華潤電力控股有限公司
China Resources Power Holdings Company Limited
(Stock Code : 836)

PAINTING A BRILLIANT FUTURE

ANNUAL REPORT 2014

About CR Power

China Resources Power Holdings Company Limited (the "Company" or "CR Power") is a fast-growing energy company which invests, develops, operates and manages coal-fired power plants, wind farms, hydro-electric projects and other renewable energy projects in the more affluent regions or regions with abundant coal resources in China, and invests, develops, constructs and operates coal mines in China.

As at 31 December 2014, CR Power has 39 coal-fired power plants, 2 hydro-electric plants, 1 gas-fired plant and 56 wind farms in commercial operation. The total attributable operational generation capacity of the Company is 31,331MW, with 39.5% of our capacity located in Eastern China, 28.4% located in Central China, 15.8% located in Southern China, 10.1% located in Northern China, 4.6% located in Northeastern China, 0.9% located in Southwestern China and 0.6% located in Northwestern China.

Corporate Structure

China Resources (Holdings) Co., Ltd. ("CRH")

63.06%

China Resources Power Holdings Co., Ltd.

Coal-fired 1000MW

Xuzhou Phase III
Hubei Phase II
Hezhou
Cangnan
Haifeng

Coal-fired 600MW

Changshu
Fuyang
Liyujiang B
Shouyangshan
Zhenjiang 630
Yangzhou No. 2
Shaojiao C
Nanjing Thermal
Heze
Dengfeng Phase II
Changzhou
Jiaozuo Longyuan
Guizhou Liuzhi

Coal-fired 300MW

Huaxin
Liyujiang A
Cangzhou
Dengfeng
Gucheng
Hubei
Lianyuan
Caofeidian
Dengkou
Guangzhou Thermal
Nanjing Banqiao
Xuzhou
Wenzhou Telluride
Hengfeng
Hengxing
Nanjing Chemical Industry Park Phase II
Yichang
Panjin
Tangshan Fengrun
Bohai Xinqu

Coal-fired ≤200MW

Yixing
Xingning
Tangshan
Jiaozuo
Luoyang
Shenhai Thermal
Nanjing Chemical Industry Park
Zhenjiang 140

Clean Energy

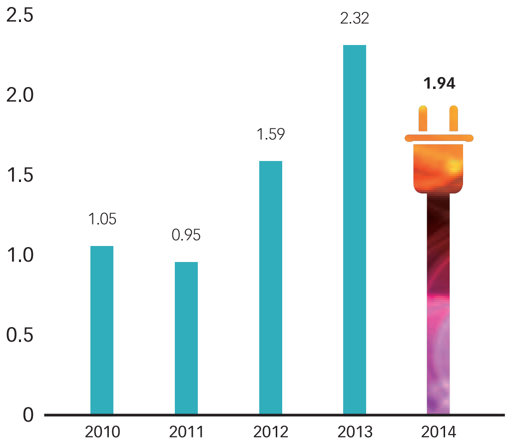
Dannan Wind
Shantou Wind
Chaonan Wind
Dahao Wind
Huilaixian'an Wind
Huilaiguanshan Wind
Yangxi Longgaoshan Wind
Penglai Wind
Penglai Xujiaji Wind
Daliuhang Wind
Daxindian Wind
Weihai ETD Zone Wind
Weihai Huancui Wind
Qingdao Wind
Fuxin Wind
Jianping Wind
Bayinxile Wind
Chengde Weichang Wind Phase I
Chengde Weichang Wind Phase II
Chengde Weichang Wind Phase III & IV & V
Guazhou Wind
Jiamusi Wind
Wulian Wind Phase I
Jüxian Wind Phase I
Manzhouli Wind
Suizhou Wind
Datong Wind
Lianzhou Wind
Lianzhou Quanshui Wind
Qingdao Wind Phase II
Datong Guangling Wind
Datong Shengquan Wind
Biyang Wind
Beipiao Wind
Yangjiang Wind
Linwu Wind
Suizhou Fengming Wind
Datong Yanggao Wind
Datong Changcheng Wind
Biyang Zhongxiang Wind
Wulian Wind Phase II
Jüxian Wind Phase II
Jinzhou Wind
Jining Wind
Linghai Wind
Lufeng Wind
Xinyi Wind
Suixian Tianhekou Wind
Rizhao Wind
Nantong Wind
Wulanchabu Wind
Wulanchabu Bayin Wind
Wulanchabu Hongmu Wind
Zoucheng Wind
Linyi Wind
Manzhouli Wind (Phase II)
Honghe Hydro
Yazuihe Hydro
Beijing Thermal
Jiamusi Wind
Beipiao Wind
Linghai Wind
Suixian Tianhekou Wind
Jinzhou Wind
Haiyang Wind
Wulanchabu Wind
Huilai Wind
Fuxin Wind
Linyi Wind
Jinping Wind
Rongxian Wind
Fujin Wind
Suizhou Wind
Guangshui Wind
Datong Wind
Biyang Wind
Biyang Pangu Wind
Chaonan Wind
Zaoyang Wind
Dongying Wind
Liping Wind
Jianhe Wind

Note: Projects under construction are marked in Green

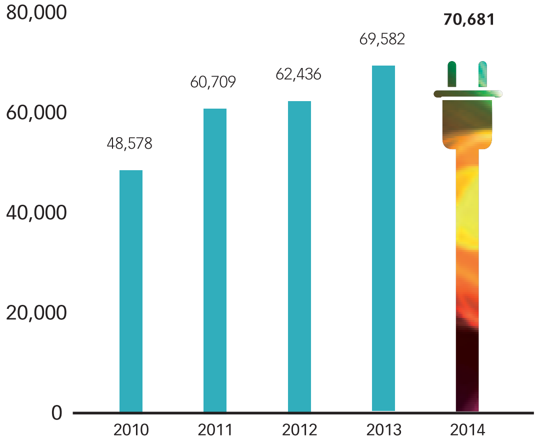
Contents

5-Year Summary

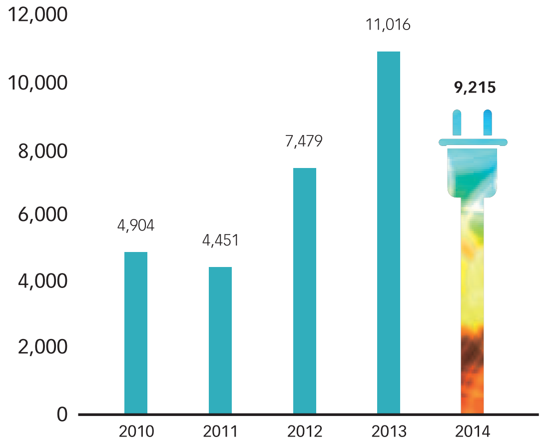
Basic earnings per share
(HK$)



