property, plant and equipment by the same amount. The carrying amounts of the secured loans from a JV approximate their fair values and are denominated in RMB. The effective interest rate on the secured loans from a JV was 5.782% per annum (2013: Nil).

- (iv) Amounts due from JVs mainly represent trade receivables from JVs of HK\$656,495,000 (2013: HK\$212,896,000). Trade receivables from JVs with ageing by invoice date less than three months are not considered impaired. As at 31 December 2014, trade receivables of HK\$368,552,000 (2013: HK\$54,116,000) were fully performing. As at 31 December 2014, trade receivables of HK\$287,943,000 (2013: HK\$158,780,000) were past due but not impaired. These relate to a number of JVs for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

As at 31 December 2014 and 2013, other balances due from JVs are unsecured, interest-free and repayable on demand. The carrying amounts of the amounts due from JVs approximate their fair values and are denominated in RMB, while the carrying amount of the Company is denominated in HK\$.

- (v) Amounts due from JVs for contract work are cost of constructions incurred but not billable.
- (vi) Loans to JVs are unsecured, interest bearing ranging from 5.45% to 10% (2013: 5.85% to 10%) per annum and repayable on demand. The carrying amounts of the loans to JVs approximate their fair values and are denominated in RMB. The effective interest rate on the loans to JVs was 8.31% (2013: 8.31%).
- (vii) Amounts due to JVs mainly represent the trade deposits received from JVs of HK\$106,306,000 (2013: HK\$241,302,000).

Amounts due to JVs for contract work are advances received from JVs but not yet provided the construction service.

Other balances due to JVs are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to JVs approximate their fair values and majority of the carrying amounts are denominated in RMB.

- (viii) The Group's share of net assets of JVs include the deferred tax provided as temporary differences arising between the tax bases of assets and their carrying amounts in the consolidated financial statements resulted from the unrealised profits on the assets acquired from the Company's subsidiaries.
- (ix) During the year ended 31 December 2013, the Group's share of the JVs' provision for receivable of HK\$73,785,000 represented the impairment on carbon emission rights ("CER") receivable provided by JV. In view of low transaction volume and unfavourable external market conditions, the directors of the JV recognised an impairment provision for the entire CER receivable.

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

As at 31 December 2014 and 2013, certain JVs which are principally engaged in wind power plant investment and operation, have yet to obtain the formal land use right certificates for certain wind power plants. The directors of the JVs believe that the use of and the conduct of relevant activities on the above mentioned land are not affected by the fact that the relevant land use right certificates have not been obtained. JVs' directors believe that this will not have any material adverse effect on JVs' results of operations and financial conditions.

The Group's JVs' aggregated assets, liabilities, revenue and expenses are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Assets:		
Non-current assets	12,478,235	9,969,215
Current assets	2,989,815	3,150,691
	15,468,050	13,119,906
Liabilities:		
Non-current liabilities	(6,564,622)	(5,921,182)
Current liabilities	(4,798,412)	(3,272,028)
	(11,363,034)	(9,193,210)
Net assets	4,105,016	3,926,696
Capital commitments	1,257,223	857,273
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	1,143,081	1,074,058
Expenses	(1,154,057)	(1,143,525)
Loss for the year	(10,976)	(69,467)

The Group's contingent liabilities relating to the Group's interests in JVs and the contingent liabilities of the JVs themselves are disclosed in Note 38. The Group's capital commitments in relation to its interests in JVs are disclosed in Note 39(b).

Set out below are the joint ventures of the Group as at 31 December 2014, which, in the opinion of the directors, are material to the Group. The joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of establishment is also their principal place of business.

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

Nature of interests in JVs as at 31 December 2014 and 2013

Name of entity	Place of business/ country of establishment	% of ownership interest 2014	% of ownership interest 2013	Nature of the relationship	Measurement method
Jilin CWP Milestone Wind Power Co., Ltd.	The PRC	49%	49%	Note 1	Equity
Jilin Taihe Wind Power Co., Ltd.	The PRC	49%	49%	Note 1	Equity
Mengdong Century Concord New Energy Co., Ltd. (Sub-group) (Note 2)	The PRC	32.16%	32.16%	Note 1	Equity
Taipusiqi Union Wind Power Co., Ltd.	The PRC	51%	51%	Note 1	Equity
Gansu Guazhou Century Concord Wind Power Co., Ltd.	The PRC	51.45%	51.45%	Note 1	Equity

Note 1: The above entities generate wind power to the renewable energy industry in the PRC. The Group sells products and provides consultancy, construction and operation maintenance services to these entities.

Note 2: As at 31 December 2014, Mengdong Century Concord New Energy Co., Ltd. included the following JVs of the Group:

- Mengdong Century Concord Kezuohouqi Wind Power Co., Ltd.
- Mengdong Century Concord Kezuohouqihudeng Wind Power Co., Ltd.
- Mengdong Century Concord Kezuohouqibaiyinnaoer Wind Power Co., Ltd.
- Mengdong Century Concord Zhaluteqi Wind Power Co., Ltd.
- Mengdong Century Concord Zhaluteqibaiyinchagan Wind Power Co., Ltd.
- Mengdong Century Concord Zhaluteqi Beisala Wind Power Co., Ltd.
- Mengdong Century Concord Kailu Wind Power Co., Ltd.
- Zhenlai Huaxing Wind Power Co., Ltd.
- Jingmen Century Concord Wind Power Co., Ltd.
- Hebi Century Concord Junlong Wind Power Co., Ltd.
- Jianghua Yao Autonomous County Century Concord Wind Power Co., Ltd.

These entities are private companies and there is no quoted market price available for their shares.

Summarised financial information for joint ventures

Set out below are the summarised unaudited financial information for the above entities which are accounted for using the equity method.

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company (Continued)

Summarised balance sheet

	Jilin CWP Milestone Wind Power Co., Ltd		Jilin Taihe Wind Power Co., Ltd.		Mengdong Century Concord New Energy Co., Ltd. (Sub-group)		Taipusiqi Union Wind Power Co., Ltd		Topping Centre Ltd (Sub-group)		Gansu Guazhou Century Concord Wind Power Co., Ltd	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Current												
Cash and cash equivalents	23,834	11,158	25,295	12,525	384,662	217,026	—	7,180	51,522	—	134,884	145,895
Other current assets (excluding cash)	15,028	58,394	27,714	52,983	1,100,459	1,361,075	—	210,511	76,058	—	207,054	245,234
Total current assets	38,862	69,552	53,009	65,508	1,485,121	1,578,101	—	217,691	127,580	—	341,938	391,129
Financial liabilities (excluding trade payables)	(56,375)	(1,199)	(94,462)	(15,412)	(1,166,316)	(287,517)	—	(2,614)	1,665,324	—	(154,483)	(220,122)
Other current liabilities (including trade payables)	(62,302)	(63,895)	(47,755)	(37,848)	(267,666)	(1,282,999)	—	(79,420)	—	—	(254,087)	(265,235)
Total current liabilities	(118,677)	(65,094)	(142,217)	(53,260)	(1,433,982)	(1,570,516)	—	(82,034)	1,665,324	—	(408,570)	(485,357)
Non-current												
Assets	434,195	458,858	459,937	475,389	4,279,729	3,584,516	—	379,774	1,545,011	—	1,438,217	1,523,182
Financial liabilities	(272,542)	(317,973)	(253,400)	(343,411)	(3,156,306)	(2,411,546)	—	(364,652)	—	—	(485,609)	(543,883)
Other liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Total non-current liabilities	(272,542)	(317,973)	(253,400)	(343,411)	(3,156,306)	(2,411,546)	—	(364,652)	—	—	(485,609)	(543,883)
Net assets	81,838	145,343	117,329	144,226	1,174,562	1,180,555	—	150,779	7,267	—	885,976	885,071

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

Summarised statement of comprehensive income

	Jilin CWP Milestone Wind Power Co., Ltd		Jilin Taihe Wind Power Co., Ltd.		Mengdong Century Concord New Energy Co., Ltd (Sub-group)		Taipusiqi Union Wind Power Co., Ltd		Topping Centre Ltd (Sub-group)		Gansu Guazhou Century Concord Wind Power Co., Ltd	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	24,674	31,692	33,632	37,116	380,742	398,492	—	67,216	40,687	—	147,316	171,351
Depreciation and amortisation	(27,570)	(27,423)	(26,738)	(26,634)	(157,210)	(155,431)	—	(20,792)	(30,319)	—	(80,188)	(79,762)
Interest income	160	110	82	25	45,340	37,733	—	10,358	50	—	305	380
Interest expense	(19,502)	(19,298)	(23,136)	(21,478)	(214,357)	(213,777)	—	(22,272)	(6)	—	(42,707)	(50,862)
Other expenses	(40,116)	(8,298)	(8,842)	(7,947)	(51,558)	(43,062)	—	(6,370)	(758)	—	(23,780)	(3,060)
(Loss)/profit before provision for receivables	(62,354)	(23,217)	(25,002)	(18,918)	2,957	23,955	—	28,140	9,654	—	946	38,047
Provision for receivables	(662)	(21,118)	(1,692)	(23,375)	—	(227)	—	—	—	—	—	(36,746)
(Loss)/profit from continuing operations	(63,016)	(44,335)	(26,694)	(42,293)	2,957	23,728	—	28,140	9,654	—	946	1,301
Income tax credit/(expense)	275	(272)	395	(3,127)	(4,990)	—	—	—	(2,419)	—	2,905	1,113
Net (loss)/profit from continuing operations	(62,741)	(44,607)	(26,299)	(45,420)	(2,033)	23,728	—	28,140	7,235	—	3,851	2,414
Other comprehensive (loss)/income	(764)	5,125	(598)	5,104	(3,960)	28,031	—	4,129	32	—	(2,946)	26,836
Total comprehensive (loss)/income	(63,505)	(39,482)	(26,897)	(40,316)	(5,993)	51,759	—	32,269	7,267	—	905	29,250
Dividends received from joint ventures	—	—	—	—	—	—	—	—	—	—	—	—