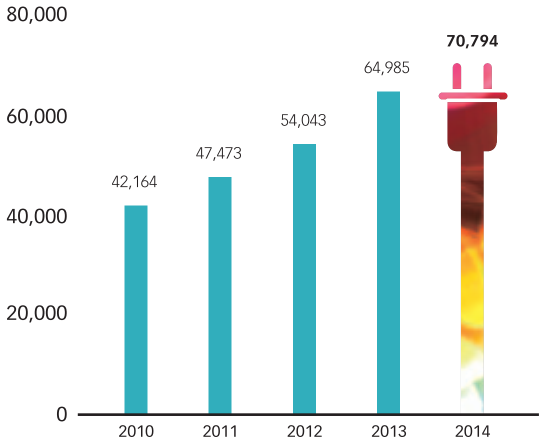
Turnover
(HK million)



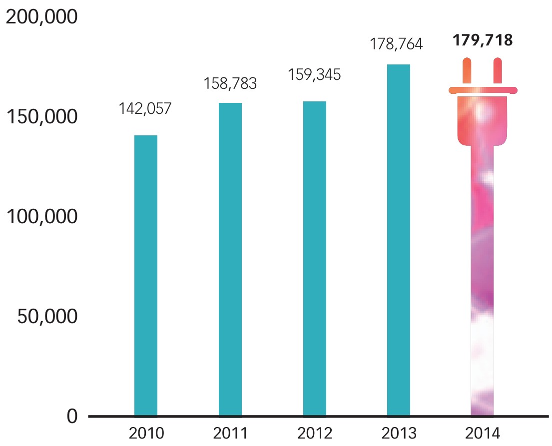
Profit attributable to owners of the Company
(HK million)



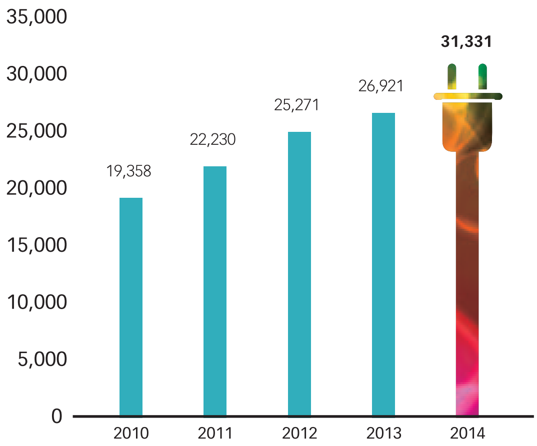
Equity attributable to owners of the Company
(HK million)



Net generation volumn of subsidiary operating power plants
(thousand MWh)



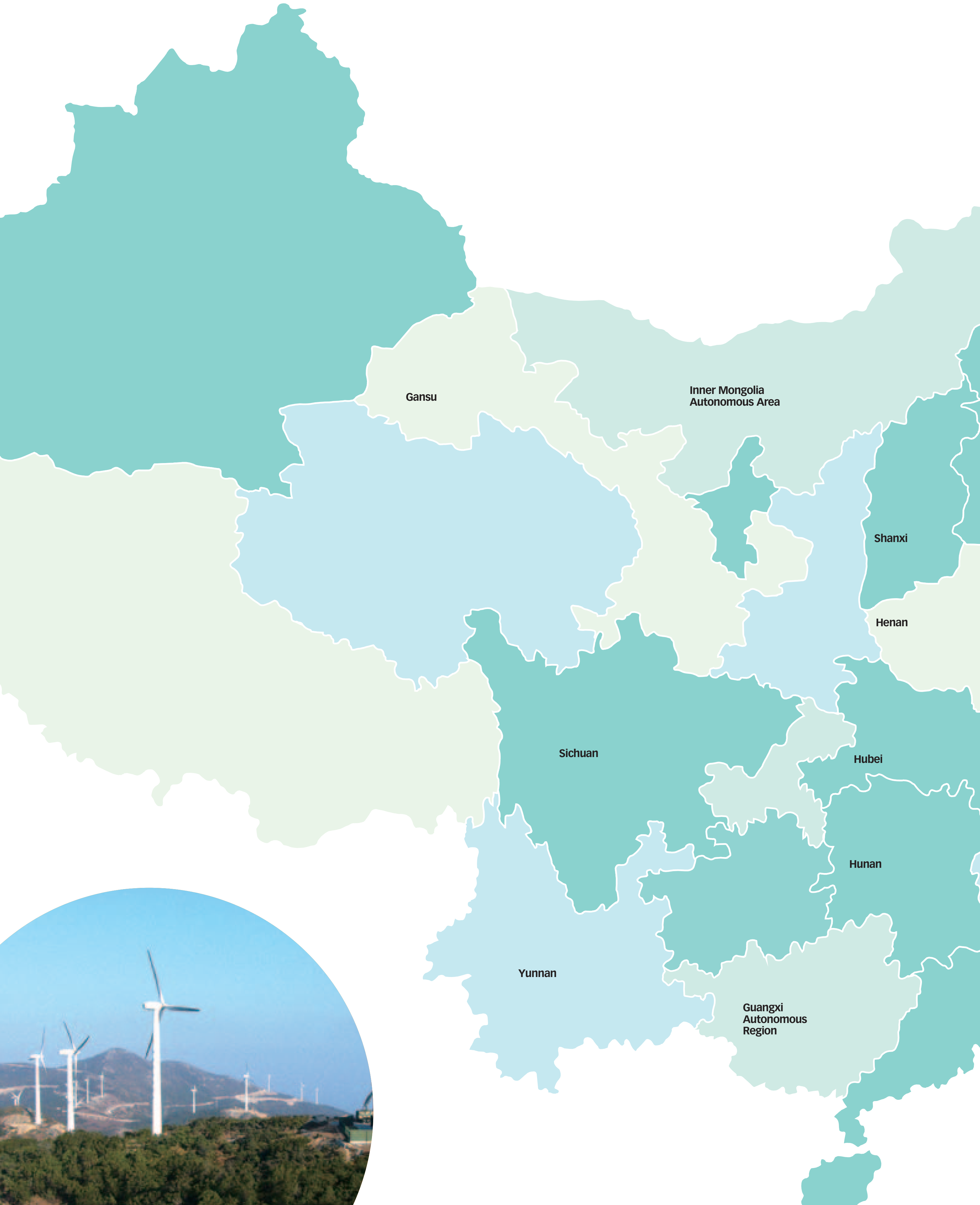
Attributable operational generation capacity
(MW)



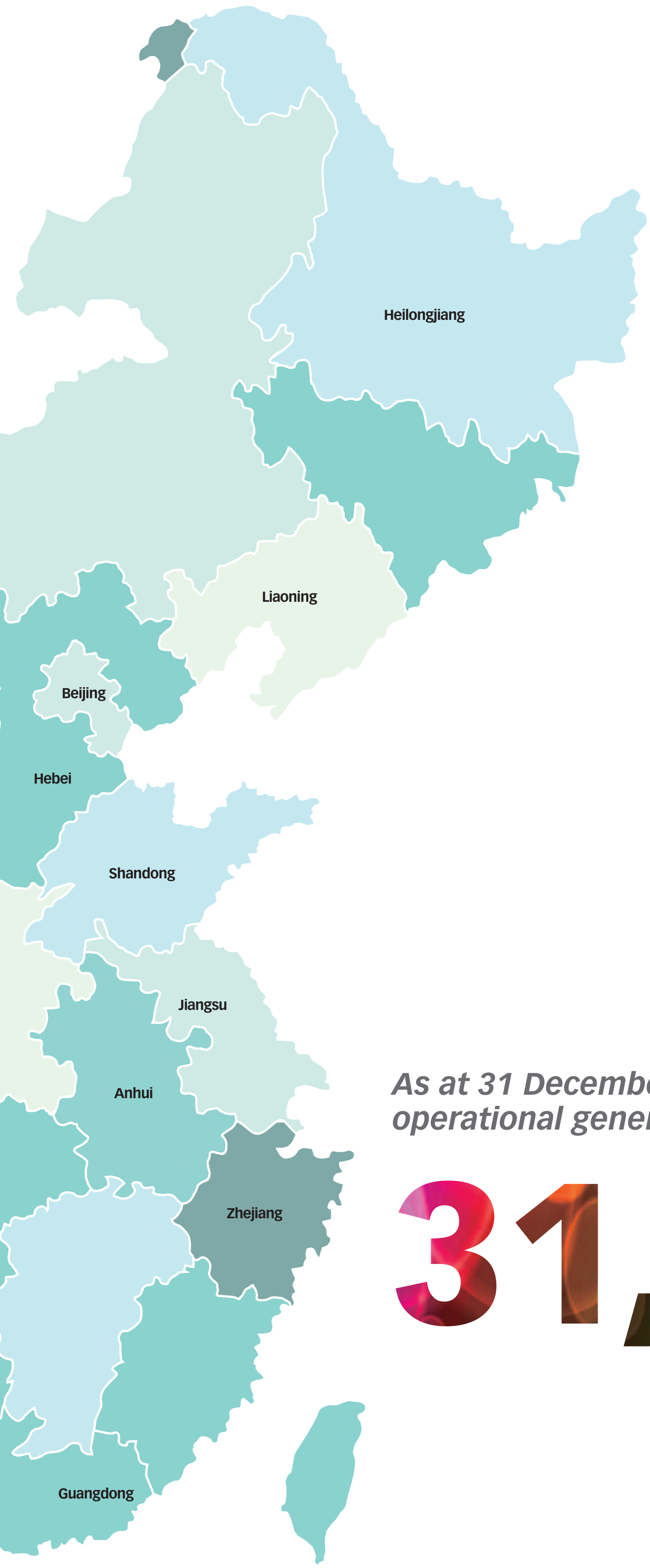
5-Year Summary

	2014	2013	2012	2011	2010
Earnings per share (HK$)					
Basic	**1.94**	2.32	1.59	0.95	1.05
Diluted	**1.93**	2.31	1.58	0.94	1.04
Turnover (HK$'000)	**70,680,628**	69,581,526	62,435,520	60,708,674	48,578,313
Profit attributable to owners of the Company (HK$'000)	**9,214,858**	11,015,526	7,478,916	4,450,576	4,903,654
Consolidated statement of financial position (HK$'000)					
Non-current assets	**192,813,529**	182,830,396	150,996,410	142,559,745	118,676,255
Current assets	**32,834,552**	31,034,507	26,793,308	25,806,144	24,334,292
Current liabilities	**56,056,017**	51,956,141	47,498,571	48,976,437	36,708,918
Non-current liabilities	**83,799,696**	77,175,881	61,395,146	57,817,287	56,041,520
Equity attributable to owners of the Company	**70,794,403**	64,985,061	54,042,983	47,472,998	42,164,218
Total assets	**225,648,081**	213,864,903	177,789,718	168,365,889	143,010,547
Cash and cash equivalents	**8,285,135**	6,035,046	4,397,289	4,496,605	6,801,707
Bank and other borrowings	**100,432,860**	92,569,457	83,381,954	82,987,231	74,911,153
Key financial ratios					
Net debt to shareholders' equity (%)	**129.1**	132.2	145.7	165.3	161.5
EBITDA interest coverage (times)	**6.5**	6.5	4.5	3.9	4.4
Generation volume of operating power - plants (MWh)					
Total gross generation	**190,865,526**	189,979,696	169,601,388	169,393,318	151,833,189
Total net generation	**179,717,995**	178,763,773	159,344,907	158,782,584	142,057,401
Attributable operational generation capacity (MW)					
Eastern China	**12,383**	11,003	10,742	10,628	8,698
Central China	**8,902**	7,282	5,715	4,205	3,694
Southern China	**4,945**	4,790	4,632	3,779	3,702
Northern China	**3,166**	2,640	2,548	2,440	2,339
Northeastern China	**1,453**	725	1,153	1,073	925
Northwestern China	**280**	201	201	105	—
Southwestern China	**201**	280	280	—	—
Total	**31,331**	26,921	25,271	22,230	19,358

Service Areas



Service Areas



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power plants in commercial operation

As at 31 December 2014, total attributable operational generation capacity of the company is