The information above reflects the amounts presented in the unaudited financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised unaudited financial information presented to the carrying amount of its interests in joint ventures

	Jilin CWP Milestone Wind Power Co., Ltd		Jilin Taihe Wind Power Co., Ltd.		Mengdong Century Concord New Energy Co., Ltd (Sub-group)		Taipusiqi Union Wind Power Co., Ltd		Topping Centre Ltd (Sub-group)		Gansu Guazhou Century Concord Wind Power Co., Ltd	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Opening net assets as at 1 January	145,343	184,825	144,226	184,542	1,180,555	663,136	—	118,510	—	—	885,071	855,821
Capital injection by JV partners	—	—	—	—	—	465,660	—	—	—	—	—	—
(Loss)/profit for the year	(62,741)	(44,607)	(26,299)	(45,420)	(2,033)	23,728	—	28,140	7,235	—	3,851	2,414
Other comprehensive (loss)/ income	(764)	5,125	(598)	5,104	(3,960)	28,031	—	4,129	32	—	(2,946)	26,836
Closing net assets	81,838	145,343	117,329	144,226	1,174,562	1,180,555	—	150,779	7,267	—	885,976	885,071
Interest shareholding	49%	49%	49%	49%	32.16%	32.16%	N/A	51%	80%	N/A	51.45%	51.45%
Interests in joint ventures	40,101	71,218	57,491	70,671	377,739	379,666	—	76,898	5,814	—	455,835	455,369
Unrealised profits and deferred tax assets credited to the share of results, net	1,403	1,633	938	1,086	3,923	6,451	—	128	—	—	1,646	1,868
Cumulative unrealised profits, net	(21,238)	(22,950)	(15,177)	(16,319)	(111,761)	(119,414)	—	(1,275)	—	—	(2,192)	(4,925)
Other adjustments	—	—	—	—	—	—	—	—	—	—	2,698	934
Carrying value	20,266	49,901	43,252	55,438	269,901	266,703	—	75,751	5,814	—	457,987	453,246

Note:

Taipusiqi Union Wind Power Co., Ltd ceased to be a material JV for the year ended 31 December 2014.

Notes to the Consolidated Financial Statements

20. Interests in and advances to joint ventures — Group and Company

(Continued)

Set out below is, in aggregate, the carrying amounts of the Group's interests in all individually immaterial joint ventures that are accounted for using the equity method.

	2014 HK\$'000	2013 <i>HK\$'000</i>
Carrying amount of the Group's interests	826,164	585,471
The Group's share of:		
Profit before provision for receivables and loss from discounting of receivables	70,667	24,902
Provision for receivables and loss from discounting of receivables	—	(32,966)
Other comprehensive (loss)/income	(921)	11,542
Total comprehensive income	69,746	3,478

21. Inventories — Group

	Group	
	2014 HK\$'000	2013 <i>HK\$'000</i>
Raw materials	166	627
Work in progress	152,885	208,312
Finished goods	197,323	240,511
	350,374	449,450

The cost of inventories recognised as expense and included in the consolidated income statement amounted to HK\$2,394,687,000 (2013: HK\$925,768,000). As at 31 December 2014, no work in progress was considered as obsolete and no provision (2013: HK\$39,934,000) was made.

Notes to the Consolidated Financial Statements

22. Financial instruments by category — Group and Company

The accounting policies for financial instruments have been applied to the line items below:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Assets as per balance sheet		
<u>Available-for-sale</u>		
Available-for-sale financial assets (Note 23)	697	—
<u>Loans and receivables</u>		
Trade and bill receivables (Note 24)	550,183	524,103
Deposits and other receivables (Note 25)	518,521	239,511
Amounts due from associates (Note 19)	59,599	43,177
Amount due from associates for contract work (Note 19)	26,393	23,403
Amounts due from JVs (Note 20)	988,294	284,102
Amounts due from JVs for contract work (Note 27)	60,639	56,262
Loans to JVs (Note 20)	175,457	225,503
Cash and cash equivalents (Note 26)	1,105,341	1,850,209
Liabilities as per balance sheet		
<u>Other financial liabilities at amortised cost</u>		
Trade and bill payables (Note 28)	2,355,188	1,304,735
Other payables and accruals (Note 29)	311,487	277,268
Amounts due to associates (Note 19)	—	47,779
Amounts due to associates for contract work (Note 19)	—	17,304
Amounts due to JVs (Note 20)	47,679	9,682
Amounts due to JVs for contract work (Note 20)	33,290	19,883
Loans from a JV (Note 20)	155,833	—
Borrowings (Note 30)	1,716,242	2,330,192
Company		
	2014	2013
	HK\$'000	HK\$'000
Assets as per balance sheet		
<u>Loans and receivables</u>		
Trade receivables (Note 24)	—	5,657
Deposits and other receivables (Note 25)	669	669
Amounts due from subsidiaries (Note 18)	1,059,320	1,297,463
Amounts due from JVs (Note 20)	608	360
Cash and cash equivalents (Note 26)	24,961	184,709
Liabilities as per balance sheet		
<u>Other financial liabilities at amortised cost</u>		
Other payables and accruals (Note 29)	8,820	19,822
Amounts due to subsidiaries (Note 18)	388,567	177,792
Borrowings (Note 30)	—	952,528

Notes to the Consolidated Financial Statements

23. Available-for-sale financial assets — Group

Available-for-sale financial assets include the following:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Unlisted securities:		
Equity securities — the PRC	697	—

	Group	
	2014	2013
	HK\$'000	HK\$'000
At 1 January	—	2,775
Disposal	—	(2,775)
Loss of control of subsidiaries (<i>Note 36(d)</i>)	697	—
At 31 December	697	—

The carrying amounts of available-for-sale financial assets approximate their fair values and are denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available-for-sale. None of these financial assets is either past due or impaired.

Notes to the Consolidated Financial Statements

24. Trade and bill receivables — Group and Company

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade receivables	534,166	526,457	—	5,657
Less: allowance for impairment of trade receivables	—	(10,176)	—	—
Trade receivables, net	534,166	516,281	—	5,657
Bill receivables	16,017	7,822	—	—
	550,183	524,103	—	5,657

As at 31 December 2014, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Within 3 months	365,889	286,917	—	5,657
3 to 6 months	78,696	32,374	—	—
6 to 12 months	35,527	94,741	—	—
Over 1 year	17,450	98,726	—	—
Over 2 years	36,604	3,523	—	—
	534,166	516,281	—	5,657

The Group's credit terms granted to customers range from 30 to 180 days. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers range from 1 to 2 years from the date of acceptance according to the sales agreements signed between the Group and customers.

As at 31 December 2014, the maturity date of the bills receivables was "within 3 months" and "3 to 6 months" (2013: same).

The carrying amounts of the Group's and the Company's trade and bill receivables approximate their fair values. Approximately 84% (2013: 92%) and 16% (2013: 8%) of the total carrying amounts of the Group are denominated in RMB and US\$, respectively. The total carrying amounts of the Company are denominated in US\$.

Notes to the Consolidated Financial Statements

24. Trade and bill receivables — Group and Company *(Continued)*

Trade receivables of the Group and the Company that are not past due and not impaired amounted to HK\$343,887,000 (2013: HK\$329,485,000) and HK\$nil (2013: HK\$5,657,000), respectively. These balances relate to a wide range of customers for whom there was no recent history of default.

As at 31 December 2014, trade receivables of HK\$190,279,000 (2013: HK\$186,796,000) are past due but not impaired. These relate to a number of independent customers for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Within 3 months	95,043	79,816	—	—
3 to 6 months	3,918	16,107	—	—
6 to 12 months	39,389	84,964	—	—
Over 1 year	51,929	5,909	—	—
	190,279	186,796	—	—

There is no provision as of 31 December 2014 (2013: HK\$10,176,000).

Included in trade receivables as at 31 December 2014, there were HK\$46,953,000 (2013: HK\$26,687,000) and HK\$43,485,000 (2013: HK\$62,330,000) retention money held in respect of construction revenue and equipment sales, respectively, in which retention money of HK\$68,331,000 (2013: HK\$40,369,000) were aged over 12 months based on invoice date but not impaired.

As at 31 December 2014, the trade receivables balances amounting to HK\$103,191,000 (2013: HK\$145,340,000) were pledged to secure bank borrowings wholly repayable after 5 years (Note 30).

The maximum exposure to credit risk at the reporting date is their fair values. The Group does not hold any collateral as security.

Notes to the Consolidated Financial Statements

25. Prepayments, deposits and other receivables — Group and Company

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Prepayments	473,469	387,502	—	—
Deposits	2,598	3,297	669	669
Other receivables	493,495	214,846	—	—
Loans to third parties	22,528	21,368	—	—
Value-added tax recoverable	180,313	161,454	—	—
Amounts due from customers for contract work (Note 27)	9,820	41,289	—	—
	1,182,223	829,756	669	669
Less: Provision for other receivables	(100)	—	—	—
	1,182,123	829,756	669	669
Less: Non-current portion	(253,391)	(22,931)	(669)	(669)
	928,732	806,825	—	—

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Denominated in:				
— HK\$	14,079	14,099	669	669
— RMB	1,128,749	813,946	—	—
— US\$	39,295	1,711	—	—
	1,182,123	829,756	669	669

The carrying amounts of the Group's and the Company's prepayments, deposits and other receivables approximate their fair values.

Loans to third parties are interest-bearing at 9% (2013: 9%) per annum and have no fixed terms of repayment.

Notes to the Consolidated Financial Statements

26. Cash and cash equivalents — Group and Company

	Group		Company	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cash at banks and in hand	1,105,341	1,850,209	24,961	184,709
Maximum exposure to credit risk	1,105,007	1,849,932	24,961	184,709
Denominated in:				
— HK\$	88,100	307,501	24,849	170,998
— RMB	898,124	1,515,287	57	95
— US\$	119,117	25,582	55	13,616
— Others	—	1,839	—	—
	1,105,341	1,850,209	24,961	184,709

RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business in the PRC.