31,331 MW

Service Areas

PROVINCE/REGION	POWER PLANTS/WIND FARMS/ HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE INSTALLED CAPACITY (MW)
Jiangsu	Changshu	1,950.0	100.0%	1,950.0
	Nanjing Thermal	1,200.0	100.0%	1,200.0
	Xuzhou Phase III	2,000.0	60.0%	1,197.2
	Zhenjiang	1,540.0	42.5%	654.5
	Yangzhou No. 2	1,260.0	45.0%	567.0
	Xuzhou	1,280.0	42.7%	545.9
	Nanjing Chemical Industry Park Phase II	600.0	90.0%	540.0
	Huaxin	660.0	72.0%	475.2
	Nanjing Banqiao	660.0	65.0%	429.0
	Changzhou	1,260.0	25.0%	315.0
	Nanjing Chemical Industry Park	110.0	90.0%	99.0
	Yixing	120.0	55.0%	66.0
	Nantong Wind	49.5	100.0%	49.5
Guangdong	Liyujiang B	1,300.0	100.0%	1,300.0
	Shajiao C	1,980.0	36.0%	712.8
	Guangzhou Thermal	600.0	100.0%	600.0
	Liyujiang A	630.0	60.0%	378.0
	Xingning	270.0	100.0%	270.0
	Chaonan Wind	145.9	100.0%	145.9
	Yangxi Longgaoshan Wind	89.8	100.0%	89.8
	Huilaiguanshan Wind	50.0	100.0%	50.0
	Huilaixian'an Wind	37.5	100.0%	37.5
	Shantou Wind	29.3	100.0%	29.3
	Dahao Wind	18.0	100.0%	18.0
	Dannan Wind	24.0	55.0%	13.2
	Lianzhou Wind	100.0	100.0%	100.0
	Lianzhou Quanshui Wind	50.0	100.0%	50.0
	Yangjiang Wind	45.5	100.0%	45.5
	Xinyi Wind	39.0	100.0%	39.0
	Lufeng Wind	66.0	100.0%	66.0
	Haifeng	2,000.0	100.0%	2,000.0
	Huilai Wind	22.0	100.0%	22.0
	Chaonan Wind	10.0	100.0%	10.0
Henan	Shouyangshan	1,200.0	85.0%	1,020.0
	Gucheng	600.0	100.0%	600.0
	Dengfeng	1,840.0	85.0%	1,564.0
	Jiaozuo	280.0	100.0%	280.0
	Luoyang	100.0	51.0%	51.0
	Jiaozuo Longyuan	660.0	100.0%	660.0
	Biyang Wind	51.5	100.0%	51.5
	Biyang Zhongxiang Wind	39.0	100.0%	39.0
	Jiaozou Longyuan	660.0	100.0%	660.0
	Biyang Wind	13.5	100.0%	13.5
	Biyang Pangu Wind	33.0	100.0%	33.0
Hebei	Cangzhou	660.0	95.0%	627.0
	Caofeidian	600.0	90.0%	540.0
	Tangshan	200.0	80.0%	160.0
	Tangshan Fengrun	700.0	60.0%	420.0
	Hengfeng	600.0	25.0%	150.0
	Hengxing	600.0	25.0%	150.0
	Chengde Weichang Wind Phase I	48.0	100.0%	48.0
	Chengde Weichang Wind Phase II	46.5	100.0%	46.5
	Chengde Weichang Wind Phase III, IV, V	151.5	100.0%	151.5
	Bohai Xinqu	700.0	100.0%	700.0
Liaoning	Shenhai Thermal	600.0	54.1%	324.7
	Panjin	700.0	100.0%	700.0
	Fuxin Wind	99.0	100.0%	99.0
	Jianping Wind	99.0	100.0%	99.0
	Beipiao Wind	94.3	100.0%	94.3
	Jinzhou Wind	34.5	100.0%	34.5
	Linghai Wind	58.5	100.0%	58.5
	Fuxin Wind	49.5	100.0%	49.5
	Beipiao Wind	4.8	100.0%	4.8
	Jinzhou WInd	15.0	100.0%	15.0
	Linghai Wind	40.5	100.0%	40.5
	Fuxin Wind	49.5	100.0%	49.5

Service Areas

PROVINCE/REGION	POWER PLANTS/WIND FARMS/ HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE INSTALLED CAPACITY (MW)
Shandong	Heze	1,200.0	90.0%	1,080.0
	Weihai ETD Zone Wind	49.8	100.0%	49.8
	Weihai Huancui Wind	49.8	100.0%	49.8
	Daliuhang Wind	50.0	100.0%	50.0
	Daxindian Wind	49.8	100.0%	49.8
	Penglai Wind	48.0	95.0%	45.6
	Penglai Xujiaji Wind	46.6	95.0%	44.3
	Qingdao Wind Phase I	49.8	100.0%	49.8
	Qingdao Wind Phase II	50.0	100.0%	50.0
	Jining Wind	49.5	100.0%	49.5
	Jüxian Wind Phase I	50.0	100.0%	50.0
	Jüxian Wind Phase II	50.0	100.0%	50.0
	Wulian Wind Phase I	50.0	100.0%	50.0
	Wulian Wind Phase II	50.0	100.0%	50.0
	Zoucheng Wind	44.0	100.0%	44.0
	Linyi Wind	44.0	100.0%	44.0
	Rizhao Wind	48.6	100.0%	48.6
	Haiyang Wind	49.8	100.0%	49.8
	Linyi Wind	60.0	100.0%	60.0
	Dongying Wind	50.0	100.0%	50.0
Inner Mongolia Autonomous Region	Dengkou	600.0	75.0%	450.0
	Bayinxile Wind	99.0	100.0%	99.0
	Manzhouli Wind Phase I	49.5	100.0%	49.5
	Wulanchabu Wind	49.5	100.0%	49.5
	Manzhouli Wind Phase II	49.5	100.0%	49.5
	Wulanchabu Bayin Wind	49.5	100.0%	49.5
	Wulanchabu Hongmu Wind	49.5	100.0%	49.5
Hubei	Hubei	600.0	100.0%	600.0
	Hubei Phase II	2,000.0	100.0%	2,000.0
	Yichang	700.0	100.0%	700.0
	Suizhou Wind	76.8	100.0%	76.8
	Suizhou Fengming Wind	49.5	100.0%	49.5
	Suixian Tianhekou Wind	148.5	100.0%	148.5
	Suixian Tianhekou Wind	49.5	100.0%	49.5
	Suizhou Wind	16.5	100.0%	16.5
	Zaoyang Wind	99.5	100.0%	99.5
	Guangshui Wind	50.0	100.0%	50.0
Guangxi Autonomous Region	Hezhou	2,000.0	50.0%	1,000.0
	Rongxian Wind	50.0	100.0%	50.0
Anhui	Fuyang	1,280.0	55.0%	704.0
Hunan	Lianyuan	600.0	100.0%	600.0
	Linwu Wind	68.0	100.0%	68.0
Zhejiang	Wenzhou Telluride	600.0	40.0%	240.0
	Cangnan	2,000.0	75.0%	1,500.0
Yunnan	Honghe Hydro	210.0	70.0%	147.0
Sichuan	Yazuihe Hydro	260.0	51.0%	132.6
Gansu	Guazhou Wind	201.0	100.0%	201.0
Beijing	Beijing Thermal	150.0	51.0%	76.5
Heilongjiang	Jiamusi Wind	43.5	100.0%	43.5
	Jiamusi Wind	6.0	100.0%	6.0
	Fujin Wind	50.0	100.0%	50.0
Shanxi	Datong Wind	195.0	100.0%	195.0
	Datong Guangling Wind	50.0	100.0%	50.0
	Datong Yanggao Wind	49.5	100.0%	49.5
	Datong Shengquan Wind	50.0	100.0%	50.0
	Datong Changcheng Wind	49.5	100.0%	49.5
	Datong Wind	3.0	100.0%	3.0
Guizhou	Guizhou Liuzhi	1,320.0	100.0%	1,320.0
	Jinping Wind	32.0	100.0%	32.0
	Liping Wind	50.0	100.0%	50.0
	Jianhe Wind	49.5	100.0%	49.5

Note: Projects under construction are marked in green

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I present the annual results of CR Power for the year ended 31 December 2014.

In 2014, facing a slowdown in China's economy, CR Power continued to deepen reform by optimizing its industrial structure, exploiting internal potential, vigorously facilitating lean management and synergies and consistently improving the Company's profitability, risk control and sustainable development capabilities, while adhering to its development philosophy of "making progress while maintaining stability", closely focusing on the Company's strategic planning of the "Twelfth Five-Year Plan" and its annual business plan, and centering around improving the quality of development and economic benefits. We managed to adapt to the "new normal" of economy in such a complex operating environment.