As at 31 December 2014, the weighted effective interest rate on the Group's and the Company's bank balances are 0.28% (2013: 0.29%) and 0.08% (2013: 0.01%), respectively.

Notes to the Consolidated Financial Statements

27. Construction contracts — Group

	Group	
	2014	2013
	HK\$'000	HK\$'000
The aggregate costs incurred and recognised profits to date	2,503,319	2,017,542
<i>Less: Progress billings</i>	(2,527,360)	(1,922,160)
	<hr/>	<hr/>
Net balance sheet position for ongoing construction contracts	(24,041)	95,382
	<hr/>	<hr/>
Analysis:		
Amounts due from customers for contract work		
— associates (<i>Note 19</i>)	26,393	23,403
— JVs (<i>Note 20</i>)	60,639	56,262
— third parties (<i>Note 25</i>)	9,820	41,289
	<hr/>	<hr/>
Amounts due to customers for contract work (<i>Note 29</i>)	(120,893)	(25,572)
	<hr/>	<hr/>
	(24,041)	95,382
	<hr/>	<hr/>

Included in trade receivables (Note 24), amounts due from associates (Note 19) and amounts due from JVs (Note 20) as at 31 December 2014, there were HK\$46,953,000 (2013: HK\$26,687,000), HK\$3,393,000 (2013: HK\$4,016,000) and HK\$55,093,000 (2013: HK\$47,134,000) retention money held in respect of construction in progress, respectively.

Included in amounts due to associates (Note 19) and amounts due to JVs (Note 20) as at 31 December 2014, there were no balance (2013: HK\$17,304,000) and no balance (2013: HK\$19,883,000) representing advance received from customers in respect of construction in progress, respectively.

Notes to the Consolidated Financial Statements

28. Trade and bill payables — Group

	Group	
	2014	2013
	HK\$'000	<i>HK\$'000</i>
Trade payables	1,945,432	1,304,735
Bill payables	409,756	—
	2,355,188	1,304,735

As at 31 December 2014, the ageing analysis of the trade payables, based on invoice date, was as follows:

	Group	
	2014	2013
	HK\$'000	<i>HK\$'000</i>
Within 3 months	1,031,298	402,631
3 to 6 months	553,327	323,216
6 to 12 months	22,508	154,609
Over 1 year	315,271	407,481
Over 2 years	23,028	16,798
	1,945,432	1,304,735

As at 31 December 2014, the maturity date of bill payables was “within 3 months” and “3 to 6 months” (2013: same).

The carrying amounts of trade and bill payables approximate their fair values and majority of trade and bill payables are denominated in RMB.

Notes to the Consolidated Financial Statements

29. Other payables and accruals — Group and Company

	Group		Company	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Payables for construction in progress	115,081	140,821	—	—
Other payables and accruals	196,406	136,447	8,820	19,822
Receipt in advance	97,538	520,519	—	—
Amounts due to customers for contract work (<i>Note 27</i>)	120,893	25,572	—	—
	529,918	823,359	8,820	19,822
Denominated in:				
— HK\$	60,026	48,289	8,820	5,535
— RMB	464,102	769,722	—	14,287
— US\$	5,790	5,348	—	—
	529,918	823,359	8,820	19,822

The carrying amounts of the Group's and the Company's other payables and accruals approximate their fair values.

Notes to the Consolidated Financial Statements

30. Borrowings — Group and Company

	Group	
	2014	2013
	HK\$'000	HK\$'000
Non-current liabilities		
Bank borrowings (Note (i))	773,588	1,262,479
Finance lease liabilities (Note (iv))	585,168	—
	<hr/>	<hr/>
Total principal amount	1,358,756	1,262,479
Current liabilities		
Bank borrowings (Note (i))	308,836	115,185
Finance lease liabilities (Note (iv))	48,650	—
Guaranteed bond (Note (iii))	—	953,919
	<hr/>	<hr/>
Total principal amount	357,486	1,069,104
Unamortised loan facilities fee relating to guaranteed bond	—	(1,391)
	<hr/>	<hr/>
	357,486	1,067,713
	<hr/>	<hr/>
Total borrowings	1,716,242	2,330,192

	Company	
	2014	2013
	HK\$'000	HK\$'000
Current liability		
Guaranteed bond (Note (iii))	—	953,919
	<hr/>	<hr/>
Total principal amount	—	953,919
Unamortised loan facilities fees	—	(1,391)
	<hr/>	<hr/>
	—	952,528
	<hr/>	<hr/>
Total borrowing	—	952,528

Notes to the Consolidated Financial Statements

30. Borrowings — Group and Company (Continued)

Notes:

- (i) Approximately 96% (2013: 99%) of the total carrying amounts of borrowings are denominated in RMB and subject to floating interest rate while 4% (2013: 1%) of the total carrying amounts of borrowings are denominated in US\$. 11% (2013: 100%) of the borrowing is subject to fixed interest rate and 89% is subject to floating interest.
- (ii) Total borrowings include secured liabilities of HK\$1,339,257,000, all of which are floating rate bank borrowings. HK\$1,296,158,000 of the secured liabilities are non-current, while HK\$43,099,000 are current. These liabilities are secured by the buildings and equipment under property, plant and equipment and the trade receivables of the Group.
- (iii) The Company issued RMB750,000,000 (equivalent to approximately HK\$953,919,000) 6.375% guaranteed bond on 5 April 2011 listed on the Singapore Exchange Securities Trading Limited with maturity of 3 years. The interest is payable semi-annually in arrears on 4 April and 4 October each year. The guaranteed bond has been fully settled on 4 April 2014.
- (iv) The fair values of the non-current borrowings are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued which is level 2 fair value. The carrying amounts of current portion of the borrowings approximate their fair values, as the impact of discounting is not significant.

The rights to the leased asset are reverted to the lessor in the event of default of the lease liabilities by the Group.

	2014 HK\$'000	2013 HK\$'000
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	51,024	—
Later than 1 year and no later than 5 years	410,413	—
Later than 5 years	398,782	—
	860,219	—
Future finance charges on finance leases	(226,401)	—
Present value of finance lease liabilities	633,818	—

The present value of finance lease liabilities is as follows:

No later than 1 year	48,650	—
Later than 1 year and no later than 5 years	336,332	—
Later than 5 years	248,836	—
	633,818	—

Notes to the Consolidated Financial Statements

30. Borrowings — Group and Company (Continued)

Borrowings at principal amount were repayable as follows:

	Bank borrowings		Finance lease liabilities		Guaranteed bond		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	308,836	115,185	48,650	—	—	953,919	357,486	1,069,104
Between 1 and 2 years	46,967	124,625	99,377	—	—	—	146,344	124,625
Between 2 and 5 years	195,131	293,570	241,873	—	—	—	437,004	293,570
Over 5 years	531,490	844,284	243,918	—	—	—	775,408	844,284
	1,082,424	1,377,664	633,818	—	—	953,919	1,716,242	2,331,583

	Bank borrowings		Finance lease liabilities		Guaranteed bond		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Wholly repayable within 5 years	264,914	88,547	—	—	—	953,919	264,914	1,042,466
Wholly repayable after 5 years	817,510	1,289,117	633,818	—	—	—	1,451,328	1,289,117
	1,082,424	1,377,664	633,818	—	—	953,919	1,716,242	2,331,583

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2014	2013
	HK\$'000	HK\$'000
6 months or less	1,526,096	1,376,392

Notes to the Consolidated Financial Statements

30. Borrowings — Group and Company (Continued)

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank borrowings	773,588	1,262,479	773,588	1,262,479
Finance lease liabilities	585,168	—	585,168	—
	1,358,756	1,262,479	1,358,756	1,262,479

The weighted effective interest rates at the reporting date were as follows:

	2014	2013
Bank borrowings	5.74%	6.73%
Finance lease liabilities	6.15%	—
Guaranteed bond	—	7.13%

31. Share capital

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Authorised:		
10,000,000,000 (2013: 10,000,000,000) ordinary shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
8,946,234,965 (2013: 8,018,744,965) ordinary shares of HK\$0.01 each	89,462	80,187

Notes to the Consolidated Financial Statements

31. Share capital (Continued)

A summary of the transactions during the year with reference to the movements of the Company's ordinary share capital is as follows:

	No. of shares <i>000's</i>	Nominal value <i>HK\$'000</i>
Authorised:		
As at 31 December 2014 and 2013: 10,000,000,000 ordinary shares of HK\$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 31 December 2013: 8,018,744,965 ordinary shares of HK\$0.01 each	8,018,745	80,187
Subscription of new ordinary shares of HK\$0.01 each (<i>Note</i>)	880,000	8,800
Issue of ordinary shares of HK\$0.01 each on exercise of share options (<i>Note 32</i>)	47,490	475
As at 31 December 2014: 8,946,234,965 ordinary shares of HK\$0.01 each	8,946,235	89,462

Note:

Pursuant to a subscription agreement executed by the Company on 18 December 2013, a total of 880,000,000 ordinary shares with par value of HK\$0.01 each at an issue price of HK\$0.43 per share was subscribed by Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin"), a joint stock limited company incorporated in the PRC with limited liability, raising net proceeds of HK\$378,400,000. The subscription was completed on 19 March 2014. During the year, such net proceeds were used for the development of solar and wind power projects and as working capital of the Group, which included repayment of debt.

Notes to the Consolidated Financial Statements

32. Share option schemes

The Company's share option scheme was adopted on 16 April 2007 as an incentive to the Group's employees and business associates ("Share Option Scheme"). This scheme shall be valid for a period of ten years ending on 15 April 2017.