During the year, we were once again included in the Forbes Global 2000 and the Platts Top 250 Global Energy Companies lists for our excellent performance for the eighth consecutive year, and our rankings rose from 657th and 100th, respectively, in 2013 to 595th and 75th, respectively. We ranked 3rd both globally and in the Asia-Pacific region among all independent power producers and energy traders, and ranked among top 5 power enterprises in Fortune's Top 500 Enterprises in China. In April 2014, we were awarded the "Best Investor Relations" Award in the fourth "Asian Excellence Recognition Awards" by Corporate Governance Asia.

RESULTS PERFORMANCE

As at the end of 2014, equity attributable to owners of the Company and total assets of the Company amounted to HK$70,794 million and HK$225,648 million, respectively. Profit attributable to shareholders was approximately HK$9,215 million, representing a decrease of HK$1,801 million or 16.3% compared to approximately HK$11,016 million in 2013. The Board has resolved to declare a final dividend of HK$0.70 per share, together with the interim dividend of HK$0.08 per share, the total dividends paid and proposed to be paid for 2014 is HK$0.78 per share.

As at the end of 2014, our attributable operational generation capacity of power plants amounted to 31,331MW, representing an increase of about 16.4% over 26,921MW as at the end of 2013; subsidiary power plants recorded a total gross generation volume of 140,068,174 MWh, increased by 5.1% as compared to 133,247,814 MWh in 2013; subsidiary power plants recorded a total net generation volume of 132,036,399 MWh, increased by 5.3% as compared to 125,447,662 MWh in 2013.

(1) Coal-fired power business

As at the end of 2014, our attributable coal-fired operating generation capacity was 27,420MW, accounting for 87.5% of our total attributable generation capacity. During the year, nine large, highly efficient coal-fired generation units were put into operation, resulted in an increase in the total attributable operating generation capacity by 3,980 MW.

Due to a slowdown in power consumption, rapid growth in hydropower generation and other factors, the average utilisation hours for coal-fired generation units in China decreased by 314 hours or 6.3% year on year to 4,706 hours. Our 33 coal-fired generation units, which were fully operational during the year, had 5,325 hours of average full-load equivalent utilisation hours, exceeding the national average level by 619 hours. This was because most of our subsidiary power plants comprise of highly efficient large generation units, and were mainly located in areas with relatively strong demand for electricity, thus possessing certain market advantages.

(2) Coal-mining business

Due to the slowdown in China's macroeconomic growth in 2014 as well as the economic transition and industrial restructuring in the country, supply and demand in the coal market maintained an easing trend in general, while coal prices continued to drop. In response to such circumstances, we focused our efforts in promoting sales while adjusting production according to sales, adopted "one mine, one policy" to facilitate differentiated treatment, and strictly controlled costs.

In 2014, our coal mines produced a total of approximately 11.65 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing a decrease of 17.9% from 2013, among which, 9.53 million and 2.12 million tonnes were produced by our subsidiary coal mines and associate coal mines, respectively.

Chairman's Statement

(3) Renewable energy business

We continued to increase our investment in clean energy and renewable energy projects. As at the end of 2014, our attributable operational generation capacity in wind power, gas and hydropower totaled 3,911MW, accounting for 12.5% of our total attributable operational generation capacity.

As at the end of 2014, our attributable operational wind power generation capacity reached 3,554MW, wind power generation capacity under construction reached 854MW, and development areas covered 15 provinces and regions across the nation.

In 2014, the average utilisation hours for wind power generation units in China was 1,905 hours. Our wind farms are mainly located in regions with few issues of curtailment including Eastern, Central and Southern China. The average full-load utilisation hours of our wind farms which were operational for the full year reached 1,989 hours, exceeding the national average level by 84 hours.

STRENGTHENING COMPLIANCE AND RISK CONTROL

We recognize that corporate governance in accordance with the laws and compliant operations are the basis to a long-term healthy development of an enterprise. Therefore, in 2014, we have strengthened internal control and management on corporate risk and anti-corruption practices among managers.

We further strengthened our organizational capabilities in risk management and control by establishing the CR Power Tender and Procurement Department and a tender company to coordinate the management of tender and bidding businesses of the Company, ensuring openness, transparency and compliance in tender and bidding tasks. A comprehensive internal control and management system for the Company was set up to improve preliminary approval and subsequent appraisal for investment projects, tender and procurement and the regulatory system for reporting and filing of large sum payments. Through fixed management process and optimized management authorization and information technology construction we aim to avoid approval risks in project investment, tender and procurement and utilization of funds. Continuous efforts were exerted in business risk analysis to manage material risk exposure comprehensively against various businesses, and strong measures were adopted to improve operation guidelines, implement duties of positions and enhance management. Legal knowledge training sessions were encouraged strongly to promote risk aversion awareness. Six training programs in total were organized for senior management and non-legal officers of the Company, including thinking legally, risk prevention, offences in performing duties, information disclosure, tender management and file management.

We reinforced anti-corruption practices among managers. A disciplinary surveillance department was set up at the head offices of our power business and coal business, respectively. A disciplinary review committee was established or a disciplinary review officer was stationed in each unit to achieve full disciplinary coverage of the entire CR Power system. We strengthened the building of a proper work style for managers through regulation of company car usage, office usage and spending for business purposes by managers and appraisal on the manager's behaviour was developed. Anti-corruption education and integrity culture were actively promoted among managers through thematic reports to build up a line of professional conduct against corruption among managers to prevent the occurrence of various sorts of non-compliance acts. Managers at various levels learnt the Ten Rules of CR Power actively and signed the Declaration of Compliance to strengthen anti-corruption consciously.

FULFILLING OF SOCIAL RESPONSIBILITIES

We respond to our shareholders and investors proactively, actively pursued a high quality and healthy development as well as accelerated structured optimization and project approvals to continuously create value for shareholders and investors. In 2014, we made great progress in coal-fired project approvals and obtained approvals for total capacity of 3,320MW throughout the year. Approvals for wind power projects reached a new record with an approved capacity of more than 2,000MW.

Chairman's Statement

We committed to build an environmentally-friendly enterprise, and strived to develop clean energy and recycling economic projects to improve energy utilization efficiency and clean power generation level. As at the end of 2014, our clean and renewable energy accounted for 12.5% of our total attributable operational generation capacity, representing an increase of 0.5 percentage point as compared to 12% at the end of 2013.

We continued to invest in technical reform projects of energy conservation and emission reduction, and implemented over 100 technical reform projects of energy conservation during the year. In 2014, the average net generation standard coal consumption rate in our coal-fired power plants was 311.70 g/kWh, 3.49 g/kWh or 1.1% lower as compared to 315.19 g/kWh in 2013.

Construction, transformation, operation, maintenance and management of environmental protection facilities were strengthened continuously, total investment in energy conservation and emission reduction, technical reforms and installation of environmental protection facilities during the year amounted to RMB1.662 billion. As at the end of 2014, apart from a 200MW generation unit at Tangshan thermal power plant and two 140MW generation units at Jiaozuo thermal power plant which are intended to be closed down and a 200MW generation unit at Shenhai thermal power plant in Shenyang which is currently under renovation, all other generation units of subsidiary coal-fired power plants have installed desulfurization facilities complying with the national emission standards. Except for the above-mentioned generation units which are intended to be demolished in the short term, all other generation units of subsidiary coal-fired power plants have installed denitrification facilities complying with national emission standards. As at the end of 2014, 94.3% of the generation units of subsidiary power plants used bag-type dust precipitators or other advanced technology encouraged by the Government for ash removal. In 2014, the sulphur dioxide emission level in subsidiary coal-fired power plants was 25% lower than the previous year, the reduction level of nitrogen oxide and fly ash was nearly 50% year-on-year. The consolidated energy consumption per RMB10,000 turnover rate (in constant currency) fell by 8.1% year-on-year for coal-fired power generation. Among these projects, the No.1 generation unit at Nansha thermal power plant in Guangzhou was one of the 13 environmental pilot-run projects, installed with "ultra-clean" technology, emission standards for sulphur dioxide, nitrogen oxide and fly ash are lower than the standards for gas-fired generation units.

We steadily promoted the construction of an enterprise with inherent safety to safeguard the safety of our employees and the community. We always took production safety as top priority, and established the CR Power environment health and safety department to coordinate and manage safe production, occupational health, environmental protection, energy conservation and emission reduction, In 2014, the Company invested RMB560 million in production safety, increased by 24.4% as compared to RMB450 million in 2013. No safety incident of major scale or above had occurred by our subsidiaries, the overall production safety condition was stable.

We continue to care for our employees and take initiative to protect their interests and rights and emphasize on staff training, ability enhancement and career development. We also improved the systems related to salaries and benefits and performance management, to motivate the passion for work and living among employees, increase the sense of belonging and satisfaction among employees in pursuit of concurrent growth of staff and the Company. In 2014, we completed 498 reviews on talents at key posts and 204 exchange of talents, and established over 10 associations including a basketball club, football club, fitness club and Taichi club at headquarters, employees made more than 3,000 participations in the events.

CR Power grows under the support and care from the communities for which we have been grateful and in turn, we endeavour to contribute back to the society. In 2014, we donated RMB3 million to "Hebei Provincial China Resources Education Fund" for the eighth consecutive year to fund 1,000 impoverished university students and actively participated in "China Resources Hope Town" project. We actively participated in public benefit activities, poverty alleviation, greening, environmental protection and construction of public facilities in the areas where our projects are located. We donated approximately RMB42.306 million for charitable purposes in 2014.

OUTLOOK FOR 2015

In the likelihood of a slowdown in the growth of demand for electricity, increasing pressure in environmental protection and a market-oriented reform, the growth rate of national power consumption in 2015 is not likely to improve significantly. With total output easing and the structural surplus in the coal market, it will be difficult for coal prices to rebound from current low levels in near future.

In 2015, we will continue optimizing the business mix and existing assets and innovating business model, to drive CR Power to realize valuable growth and sustainable development. We will continue to deeply promote lean management, enhance the overall operational efficiency and management level of the Company, to further improve and optimize various production and operation indicators as well as maintain and increase the value of assets. We will continue to actively promote energy conservation and emissions reduction through increase of investment and technology. We continuously improve risk management and control, optimize risk prevention system, strengthen discipline inspection and audit functions, and ensure a sound operation in compliance with applicable laws and regulations.

We will further strengthen forward analysis and market research for thermal power projects, actively obtain quality development opportunities and constantly optimize our existing assets. We will also continue to increase investment in clean and renewable energy, focus on the construction of wind farms and actively pursue development of large-scale solar projects. We will constantly optimize our asset structure, continue to improve on risk mitigation and profitability. We will also streamline our existing coal assets, and generate value on existing coal resources.

2014 was an extraordinary year. CR Power experienced many unforgettable moments. Faced with unprecedented pressure, we stand firm with strong faith and united to promote steady development. With the support of shareholders and the communities, our team did not underperform and our competitiveness and profitability in core businesses persisted without receding: Based on the rapid development we maintained over the years, the Company made considerable achievements in every aspect and also maintained the leading position in the industry with impressive major operating indicators. On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to all shareholders and communities for their valuable contribution and support in the past year.

In 2015, we will face both opportunities and challenges. Standing at a new starting point, we will continue to uphold our pragmatic enterprise corporate culture, to be righteous and innovative and walk forward together. We firmly believe that with the support from shareholders and communities and joint efforts from our diligent staff, we will be able to achieve better results and deliver satisfactory financial results to shareholders and stakeholders. We will march on with solid pace to build CR Power into a "respectful and sustainable integrated energy company".

Zhou Junqing
Chairman
Board of Directors

Hong Kong, 19 March 2015

Directors and Senior Management

DIRECTORS

Madam Zhou Junqing

Madam Zhou Junqing, aged 61, is the Chairman of the Board and the president and an Executive Director of the Company. She is also a Deputy General Manager of CRH. Prior to her joining the Company on 21 October 2011, she was an executive director of China Resources Cement Holdings Limited ("CR Cement") from June 2003 to October 2011, chairman of CR Cement from August 2008 to October 2011 and chief executive officer of CR Cement from September 2006 to August 2008.

Madam Zhou has 28 years of experience in international trade and corporate management. She holds a Bachelor's degree in wireless technology from the Tsinghua University, China in 1979 and she joined CRH in 1986.

Mr. Zhang Shen Wen

Mr. Zhang Shen Wen, aged 47, is the Vice Chairman of the Board and an Executive Director of the Company and the General Manager of China Resources New Energy Holdings Company Limited ("CR New Energy"). Mr. Zhang has considerable experience in the development of power plants. He served as the Executive Vice President of the Company between August 2003 and July 2010. He was the General Manager of the Finance and Accounting Department of the Company between July 2001 and September 2003 and was involved in the development of Liyujiang Phase II and the acquisitions of Shajiao C Power Plant and Wenzhou Telluride Phase II. Mr. Zhang joined China Resources National Corporation ("CRNC") in 1994 and worked at Hebei Hengfeng Power Generation Co., Ltd. between 1998 and 1999.

Mr. Zhang holds a Bachelor of Science degree in Electrical Automation from the North China University of Technology in China and a Bachelor's degree of Economics from the University of International Business and Economics in China. He also holds a Master's degree in Business Administration from the University of San Francisco in the United States of America.

Ms. Wang Xiao Bin

Ms. Wang Xiao Bin, aged 47, is an Executive Director and Chief Financial Officer and Company Secretary of the Company. Prior to joining the Company in July 2003, Ms. Wang was a director of corporate finance of ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She worked for Pricewaterhouse in Australia in the audit and business advisory division for five years before joining ING Barings. Ms. Wang is also an independent non-executive director of WorleyParsons Limited, a company listed on the Australian Securities Exchange.

Ms. Wang is a member of the Australian Society of Certified Practising Accountants and holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and a Bachelor's degree in Commerce from Murdoch University in Australia.