The maximum number of shares in respect of which option may be granted under the Share Option Scheme of the Company may not exceed 10 percent of the issued share capital of the Company at the date of adoption of the Share Option Scheme. The maximum entitlement of each eligible participant in the total number of shares issued and to be issued upon exercise of options granted under the Share Option Scheme of the Company in any 12 month period shall not exceed 1% of the total number of shares in issue.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014		2013	
	Average exercise price per share HK\$	Options (thousands)	Average exercise price per share HK\$	Options (thousands)
As at 1 January 2014 and 2013	0.755	314,610	0.694	413,500
Expired	0.302	(380)	0.570	(44,030)
Forfeited	0.833	(12,580)	0.570	(29,710)
Exercised	0.302	(47,490)	0.302	(25,150)
As at 31 December 2014 and 2013	0.837	254,160	0.755	314,610

Out of the 254,160,000 (2013: 314,610,000) outstanding options, 216,655,000 (2013: 208,420,000) options were exercisable.

Options exercised during the year resulted in 47,490,000 (2013: 25,150,000) ordinary shares being issued at weighted average exercise price of HK\$0.302 (2013: HK\$0.302) each. The related weighted average share price at the time of exercise was HK\$0.71 (2013: HK\$0.46) per option.

Notes to the Consolidated Financial Statements

32. Share option schemes (Continued)

Details of the movement in the number of share options are as follows:

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 1 January 2014	Number of share options granted during the year	Number of share options exercised during the year	Number of share options forfeited during the year	Number of share options expired during the year	Number of share options outstanding as at 31 December 2014	Market price per share at exercise date of share options HK\$
Chairman								
Liu Shunxing	6 April 2009	6,000,000	—	6,000,000	—	—	—	0.69
	4 January 2010	10,000,000	—	—	—	—	10,000,000	N/A
	3 January 2011	15,000,000	—	—	—	—	15,000,000	N/A
Executive Directors								
Ko Chun Shun, Johnson	6 April 2009	6,000,000	—	6,000,000	—	—	—	0.70
Yang Zhifeng	6 April 2009	2,250,000	—	2,250,000	—	—	—	0.69
	4 January 2010	6,600,000	—	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	—	10,000,000	N/A
Wang Xun	6 April 2009	4,500,000	—	4,500,000	—	—	—	0.69
	4 January 2010	6,600,000	—	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	—	10,000,000	N/A
Liu Jianhong	6 April 2009	2,250,000	—	2,250,000	—	—	—	0.70
	4 January 2010	6,600,000	—	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	—	10,000,000	N/A
Yu Weizhou	6 April 2009	2,000,000	—	2,000,000	—	—	—	0.71
	4 January 2010	6,600,000	—	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	—	10,000,000	N/A
Zhou Zhizhong	4 January 2010	6,600,000	—	—	—	—	6,600,000	N/A
	3 January 2011	10,000,000	—	—	—	—	10,000,000	N/A
Subtotal		131,000,000	—	23,000,000	—	—	108,000,000	

Notes to the Consolidated Financial Statements

32 Share option schemes (Continued)

Details of the movement in the number of share options are as follows: (Continued)

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 1 January 2014	Number of share options granted during the year	Number of share options exercised during the year	Number of share options forfeited during the year	Number of share options expired during the year	Number of share options outstanding as at 31 December 2014	Market price per share at exercise date of share options HK\$
Subtotal		131,000,000	—	23,090,000	—	—	108,000,000	N/A
Non-executive Director								
Ko Wing Yan, Samantha	4 January 2010	3,000,000	—	—	—	—	3,000,000	N/A
	3 January 2011	4,000,000	—	—	—	—	4,000,000	N/A
Independent Non-executive Directors								
Yap Fat Suan, Henry	6 April 2009	800,000	—	800,000	—	—	—	0.70
	4 January 2010	800,000	—	—	—	—	800,000	N/A
	3 January 2011	800,000	—	—	—	—	800,000	N/A
Wong Yau Kar, David, BBS, JP	6 April 2009	600,000	—	600,000	—	—	—	0.70
	4 January 2010	800,000	—	—	—	—	800,000	N/A
	3 January 2011	800,000	—	—	—	—	800,000	N/A
Other employees								
In aggregate	6 April 2009	23,470,000	—	23,090,000	—	380,000	—	0.70
	4 January 2010	61,120,000	—	—	4,580,000	—	56,540,000	N/A
	3 January 2011	87,420,000	—	—	8,000,000	—	79,420,000	N/A
Total		314,610,000	—	47,490,000	12,580,000	380,000	254,160,000	

Notes to the Consolidated Financial Statements

32. Share option schemes *(Continued)*

These options were granted subject to the following vesting requirement:

On 1st anniversary of the date of grant	25%
On 2nd anniversary of the date of grant	25%
On 3rd anniversary of the date of grant	25%
On 4th anniversary of the date of grant	25%

The Group recognised the total expense of HK\$4,894,000 (2013: HK\$15,023,000) for the year ended 31 December 2014 in relation to share options granted by the Company. Also, the Group reversed the total expense which provided in previous years of HK\$1,796,000 (2013: HK\$7,586,000) for the year ended 31 December 2014 in relation to the forfeiture of share options.

Details of share options outstanding at the end of the year are set out belows:

Grant date	Exercise period	Exercise price HK\$	Market price per share on date of grant of options HK\$	Share option granted (thousands)	Share options outstanding (thousands)	
					31 December 2014	31 December 2013
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.295	100,000	—	47,870
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	104,140	108,720
3 January 2011	3 January 2012 to 2 January 2016	0.8	0.8	200,000	150,020	158,020
				430,000	254,160	314,610

Notes to the Consolidated Financial Statements

33. Reserves — Group and Company

The details of movements in the Group's reserves are set out in the consolidated statement of changes in equity on pages 41 and 42.

The details of the movements in the Company's reserves are set out as follows:

	Share premium	Contributed surplus	Exchange reserve	Other reserves	Accumulated Losses	Total
	<i>HK\$'000</i>	<i>(Note (i)) HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2013	2,341	2,675,788	231,294	118,673	(1,564,280)	1,463,816
Share-based compensation	—	—	—	7,437	—	7,437
Exercise of share option	10,770	—	—	(3,425)	—	7,345
Currency translation differences	—	—	46,229	—	—	46,229
Loss for the year	—	—	—	—	(135,581)	(135,581)
Subscription of ordinary share	251,770	—	—	—	—	251,770
Balance at 31 December 2013	264,881	2,675,788	277,523	122,685	(1,699,861)	1,641,016
Share-based compensation	—	—	—	3,098	—	3,098
Exercise of share option	20,954	—	—	(7,087)	—	13,867
Currency translation differences	—	—	(3,738)	—	—	(3,738)
Loss for the year	—	—	—	—	(18,038)	(18,038)
Subscription of ordinary share	369,600	—	—	—	—	369,600
Balance at 31 December 2014	655,435	2,675,788	273,785	118,696	(1,717,899)	2,005,805

Notes:

- (i) The Company's contributed surplus brought forward represented the excess of the fair value of the shares of the former holding company acquired pursuant to the group reorganisation in the prior year, over the nominal value of the Company's shares issued in exchange thereof.
- (ii) PRC companies are required to allocate 10% of the companies' net profit to the statutory reserves fund until such fund reaches 50% of the companies' registered capital. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capital. As at 31 December 2014, accumulated losses of the Group comprised statutory reserves fund amounting to HK\$152,413,000 (2013: HK\$123,540,000).

Notes to the Consolidated Financial Statements

34. Deferred tax — Group

Deferred taxation is calculated in full on temporary differences under the liability method using the tax rate applicable to profits of the consolidated entities.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	(7,418)	(15,168)
— Deferred tax asset to be recovered within 12 months	—	—
	(7,418)	(15,168)
Deferred tax liabilities:		
— Deferred tax liability to be recovered after more than 12 months	6,023	4,875
— Deferred tax liability to be recovered within 12 months	—	—
	6,023	4,875
Deferred tax assets (net)	(1,395)	(10,293)

Notes to the Consolidated Financial Statements

34. Deferred tax — Group *(Continued)*

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets

	Group							
	Unrealised gains		Investment tax credits		Tax losses		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance brought forward	8,810	7,716	4,239	4,295	2,119	2,658	15,168	14,669
Credited/ (debited) to the consolidated income statement <i>(Note 11)</i>	77	840	(189)	(188)	(2,103)	(613)	(2,215)	39
Loss of control over subsidiaries	(5,450)	—	—	—	—	—	(5,450)	—
Exchange differences	(53)	254	(16)	132	(16)	74	(85)	460
Balance carried forward	3,384	8,810	4,034	4,239	—	2,119	7,418	15,168

During the year, the Group has recognised deferred tax assets for unrealised gains on transactions between subsidiaries of the Group and investment tax credits on government grant and tax losses of the Group's subsidiaries.

Deferred tax assets recognised are expected to be recovered after more than 12 months. The deferred tax assets recognised relate to temporary differences arising from transactions between subsidiaries of the Group regarding the construction of power plants. The credit to the consolidated income statement represents originating temporary differences arising from these transactions while the charge to the consolidated income statement represents the reversal of temporary differences as a result of the depreciation of power plants. The deferred tax assets recognised relate to investment tax credits arising from tax benefits received only for investment in specific assets. The credit to the consolidated income statement represents originating temporary differences arising from government grant recognition while the charge to the consolidated income statement represents the reversal of temporary differences as a result of the amortisation of deferred government grant.

Notes to the Consolidated Financial Statements

34. Deferred tax — Group *(Continued)*

Deferred tax assets *(Continued)*

Deferred tax assets are recognised for tax losses carry forward purposes only to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group recognises deferred tax assets to the extent of recognised deferred tax liabilities and has unrecognised tax losses of HK\$149,590,000 (2013: HK\$128,693,000) to carry forward against future taxable profit. The tax losses afore-mentioned are subject to final approval by the Inland Revenue Department in Hong Kong and can be carried forward indefinitely.

Deferred tax liabilities

	Group	
	Unremitted earnings	
	2014	2013
	HK\$'000	HK\$'000
Balance brought forward	4,875	5,544
Debited/(credited) to the consolidated income statement <i>(Note 11)</i>	1,158	(830)
Exchange differences	(10)	161
Balance carried forward	6,023	4,875

The deferred tax liabilities recognised relate to temporary differences arising from the unremitted earnings of JVs and associates. As at 31 December 2014, deferred tax liabilities of HK\$103,533,000 (2013: HK\$101,624,000) have not been recognised for the withholding tax and other taxes that would be payable on the undistributed retained earnings of subsidiaries of the Group.