Mr. Du Wenmin

Mr. Du Wenmin, aged 51, was appointed as a Non-executive Director of the Company in July 2010. He was appointed as a non-executive director of China Resources Land Limited ("CR Land") in August 2007, a non-executive director of China Resources Enterprise ("CR Enterprise"), Limited in September 2007, a non-executive director of China Resources Gas Group Limited ("CR Gas") in March 2008, and a non-executive director of CR Cement in August 2008. These companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("HKEX"). Mr. Du is the Deputy General Manager and Chief Human Resources Officer of CRH. Mr. Du is a Director of CRNC. Mr. Du is a director of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. ("CR Sanjiu"), which is listed on the Shenzhen Stock Exchange, and China Resources Doublecrane Pharmaceutical Co., Ltd., ("CR Doublecrane") which is listed on the Shanghai Stock Exchange. Mr. Du was previously the managing director of China Resources Construction (Holdings) Limited ("CR Construction") and the internal audit director of CRH.

Mr. Du holds a Master's degree in Business and Administration from the University of San Francisco, United States of America. He joined CRH in 1985.

Mr. Wei Bin

Mr. Wei Bin, aged 45, was appointed as a Non-executive Director of the Company in July 2010. He was appointed as a non-executive director of CR Cement in August 2008, a non-executive director of CR Gas in November 2008, a non-executive director of CR Land in October 2010, a non-executive director of CR Enterprise in November 2010. These companies are listed on the Main Board of the HKEX. Mr. Wei was appointed as a non-executive director of China Vanke Co., Ltd., which is listed on the Main Board of HKEX and the Shenzhen Stock Exchange. He was appointed the chief financial officer of CRH and is the general manager of its Finance Department. He is also a director of CR Sanjiu and Shan Dong Dong-E E-Jiao Co., Ltd, which are listed on the Shenzhen Stock Exchange, and CR Doublecrane, which is listed on the Shanghai Stock Exchange.

Directors and Senior Management

Mr. Wei holds a Bachelor's degree in Auditing from Zhongnan University of Economics in China and a Master's degree in Finance from Jinan University in China, and is a Senior Accountant and a Senior Auditor in China. He is also a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Wei joined CRH in 2001.

Mr. Chen Ying

Mr. Chen Ying, aged 44, was appointed as a Non-executive Director of the Company in June 2012. He was appointed as a non-executive director of CR Cement and CR Enterprise in May 2012, and a non-executive director of CR Gas and CR Land in June 2012. These companies are listed on the Main Board of HKEX. Mr. Chen was appointed as a non-executive director of China Vanke Co., Ltd., which is listed on the Main Board of HKEX and the Shenzhen Stock Exchange. He is the Chief Strategy Officer of CRH since July 2013 and the General Manager of Strategy Management Department of CRH since October 2011. He is also a director of CR Doublecrane, which is listed on the Shanghai Stock Exchange, and CR Sanjiu and China Vanke Co., Ltd., which are listed on the Shenzhen Stock Exchange. He worked as Project Engineer, Project Manager and Manager of Procurement Department and executive director of CR Construction, from September 1993 to March 2002. He was also the Managing Director of China Resources Land (Beijing) Limited from March 2002 to October 2011 and a director of CR Land from March 2003 to February 2006.

Mr. Chen holds a Bachelor's degree of Architectural Management from the Tsinghua University, China in 1993 and a Master's degree of Business Administration from University of Oxford, the United Kingdom, in 2007. Mr. Chen joined CRH in 1993.

Directors and Senior Management

Mr. Wang Yan

Mr. Wang Yan, aged 43, was appointed as a Non-executive Director of the Company in August 2014. Mr. Wang joined CRNC in July 1994. He worked for China Resources Petrochems (Group) Company Limited (currently known as Sinopac (Hong Kong) Petroleum Holding Company Limited) from 2000 to 2006. Mr. Wang was appointed as a director of China Resources Gas Limited in November 2005. He was a Deputy General Manager of China Resources Gas (Holdings) Limited from September 2007 to April 2012. He was appointed as a Deputy General Manager of Internal Audit Department of CRH in April 2012. He is a non-executive director of CR Enterprise, CR Land, CR Cement and CR Gas, all of which are listed on the Main Board of the HKEX.

Mr. Wang holds a Bachelor's degree in Economics from the Finance and Accounting Department, Capital University of Economics and Business, a Master of Business Administration Degree from the University of South Australia and is a qualified PRC Certified Accountant.

Mr. Ma Chiu-Cheung, Andrew

Mr. Ma Chiu-Cheung, Andrew, aged 73, was appointed as an Independent Non-executive Director of the Company in December 2006. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited) in Hong Kong. He is presently a Director of Mayee Management Limited, a management consultancy service company in Hong Kong. Mr. Ma has more than 30 years of experience in the fields of accounting, auditing and finance.

He received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England in 1966. Mr. Ma was admitted to membership in April 1970 and has been a fellow member of the Institute of Chartered Accountants in England and Wales since January 1979. He was admitted as a member in February 1973 and has been a fellow member of the Hong Kong Institute of Certified Public Accountants since February 1978.

He was and has been an independent non-executive director of several other listed companies in Hong Kong. He was the independent non-executive director of China Resources Peoples Telephone Company Limited (stock code: 331) from February 2004 to March 2006; Asian Citrus Holdings Limited (stock code: 73; London AIM: ACHL) from August 2004 to November 2013; Beijing Properties (Holdings) Limited (formerly known as Peaktop International Holdings Limited) (stock code: 925) from September 2004 to December 2014; and Tanrich Financial Holdings Limited (stock code: 812) from January 2002 to September 2004 and from April 2005 to January 2015. He has also been the independent non-executive director of Asia Financial Holdings Limited (stock code: 662) since September 2004; C. P. Pokphand Co. Ltd. (stock code: 43) since September 2005; Chong Hing Bank Ltd. (stock code: 1111) since August 2007; and Asiaray Media Group Limited (stock code: 1993) since June 2014.

Directors and Senior Management

Ms. Elsie Leung Oi-sie

Ms. Elsie Leung Oi-sie, aged 75, was appointed as an Independent Non-executive Director of the Company in April 2010. Ms. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong from July 1997 to October 2005. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993; she was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. At the end of 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Ms. Leung also serves as an independent non-executive director on the boards of United Company Rusal Plc and Beijing Tong Ren Tang Chinese Medicine Company Limited, both companies listed on the Main Board of the HKEX.

Ms. Leung served as a member of several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Ms. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress and in 1994 as well as a Hong Kong Affairs Adviser. Since 2006, she has been the Deputy Director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China.

Apart from being a solicitor of the Supreme Court of Hong Kong, Ms. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988.

Ms. Leung was appointed a Justice of the Peace in 1982 and was awarded the Grand Bauhinia Medal in 2002.

Dr. Raymond Ch'ien Kuo Fung

Dr. Raymond Ch'ien Kuo Fung, aged 62, was appointed as an Independent Non-executive Director of the Company in April 2010. Dr. Ch'ien is the non-executive Chairman of MTR Corporation Limited and Chairman and independent non-executive director of Hang Seng Bank Limited. Dr. Ch'ien also serves as an independent non-executive director on the boards of The Hongkong and Shanghai Banking Corporation Limited, The Wharf (Holdings) Limited and Swiss Re Limited.