Notes to the Consolidated Financial Statements

35. Deferred government grant — Group

Government grants are received from the PRC government and the US government by the Group as financial subsidies for investments in the PRC and the US. Government grants from the PRC government are recognised as income over 20 years based on the expected useful lives of the fixed assets invested in certain area of the PRC, while the government grants from the US government are recognised as income over 5 years as the relevant properties continue to qualify as specified energy properties as defined by the US Department of the Treasury.

The movement in deferred government grant during the year is as follows:

	Group	
	2014	2013
	HK\$'000	<i>HK\$'000</i>
Balance brought forward	16,952	17,177
Addition of deferred government grant	5,863	—
Amortisation of deferred government grant	(1,344)	(751)
Exchange difference	(36)	526
Balance carried forward	21,435	16,952

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement

(a) Cash generated from operations

		Group	
	Note	2014 HK\$'000	2013 HK\$'000
Profit before income tax		391,897	193,094
Adjustments for:			
Gain on change in fair value		—	(5,699)
Finance costs	9	105,722	103,496
Interest income	6	(16,870)	(24,535)
Depreciation of property, plant and equipment	15	103,821	59,811
Amortisation of prepaid operating lease payment	16	5,207	4,059
Amortisation of other intangible asset	17	403	121
Amortisation of deferred government grants	35	(1,344)	(751)
Provision for obsolete inventory	21	—	39,934
Provision for other receivables	10	100	—
Net realised gains on disposal of financial assets at fair value through profit or loss	7	(14,030)	(1,668)
Gain on disposal of available-for-sale financial assets	7	—	(458)
Share-based compensation	8	3,098	7,437
Share of results of associates	19	(7,645)	(3,272)
Share of results of JVs	20	(42,062)	(59,994)
Share of JVs and associates' provision for receivable	19, 20	—	76,165
Loss on businesses or assets contribution to JVs	7	13	—
Gain on disposal and partial disposal of JVs	7	—	(137,881)
Gain on acquisition of subsidiaries	7	(24,174)	(46,439)
Loss on subsequent adjustment to consideration related to prior year's disposal	7	11,807	—
(Gain)/loss on disposal of subsidiaries, net	7	(140,103)	9,310
Gain on partial disposal of a subsidiary	7	—	(68)
Exchange gain, net	7	(3,765)	(10,538)
Gain on disposal of property, plant and equipment	36(g)	(27,740)	(431)
		344,335	201,693
Operating profit before working capital changes:			
Decrease/(increase) in inventories		101,420	(275,849)
Increase in trade and bill receivables		(111,776)	(157,065)
Decrease/(increase) in prepayments, deposits and other receivables		328,549	(324,771)
Increase in amounts due from associates		(13,924)	(22,034)
(Increase)/decrease in amounts due from JVs		(709,489)	357,271
Increase in trade and bill payables		887,523	83,109
(Decrease)/increase in other payables and accruals		(276,528)	439,673
Decrease in amounts due to associates		(50,320)	(83,872)
(Decrease)/ increase in amounts due to JVs		(146,693)	243,052
Cash generated from operations		353,097	461,207

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(b) Businesses or assets contribution to JVs

During the year of 2014 and 2013, the Group has disposed of its partial equity interests in subsidiaries with investments in wind power projects. Upon the completion of the disposals, these entities had not obtained the approval for the land use rights and licenses to operate the wind farms yet. After the disposals, these entities have become JVs of the Group. Therefore, these disposals represent the contribution of the Group's assets to the JVs. Details of the transactions are summarised as follows:

For the year ended 31 December 2014:

On 22 April 2014 and 18 December 2014, the Group entered into sales and purchase agreements ("JV-S&P Agreements") with Huadian Fuxin Energy Corporation ("Huadian Fuxin"), pursuant to which the Group disposed of 51% equity interests in Yiyang Century Concord Wind Power Co., Ltd. ("Yiyang") and 49% equity interests in Hubei Jinquan Wind Power Co., Ltd. ("Hubei Jinquan"), for a total consideration of RMB41,220,000 (equivalent to approximately HK\$52,022,000). Upon the completion of these transactions, the Group's interests were reduced from 100% to 49% and 51% of issued share capital of Yiyang and Hubei Jinquan respectively. Yiyang and Hubei Jinquan ceased to be subsidiaries of the Group. The disposals represent the contribution of the Group's assets of HK\$106,044,000 to the JVs. A loss on contribution of assets to the JVs of HK\$13,000 was recognised in the consolidated income statement.

For the year ended 31 December 2013:

On 25 December 2013, the Group entered into a capital injection agreement with Shanghai Electric Power New Energy Development Co., Ltd. ("Shanghai New Energy"), pursuant to which the registered share capital of Yantai Yihao New Energy Development Co., Ltd. ("Yantai Yihao") was increased from RMB1,000,000 to RMB2,041,000 and Shanghai New Energy agreed to make a cash contribution of RMB1,041,000 into the registered share capital of Yantai Yihao. Upon the completion of this transaction, the Group's interest was reduced from 100% to 49% of issued share capital of Yantai Yihao and Yantai Yihao ceased to be a subsidiary of the Group. Yantai Yihao then becomes a JV of the Group and Shanghai New Energy. No gain on contribution of businesses or assets to the JV was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement (Continued)

(b) Businesses or assets contribution to JVs (Continued)

For the year ended 31 December 2013: (Continued)

The aggregated carrying amounts of the Group's net assets contributed to JVs as at their respective disposal dates were as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
<u>Assets</u>		
Property, plant and equipment (Note)	9,857	604
Amounts due from subsidiaries of the Group	111,342	2,594
Prepayments and other receivables	141	37,403
Cash and cash equivalents	136	—
	121,476	40,601
<u>Liabilities</u>		
Other payables and accruals	—	(107)
Amounts due to subsidiaries of the Group	(14,632)	(39,241)
Amounts due to JVs	(800)	—
	(15,432)	(39,348)
Net assets contributed	106,044	1,253

Note: The amounts of property, plant and equipment shown above are stated after adjusting the unrealised profits or losses on transactions between these companies and other group companies prior to the respective disposal dates.

The gain on disposal of businesses or assets contributed to JVs as at their respective disposal dates were as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Fair value of retained interest as JV	54,007	639
Considerations	52,022	—
	106,029	639
Carrying amount of businesses/assets contributed	(106,044)	(639)
Realised profit on transaction between the Group and JVs	2	—
Loss on businesses/assets contribution (Note 7)	(13)	—

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(b) Businesses or assets contribution to JVs *(Continued)*

For the year ended 31 December 2013: (Continued)

In the consolidated cash flow statement, net proceeds received from joint venture partners were comprised of:

	2014	2013
	HK\$'000	HK\$'000
Considerations	52,022	—
Cash and cash equivalents of the subsidiaries disposed of	(136)	—
Consideration not received and recorded in other receivables	(35,064)	—
	<hr/>	<hr/>
Net proceeds received from joint venture partners	16,822	—

(c) Disposal and partial disposal of JVs

For the year ended 31 December 2013:

On 1 March 2013, the Group entered into four sales and purchase agreements with Guodian Northeast New Energy Developments Ltd., pursuant to which the Group disposed its entire 60% equity interest in Fuxin Julonghu Wind Power Co., Ltd. ("Julonghu"), Fuxin Qianfoshan Wind Power Co., Ltd. ("Qianfoshan"), Fuxin Juyuan Wind Power Co., Ltd. ("Juyuan") and Fuxin Juhe Wind Power Co., Ltd. ("Juhe") for a consideration of RMB 220,162,000 net with restoration cost (equivalent to approximately HK\$275,928,000). A disposal gain of HK\$51,856,000 was recognised in the consolidated income statement. Upon the completion of these transactions, Julonghu, Qianfoshan, Juyuan and Juhe ceased to be JVs of the Group.

On 30 September 2013, the Group entered into a sales and purchase agreement with Huaneng Renewables Corporation Limited, an independent third party incorporated in the People's Republic of China, pursuant to which the Group disposed of its entire 50% equity interest in both Jinchang Century Concord New Energy Co., Ltd. ("Jinchang") and Yongchang Century Concord Solar Power Co., Ltd. ("Yongchang") for an aggregate consideration of RMB2,000,000 (equivalent to approximately HK\$2,506,000). A disposal gain of HK\$23,340,000 was recognised in the consolidated income statement. Upon the completion of these transactions, Jinchang and Yongchang ceased to be JVs of the Group.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(c) Disposal and partial disposal of JVs *(Continued)*

For the year ended 31 December 2013: (Continued)

On 10 October 2013, the Group entered into a sales and purchase agreement with Shanghai Electric Power Company Limited (“Shanghai Electric”), pursuant to which the Group disposed 6% of its equity interest in Suzhou Century Concord Wind Power Co., Ltd. (“Suzhou”), one of the Group’s JVs with 49% equity interest, for a consideration of RMB5,172,000 (equivalent to HK\$6,481,000). As a result of the transaction, the Group’s equity interest in Suzhou decreased from 49% to 43%, and Suzhou still remained as a JV of the Group. A gain of HK\$2,911,000 was recognised in the consolidated income statement.

On 11 November 2013, the Group de-registered Fuxin Huaxing Wind Power Co., Ltd. (“Fuxin Huaxing”), a JV of the Group with 48% equity interest. Upon the completion of de-registration, Fuxin Huaxing ceased to be a JV of the Group and collect cash and cash equivalents of RMB9,178,000 (equivalent to approximately HK\$11,503,000). A loss of disposal of HK\$ 10,000 was recognised in the consolidated income statement.

On 16 November 2013, the Group entered into a sales and purchase agreement with Hainan Tianju Solar Limited, an independent third party incorporated in the People’s Republic of China, pursuant to which the Group disposed of its entire 50% equity interest in Shandan Century Concord Solar Power Co., Ltd. (“Shandan Solar Power”) for a consideration of RMB1,000,000 (equivalent to approximately HK\$1,253,000). A disposal gain of HK\$11,361,000 was recognised in the consolidated income statement. Upon the completion of these transactions, Shandan Solar Power ceased to be JVs of the Group.

On 24 December 2013, the Group entered into a capital injection agreement with Inner Mongolia Xilinguole Baiyinhua Coal & Electricity Co., Ltd. (“Baiyinhua”), pursuant to which the registered share capital of Mengdong Century Concord New Energy Co., Ltd. (“Mengdong New Energy”) was increased from RMB532,200,000 to RMB810,940,000 by way of Baiyinhua making a cash contribution of RMB278,740,000 into the registered share capital of Mengdong New Energy. As a result of the transaction, the Group’s equity interest in Mengdong New Energy decreased from 49% to 32.16%, and Mengdong New Energy still remained as a JV of the Group. A gain of HK\$ 48,423,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(c) Disposal and partial disposal of JVs *(Continued)*

For the year ended 31 December 2013: *(Continued)*

The gain on disposal and partial disposal of JVs as at their respective disposal dates were as follows:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Consideration	—	297,671
Proportionate share of the Group's net assets of JVs effectively disposal and contributed to JVs	—	(309,355)
		(11,684)
Goodwill	—	(11,445)
Exchange gain realised from exchange reserve	—	32,024
Realised profits or losses on transactions between the Group and JVs	—	128,986
Gain on disposal and partial disposal of JVs (Note 7)	—	137,881

In the consolidated cash flow statement, net proceeds received from JV partners were comprised of:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Total consideration	—	297,671
Consideration not received and recorded in other receivables	—	(30,555)
Cash and cash equivalents received upon disposal	—	267,116

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries

For the year ended 31 December 2014:

On 8 May 2014, the Group entered into a sales and purchase agreement with Huaneng Renewables Corporation Limited, pursuant to which the Group disposed of its entire equity interest in Jinzhou Century Concord Xingda Wind Power Co., Ltd. (“Jinzhou”), a wholly-owned subsidiary of the Group, for a consideration of RMB5,000,000 (equivalent to approximately HK\$6,310,000). A gain on disposal of the subsidiary of RMB116,000 (equivalent to approximately HK\$147,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Jinzhou ceased to be a subsidiary of the Group.

On May 2014, the Group entered into five sales and purchase agreements with Huadian Fuxin, pursuant to which the Group disposed of its entire equity interest in Damaoqi Century Concord Wind Power Co., Ltd. (“Damaoqi”), Siziwangqi Century Concord Xiari Wind Power Co., Ltd. (“Siziwangqi”), Kangbao Century Concord Wind Power Co., Ltd. (“Kangbao”), Wulate Zhongqi Century Concord Wind Power Co., Ltd. (“Wulate Zhongqi”) and Guyuan Century Concord Wind Power Co., Ltd. (“Guyuan”) for a total consideration of RMB45,000,000 (equivalent to approximately HK\$56,793,000). A gain on disposals of the subsidiaries of RMB3,919,000 (equivalent to approximately HK\$4,934,000) was recognised in the consolidated income statement. Upon the completion of these transactions, these entities ceased to be subsidiaries of the Group.

On 10 June 2014 and 25 June 2014, the Group entered into sales and purchase agreements with Hua Shi United Investment (Beijing) Limited, pursuant to which the Group disposed of its entire equity interest in Cangnan Century Concord Wind Power Co., Ltd. (“Cangnan”), Yongchang Juhe Wind Power Co., Ltd. (“Yongchang”) and Fuzhou Linchuan Century Concord Qinglianshan Wind Power Co., Ltd. (“Fuzhou”), wholly-owned subsidiaries of the Group, for a total consideration of RMB4,000,000 (equivalent to approximately HK\$5,048,000). A loss on disposals of the subsidiaries of RMB1,330,000 (equivalent to approximately HK\$1,678,000) was recognised in the consolidated income statement. Upon the completion of these transactions, Cangnan, Yongchang and Fuzhou ceased to be subsidiaries of the Group.

On 13 June 2014, the Group entered into a sales and purchase agreement with Turpan District State-owned Assets Investment Management Co. Ltd., pursuant to which the Group disposed of its entire equity interest in Turpan Century Concord Solar Power Co., Ltd. (“Turpan”), a wholly-owned subsidiary of the Group, for a consideration of RMB5,000,000 (equivalent to approximately HK\$6,310,000). No gain on disposal of the subsidiary was recognised in the consolidated income statement. Upon the completion of this transaction, Turpan ceased to be a subsidiary of the Group.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries *(Continued)*

For the year ended 31 December 2014: (Continued)

On 11 July 2014, the Group entered into a sales and purchase agreement with Beijing Hengyuan Tiantai Energy Technology Co. Ltd., pursuant to which the Group disposed of its 95% equity interest in Jiayuguan Century Concord New Energy Co., Ltd. (“Jiayuguan”), a wholly-owned subsidiary of the Group, for a consideration of RMB21,850,000 (equivalent to approximately HK\$27,576,000). A gain on disposal of the subsidiary of RMB19,445,000 (equivalent to approximately HK\$24,540,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Jiayuguan ceased to be a subsidiary and is accounted for at fair value as available-for-sale financial asset of the Group.

On 19 August 2014, the Group entered into a sales and purchase agreement with Shenzhen Energy Nanjing Holding Co. Ltd., pursuant to which the Group disposed of its entire equity interest in Gaoyou Century Concord Wind Power Co. Ltd. (“Gaoyou”), a wholly-owned subsidiary of the Group, for a consideration of RMB20,000,000 (equivalent to approximately HK\$25,241,000). A gain on disposal of the subsidiary of RMB3,834,000 (equivalent to approximately HK\$4,839,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Gaoyou ceased to be a subsidiary of the Group.

On 14 September 2014, the Group entered into a sales and purchase agreement with Wuxi New Energy Technology Co., Ltd., pursuant to which the Group disposed of its entire equity interest in Wulateqianqi Century Concord Solar Power Co., Ltd. (“Wulateqianqi”), a wholly-owned subsidiary of the Group, for a consideration of RMB2,000,000 (equivalent to approximately HK\$2,524,000). No gain on disposal of the subsidiary was recognised in the consolidated income statement. Upon the completion of this transaction, Wulateqianqi ceased to be a subsidiary of the Group.

On 14 October 2014, the Group entered into a sales and purchase agreement with Shanxi Zhangze Electric Power Co. Ltd., pursuant to which the Group disposed of its entire equity interest in Shanshan Century Concord Solar Power Co., Ltd. (“Shanshan”), a wholly-owned subsidiary of the Group, for a consideration of RMB19,078,000 (equivalent to approximately HK\$24,077,000). A loss on disposal of the subsidiary of RMB920,000 (equivalent to approximately HK\$1,161,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Shanshan ceased to be a subsidiary of the Group.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries *(Continued)*

For the year ended 31 December 2014: (Continued)

On 1 December 2014, the Group entered into a sales and purchase agreement with Sky Dragon Logistics Co. Ltd., pursuant to which the Group disposed of its 20% equity interest in Topping Centre Limited (“Topping”), a wholly-owned subsidiary of the Group, for a consideration of HK\$1. Management consider that the Group has de facto joint-control of Topping even though it has more than 50% of the shareholdings because of board representation and contractual terms. Subsequently on 28 December 2014, the Group entered into a sales and purchase agreement with Topping, pursuant to which the Group disposed of its entire equity interest in Tianjin Green Energy International Leasing Co., Ltd. (“Tianjin Leasing”), a wholly-owned subsidiary of the Group, for a consideration of RMB200,001,000 (equivalent to approximately HK\$252,415,000). A loss on disposal of the subsidiary of RMB5,750,000 (equivalent to approximately HK\$7,258,000) was recognised in the consolidated income statement. Upon the completion of these transactions, Topping and Tianjin Leasing ceased to be subsidiaries and are accounted for under equity method as joint ventures of the Group.

On 16 December 2014, the Group entered into three sales and purchase agreements with Huadian Fuxin, pursuant to which the Group disposed of its 95% equity interest in Sanjiang County Century Concord Wind Power Co. Ltd. (“Sanjiang County”), Mashan Century Concord Wind Power Co. Ltd. (“Mashan”) and Rongan Century Concord Wind Power Co. Ltd. (“Rongan”) for a total consideration of RMB8,550,000 (equivalent to approximately HK\$10,792,000). A gain on disposals of the subsidiaries of RMB875,000 (equivalent to approximately HK\$1,104,000) was recognised in the consolidated income statement. Upon the completion of these transactions, these entities ceased to be subsidiaries and are accounted for at fair values as available-for-sale financial assets of the Group.

On 3 December 2014, the Group entered into a sales and purchase agreement with Suzhou GCL New Energy Investment Co. Ltd. (“GCL”), pursuant to which the Group disposed of its entire equity interest in Delingha Century Concord Photovoltaic Power Co. Ltd. (“Delingha”), a wholly-owned subsidiary of the Group, including 60% of the economic benefits of Hainanzhou Shineng Photovoltaic Power Co., Ltd. (“Shineng”) accounted for as a joint venture in the consolidated financial statements of Delingha, for a consideration of RMB229,380,000 (equivalent to approximately HK\$289,494,000). Part of the consideration was a contingent consideration of RMB25,000,000 (equivalent to approximately HK\$31,691,000), payable upon the successful purchase of the remaining 40% minority shareholding of Shineng on behalf of GCL. A gain on disposal of the subsidiary of RMB91,785,000 (equivalent to approximately HK\$115,879,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Delingha ceased to be a subsidiary of the Group.

In addition, during the year, the Group de-registered Fuxin Xieli Wind Power Co. Ltd., Fuxin Gangneng Wind Power Co. Ltd. and Qinghai Geermu Century Concord Photovoltaic Power Co. Ltd., which are wholly-owned subsidiaries of the Group. The Group received RMB74,314,000 (equivalent to approximately HK\$93,789,000) cash from the disposal of assets prior to de-registration. Upon the completion of respective de-registration, the net assets of HK\$388,410,000 had been de-registered from the Group and a loss on disposals of subsidiaries of HK\$630,000 was recognised in the consolidated income statement. As a result, these entities ceased to be subsidiaries of the Group.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries *(Continued)*

For the year ended 31 December 2013:

On 3 June 2013, the Group entered into a sales and purchase agreement with an independent party, Suzhou Xierui Venture Capital Management Ltd., pursuant to which the Group disposed of its entire equity interest in Peixian Century Concord New Energy Co., Ltd. ("Peixian"), a wholly-owned subsidiary of the Group, for a consideration of RMB10,000,000 (equivalent to approximately HK\$12,532,000). No gain on disposal of the subsidiary was recognised in the consolidated income statement. Upon the completion of the transaction, Peixian ceased to be a subsidiary of the Group.

On 18 June 2013, the Group entered into a sales and purchase agreement with Guangdong MingYang Wind Power Industry Group co., Ltd. ("Guangdong MingYang"), pursuant to which the Group disposed of its entire equity interest in Gansu Shandan Century Concord Wind Power Co., Ltd. ("Shandan Wind Power"), a wholly-owned subsidiary of the Group, for a consideration of RMB2,640,000 (equivalent to approximately HK\$3,309,000). A loss on disposal of the subsidiary of RMB2,360,000 (equivalent to HK\$2,958,000) was recognised in the consolidated income statement. Upon the completion of this transaction, Shandan Wind Power ceased to be a subsidiary of the Group.

On 31 August 2013, the Group entered into a sales and purchase agreement with Maple Solar Development Inc. ("Maple Solar"), pursuant to which the Group disposed of its entire equity interest in EG Solar Power Inc. ("EG Solar"), a subsidiary of the Group with 60% equity interest, for a consideration of RMB147,000 (equivalent to approximately HK\$184,000). A loss on disposal of the subsidiary of RMB81,000 (equivalent to HK\$101,000) was recognised in the consolidated income statement. Upon the completion of this transaction, EG Solar ceased to be a subsidiary of the Group.

On 31 December 2013, the Group entered into a sales and purchase agreement with Maofeng Luo and Nianxin Zhang separately, pursuant to which the Group disposed of its 50% equity interest in CWP Canada Inc. (Canada) ("CWP Canada") to each of Maofeng Luo and Nianxin Zhang. A loss of HK\$2,928,000 was recognised in the consolidated income statement. Upon the completion of the transaction, CWP Canada ceased to be a subsidiary of the Group.

In addition, during the year, the Group de-registered Keyouqianqi Century Concord Wind Power Co., Ltd. ("Keyouqianqi"), Suiping Century Concord Wind Power Co., Ltd. ("Suiping"), Shanxian Century Concord Solar Power Co., Ltd. ("Shanxian") and CWP Mongolia Ltd. ("CWP Mongolia"), which are wholly-owned subsidiaries of the Group. The Group received RMB12,189,000 (equivalent to approximately HK\$15,277,000) cash from the disposal of assets prior to de-registration. Upon the completion of respective de-registration, the net assets of HK\$3,323,000 had been de-registered from the Group and a loss on disposals of subsidiaries of HK\$3,323,000 was recognised in the consolidated income statement. As a result, these entities ceased to be subsidiaries of the Group.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries *(Continued)*

The gain/(loss) on liquidation/disposal of subsidiaries, net was as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Consideration:		
Net proceeds received from liquidation	93,789	15,277
Net proceeds from disposal of subsidiaries	706,580	16,025
	800,369	31,302
Carrying amount of net assets disposed of:		
Property, plant and equipment	1,075,350	14,648
Interest in a JV	150,485	—
Goodwill	1,523	—
Inventories	—	2,918
Trade receivables	84,063	87
Prepayments and other receivables	120,070	12,748
Amounts due from fellow subsidiaries of the Group	1,496,657	—
Amounts due from JVs	59,723	4,928
Cash and cash equivalents	224,941	10,106
Trade payables	(50,233)	(789)
Amounts due to fellow subsidiaries of the Group	(186,819)	—
Amounts due to JVs	(44,550)	—
Other payables and accruals	(46,060)	(4,034)
Bank borrowings	(2,086,024)	—
	799,126	40,612
Exchange gain realised from exchange reserve	12,446	—
Realised profits or losses on transactions between the Group and JVs	142,068	—
Realised deferred tax assets	(16,351)	—
Available-for-sale financial assets	697	—
Gain/(loss) on disposal of subsidiaries, net <i>(Note 7)</i>	140,103	(9,310)

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(d) Disposal of subsidiaries *(Continued)*

In the consolidated cash flow statement, net proceeds from disposal of subsidiaries were comprised of:

	2014 HK\$'000	2013 <i>HK\$'000</i>
Consideration	706,580	16,025
Cash and cash equivalents received upon liquidation of subsidiaries	93,789	15,277
Consideration not received and recorded in other receivables	(229,081)	—
Consideration for prior year's disposal received in current year	—	51,989
Cash and cash equivalents derecognised from the consolidated financial statements	(224,941)	(10,106)
	346,347	73,185

(e) Acquisition of subsidiaries

For the year ended 31 December 2014:

Fuchuan was originally a JV of the Group, in which the Group held 50% equity interest, while Tongtai New Energy Co. Ltd. ("Tongtai"), the former JV partner, held the remaining 50% equity interest. On 9 December 2014, the Group entered into a sales and purchase agreement with Tongtai, pursuant to which the Group acquired Tongtai's 50% equity interest in Fuchuan, which became a wholly-owned subsidiary of the Group, for a consideration of RMB558,000 (equivalent to approximately HK\$707,000). A gain of RMB19,154,000 (equivalent to approximately HK\$24,174,000) was recognised when the unrealised profits on transactions between the Group and JVs was realised at the acquisition date.

The following table summarises the consideration paid for the issued share capital of Fuchuan and the fair value of assets acquired and liabilities assumed at the acquisition date.

	<i>HK\$'000</i>
Consideration paid by cash	704
Amounts due to acquirer before acquisition <i>(Note (i))</i>	84,579
Total consideration	85,283

Note (i): After the acquirees become subsidiaries of the Group, the amounts due from/(to) acquirer become inter-company balances which are eliminated at the consolidation level.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(e) Acquisition of subsidiaries *(Continued)*

For the year ended 31 December 2014: *(Continued)*

Recognised amounts of identifiable assets acquired and liabilities assumed

	<i>HK\$'000</i>
Property, plant and equipment	76,326
Prepayments and other receivables	8,652
Cash and cash equivalents	2,614
Other payables and accruals	(86,331)
	<hr/>
Total identifiable net assets	1,261
Goodwill	73
	<hr/>
	1,334
	<hr/>

In the consolidated cash flow statement, the consideration paid for acquisition of subsidiaries, net of cash acquired was comprised of:

	<i>HK\$'000</i>
Consideration paid by cash	(704)
Consideration not paid and recorded in other payables	669
Cash and cash equivalents acquired	2,614
	<hr/>
Acquisition of subsidiaries, net of cash acquired	2,579
	<hr/>

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(e) Acquisition of subsidiaries *(Continued)*

For the year ended 31 December 2013:

Kangbao Century Concord Wind Power Co., Ltd. (“Kangbao”) was originally a JV of the Group, in which the Group held 51% equity interest, while Tianjin Deheng Investment Co., Ltd. (“Tianjin Deheng”), the former JV partner, held the remaining 49% equity interest. On 31 January 2013, the Group entered into a sales and purchase agreement with Tianjin Deheng, pursuant to which the Group acquired Tianjin Deheng’s 49% equity interest in Kangbao, which became a wholly-owned subsidiary of the Group, for a consideration of RMB5,900,000 (equivalent to approximately HK\$7,394,000). As a result, a gain of RMB7,446,000 (equivalent to approximately HK\$9,332,000) was recognised when the Group re-measured its previously held equity interest in Kangbao to fair value at the acquisition date.

On 17 September 2013, the Group injected RMB81,000,000 (equivalent to approximately HK\$101,516,000) into Yongren Century Concord Solar Power Co., Ltd. (“Yongren”), the Group’s JV with 50% equity interest. After the capital injection, the registered share capital of Yongren increased from RMB5,000,000 to RMB86,000,000, and the Group held 97.1% of the equity interest in Yongren, which became a subsidiary of the Group. As a result, a gain of RMB24,997,000 (equivalent to HK\$31,329,000) was recognised when the Group re-measured its previously held equity interest in Yongren to fair value at the acquisition date.

On 6 November 2013, the Group entered into a share transfer agreement with Tianjin Deheng, pursuant to which the Group acquired 20.86% equity interest in Tieling Century Concord Xingda Wind Power Co., Ltd. (“Tieling”), the Group’s JV with 49% equity interest, for a consideration of RMB10,588,000 (equivalent to approximately HK\$13,270,000). After the transaction was completed, the Group held 69.86% equity interest of Tieling, which Tieling became a subsidiary of the Group. As a result, a gain of RMB4,610,000 (equivalent to approximately HK\$5,778,000) was recognised when the Group re-measured its previously held equity interest in Tieling to fair value at the acquisition date.

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(e) Acquisition of subsidiaries *(Continued)*

For the year ended 31 December 2013: *(Continued)*

The following table summarises the consideration paid for the issued share capital of Kangbao, Yongren and Tieling and the fair value of assets acquired and liabilities assumed at the acquisition date.

	Kangbao <i>HK\$'000</i>	Yongren <i>HK\$'000</i>	Tieling <i>HK\$'000</i>	Total <i>HK\$'000</i>
Consideration paid by cash	7,394	101,516	13,270	122,180
Previously-held interests re-measured at fair value	6,123	3,125	31,141	40,389
Amounts due from/(to) acquirer before acquisition <i>(Note (i))</i>	34,439	331,132	(3,371)	362,200
Total consideration	47,956	435,773	41,040	524,769

Note (i): After the acquirees become subsidiaries of the Group, the amounts due from/(to) acquirer become inter-company balances which are eliminated at the consolidation level.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Kangbao <i>HK\$'000</i>	Yongren <i>HK\$'000</i>	Tieling <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	46,227	404,340	18,786	469,353
License (included in intangibles)	—	5,569	—	5,569
Prepayments and other receivables	201	31,977	30,072	62,250
Cash and cash equivalents	63	3,307	10,234	13,604
Trade payables	(15)	—	(125)	(140)
Other payables and accruals	(32)	(643)	—	(675)
Total identifiable net assets	46,444	444,550	58,967	549,961
Non-controlling interests	—	(3,162)	(17,927)	(21,089)
Goodwill	1,512	(5,615)	—	(4,103)
	47,956	435,773	41,040	524,769

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement (Continued)

(e) Acquisition of subsidiaries (Continued)

For the year ended 31 December 2013: (Continued)

In the consolidated cash flow statement, the consideration paid for acquisition of subsidiaries, net of cash acquired was comprised of:

	Kangbao HK\$'000	Yongren HK\$'000	Tieling HK\$'000	Total HK\$'000
Consideration paid	7,394	101,516	13,270	122,180
Cash and cash equivalents acquired	(63)	(3,307)	(10,234)	(13,604)
Acquisition of subsidiaries, net of cash acquired	7,331	98,209	3,036	108,576

(f) Gain on disposal of a subsidiary to become an associate

On 30 September 2013, the Group entered into a capital injection agreement with Shenzhen Energy Group Co., Ltd. ("Shenzhen Energy"), pursuant to which the registered share capital of Sihong Century Concord Wind Power Co., Ltd. ("Sihong") was increased from RMB5,000,000 to RMB83,660,000 and Shenzhen Energy and the Group agreed to make an additional cash contribution of RMB58,562,000 and RMB20,098,000 into the registered share capital of Sihong, respectively. Upon the completion of this transaction, the Group's interest was reduced from 100% to 30% of issued share capital of Sihong and Sihong ceased to be a subsidiary of the Group and then became an associate of the Group. A gain on disposal of subsidiary of HK\$68,000 was recognised in the consolidated income statement.

The gain on disposal of a subsidiary to become an associate was as follows:

	2014 HK\$'000	2013 HK\$'000
Fair value of retained interest as an associate	—	31,455
Consideration paid/capital injected	—	(25,189)
<i>Less: carrying amount of net assets de-recognised</i>	—	6,266
	—	(6,266)
Exchange gain realised from exchange reserve	—	—
Realised profit or losses on transactions between the Group and JVs	—	68
Gain on disposal of a subsidiary to become an associate	—	68

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement *(Continued)*

(g) Disposal of property, plant and equipment

In the consolidated cash flow statement, net proceeds from disposal of property, plant and equipment comprises:

	2014	2013
	HK\$'000	HK\$'000
Net book amount <i>(Note 15)</i>	161,290	1,393
Gain on disposal of property, plant and equipment <i>(Note 10)</i>	27,740	431
Consideration for disposal of property, plant and equipment	189,030	1,824
<i>Less: Settled with payables</i>	(72,606)	(663)
Net cash proceeds from disposal of property, plant and equipment	116,424	1,161

37. Non-current assets held for sale

The non-current assets held for sale represent the solar power plant built on three buildings situated in the US. On 10 December 2014, the Group entered into a sales and purchase agreement with PNC Capital Inc. to dispose three solar power plants. As at 31 December 2014, two solar power plants were disposed. Management has subsequently disposed the remaining solar plant on 4 February 2015.

During the year ended 31 December 2014, no gain or loss has been recognised for any initial or subsequent increase in or write-down of the assets stated at lower of carrying amount and fair value less costs to sell.

The non-current assets held for sale was included in the segment of investment in power plants.

Notes to the Consolidated Financial Statements

38. Contingent liabilities

The Group, via its wholly-owned subsidiaries, had entered into joint venture (“JV”) agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of equity interests in these JVs as security for the bank borrowings of each of the respective JVs.

As at 31 December 2014, the Group has pledged its share of equity interests of one (2013: one) JV, with total value of its share of registered capital held by the Group amounted to HK\$47,207,000 (2013: HK\$47,365,000) for bank borrowings by the Group’s JVs.

One of the Group’s JVs, Gansu Guazhou Century Concord Wind Power Co., Ltd., had entered into an agreement to borrow a loan with principal amount up to US\$140,000,000. As at 31 December 2014, the loan of approximately US\$68,310,000 (2013: US\$78,725,000) was drawn down by the JV. The Group’s and the Company’s maximum exposure to the loan is equal to the drawn down amount. Besides, pursuant to the Limited Guarantee Agreement and the Equity Pledge Agreement signed between the Group and the borrower, the Group has provided the corporate guarantee with a pledge of 49% equity interest in the JV amounted to HK\$415,618,000 (2013: HK\$417,014,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2014 and 2013.

39. Commitment

Operating lease commitments

As lessee

The Group leases certain of its offices and equipment under non-cancellable operating lease arrangements.

At the reporting date, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2014	2013
	HK\$’000	HK\$’000
No later than 1 year	3,358	1,296
Later than 1 year and no later than 5 years	1,118	—
	4,476	1,296

Notes to the Consolidated Financial Statements

39. Commitment (Continued)

Capital commitments

(a) At the reporting date, capital expenditure contracted for but not provided for is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Property, plant and equipment		
No later than 1 year	1,974,752	259,383

(b) The Group has entered into a number of arrangements to develop power projects in the PRC. As at 31 December 2014, total equity contributions contracted but not provided for were HK\$803,680,000 (2013: HK\$582,590,000).

Other commitments

As at 31 December 2014, the Group, via its wholly-owned subsidiaries, committed with JV partners to pledge its share of equity interests in Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd., Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. and Wuchuan County Yihe Wind Power Co., Ltd. as security for bank borrowings by the Group's JV.

40. Transactions with non-controlling interests

Effects of transactions with non-controlling interests on the equity attributable to owners of the company for the year ended 31 December 2014 are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Changes in equity attributable to owners of the company arising from:		
Acquisition of additional interests in subsidiary	(22,494)	—

Notes to the Consolidated Financial Statements

41. Related party transactions

- (a) Save as disclosed elsewhere in these consolidated financial statements, the following transactions were carried out by the Group with related parties:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Sales of goods and services to associates and JVs (Note (i))	803,885	837,602
Loan interest income (Note (ii))	8,907	20,517
	812,792	858,119

Notes:

- (i) The sales of goods and services were mutually agreed by both parties.
- (ii) The loans to JVs carry interest ranging from 5.45% to 10% per annum. The fair value and the effective interest rate of the loans to JVs are disclosed in Note 20.

(b) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. It comprises seven (2013: nine) of the Executive Directors and six (2013: four) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	13,522	14,028
Share-based compensation	1,906	7,481
	15,428	21,509

The remuneration of the members of Senior Management Group by band is set out below:

	2014	2013
	HK\$'000	HK\$'000
HK\$1 — HK\$1,000,000	6	2
HK\$1,000,001 — HK\$2,000,000	—	2
	6	4

Notes to the Consolidated Financial Statements

42. Events after the balance sheet

On 17 December 2014, Tianjin Century Concord New Energy Development Limited ("Tianjin Century Concord") has entered into an initiation agreement as regards to Kincheng Bank of Tianjin Co., Ltd. ("Kincheng bank") with other initiators. On 13 February 2015, Tianjin Century Concord has injected RMB 180,000,000 to Kincheng bank, and held 6% of the equity interest in Kincheng bank.

Save as disclosed above, there were no other significant subsequent events after the balance sheet date up to the date of approval of the consolidated financial statements.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and equities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out below.

RESULTS

	For the year ended 31 December 2014 HK\$'000	For the year ended 31 December 2013 HK\$'000	For the year ended 31 December 2012 HK\$'000 (Note)	For the year ended 31 December 2011 HK\$'000 (Note)	For the year ended 31 December 2010 HK\$'000 (Note)
Revenue and other income	3,575,022	1,929,011	1,124,640	977,139	1,243,349
Other gains, net and exchange gains, net	170,252	187,742	200,092	305,788	14,852
Finance costs	(105,722)	(103,496)	(85,985)	(64,899)	(4,465)
Share of results					
— associates	7,645	892	7,278	1,391	4,483
— joint ventures	42,062	(13,791)	(6,123)	169,646	192,464
Expenses, net	(3,297,362)	(1,807,264)	(1,126,830)	(884,775)	(901,676)
Profit before income tax	391,897	193,094	113,072	504,290	549,007
Income tax expense	(73,786)	(41,967)	(72,160)	(132,081)	(121,784)
Non-controlling interests	923	10	(526)	—	—
Profit attributable to equity holders of the Company	317,188	151,117	40,386	372,209	427,223

Five Year Financial Summary (Continued)

ASSETS, LIABILITIES AND EQUITIES	As at 31 December 2014 HK\$'000	As at 31 December 2013 HK\$'000	As at 31 December 2012 HK\$'000	As at 31 December 2011 HK\$'000	As at 31 December 2010 HK\$'000
Total assets	10,790,091	9,851,199	7,508,026	7,501,493	5,425,244
Total liabilities	(5,034,470)	(4,857,313)	(3,053,028)	(3,027,111)	(1,511,749)
Net assets	5,755,621	4,993,886	4,454,998	4,474,382	3,913,495
Equity attributable to owners of the Company	5,654,275	4,971,451	4,454,006	4,474,382	3,913,495
Non-controlling interests	101,346	22,435	992	—	—
Total equity	5,755,621	4,993,886	4,454,998	4,474,382	3,913,495

Note: The comparative figures in this summary relating to the exchange gains, net which have been previously classified under 'expenses, net', is now reclassified and presented under 'other gains, net and exchange gains, net' in order to conform to the current year's presentation for a better understanding of the Group's activities. This reclassification has no effect on the Group's results, and the assets, liabilities and equities for the last five financial years.