In public service, Dr. Ch'ien is a member of the Economic Development Commission of the Hong Kong SAR Government. He is a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and is an honorary President and past Chairman of the Federation of Hong Kong Industries. From 1992 to 1997, Dr. Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong Special Administrative Region on 1 July 1997 and served until June 2002. Dr. Ch'ien was a Hong Kong member of the

APEC Business Advisory Council from 2004 to 2009 and Chairman of the Hong Kong/European Union Business Cooperation Committee from 2005 to 31 January 2012. Dr. Ch'ien was previously Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption, the Hong Kong/Japan Business Cooperation Committee, the Industry and Technology Development Council and the Hong Kong Industrial Technology Centre Corporation Ltd..

Dr. Ch'ien received a Doctoral degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. Dr. Ch'ien was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal. In August 2008, Dr. Ch'ien was conferred the honour of Chevalier de l'Ordre du Mérite Agricole of France.

Mr. Jack So Chak Kwong

Mr. Jack So Chak Kwong, aged 69, was appointed as an Independent Non-executive Director of the Company in June 2014. Mr. So assumed the chairmanship of the Hong Kong Trade Development Council (HKTDC) on 1 October 2007. In this capacity, he presides over a 19-member Council comprising heads of Hong Kong's major commerce and industry organisations and senior government officials. The Council plans and supervises a global operation through an office network covering more than 40 key business centres, to promote Hong Kong's trade and business with economies around the world.

Mr. So began his career with the Hong Kong SAR Government and joined the private sector in 1978, having held various senior positions in stockbroking, banking and property development. He served as executive director of the HKTDC from 1985 to 1992. He became Chairman and Chief Executive of the MTR Corporation in 1995. He was Deputy Chairman and Group Managing Director of PCCW from 2003 to 2007.

Mr. So was a non-executive director of AIA Group Ltd from 2010 to 2012 and was redesignated as independent non-executive director in 2012. He is also an independent non-executive director of Cathay Pacific Airways Ltd, and is also a senior advisor to Credit Suisse, Greater China. He was an independent director of HSBC from 2000 to 2007.

In October 2013, Mr. So was appointed the chairman of the newly established Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland. In January of the same year, he was appointed a non-official member of the Economic Development Commission, and Convenor of its Working Group on Convention and Exhibition Industries and Tourism. Mr. So is the chairman of the Hong Kong Philharmonic Society. He also served as chairman of the Hong Kong Film Development Council from April 2007 to March 2013.

Mr. So has been a member of the Chinese People's Political Consultative Conference since 2008 and is an International Business Advisor to the Mayor of Beijing. He has been appointed Honorary Consultant to the Mayor of San Francisco in May 2013.

A Justice of the Peace, Mr. So was awarded the Golden Bauhinia Star by the Hong Kong SAR Government in 2011. In the same year, he received an Honorary Doctorate in Social Science from the University of Hong Kong.

Directors and Senior Management

SENIOR MANAGEMENT

Ms. Liu Ping

Ms. Liu Ping is a Senior Vice President of the Company and General Manager of China Resources Coal-fired Unit ("CR Coal-fired"). She was the Deputy General Manager and CFO of CR New Energy from July 2010 to May 2012. Prior to that, Ms. Liu was an Executive Vice President of the Company from June 2009 to July 2010. Ms. Liu served as General Manager of China Resources (Luoyang) Thermal Power Co., Ltd. and Chief Financial Officer of China Resources Power Dengfeng Co., Ltd. and China Resources Power Henan Shouyangshan Co., Ltd. from October 2003 to March 2006. Ms. Liu has over 15 years of experience in financial management. Prior to joining the Company, Ms. Liu served as a management personnel in the People's Bank of China in Xuzhou City, Jiangsu province. Ms. Liu holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Jiang Li Hui

Mr. Jiang Li Hui is a Senior Vice President of the Company and the chairman of China Resources Power's Coal Enterprise Department ("CR Coal"). He is also a member of the Executive Committee of the Company. Mr. Jiang has extensive experience in the development, construction and operation management of coal-fired and hydro power plants. From July 2010 to July 2011, he served as the Deputy General Manager of CR New Energy; from July 2009 to March 2011, he served as the Deputy Chief Technical Officer of the Company; from July 2007 to January 2010, he served as the General Manager of China Resources Hezhou Co., Ltd.; from April 2005 to July 2007, he served as the General Manager of Xuzhou Huaxin Power Generation Co., Ltd.; from July 2002 to April 2005, he served as the Deputy General Manager of China Resources Power Hubei Co., Ltd.; from April 1995 to July 2002, he served in various positions at China Resources (Xuzhou) Electric Power Co., Ltd., including Assistant General Manager and Deputy Chief Engineer. Mr. Jiang holds a Master's degree in Business Administration from Huazhong University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Chen Yunlong

Mr. Chen Yunlong is a Vice President of the Company and General Manager of Coal Enterprise Department of the Company. He acted as general manager of China Resources Power (Guizhou) Coal and Electricity Integration Co., Ltd. from May 2012 to June 2014, chief representative of Yunnan Representative Office of CR Power from November 2007 to May 2012, and worked successively as vice general manager of the Hydropower Business Department of CR Power, general manager of Yunnan CR Power (Honghe) Co., Ltd., general manager of Nujiang CR Hydropower Development Co., Ltd. and general manager of Yunnan CR Power (Xishuangbanna) Co., Ltd. Before joining CR Power, he worked as vice general manager of SDIC Yunnan Dachaoshan Hydropower Co., Ltd. and SDIC Qujing Power Generation Co., Ltd. He obtained an MBA degree from Peking University, holds the title of senior economic manager and has rich experience in the development, construction and operation management of thermal power plants and hydropower stations.

Mr. Ding Qi

Mr. Ding Qi is a member of the Executive Committee of the Company. He served as the Chief Human Resources Officer of the Company between June 2007 and July 2010, and as the General Manager of the Human Resources and Administration Department of the Company from November 2001 to June 2007. Prior to joining the Company, he was a Departmental Manager of China Resources Development and Investment Co., Ltd. from 1998 to 1999. Mr. Ding holds a Bachelor's degree in Wireless Communications form the Nanjing Communications Engineering Institute.

Mr. Wang Gao Qiang

Mr. Wang Gao Qiang is a Vice President and Chief Audit Executive of the Company. From August 2002 to January 2012, he served as the Senior Manager and Deputy Chief Officer of the Audit and Supervision Department of CRH; from August 1992 to February 2000, he served as the Manager of the Finance Department of CRNC; from March 2000 to July 2002, he served as the Manager of the Audit Department of China Resources Logistics Co., Limited ("CR Logistics"). Mr. Wang has been engaged in financial accounting, internal audit and risk management for over 20 years and has extensive experience in corporate finance, internal audit, internal control, risk management and corporate governance. Mr. Wang holds a Bachelor's degree in Economics from Guangdong University of Foreign Studies, and has obtained the International Certified Internal Auditor qualification and the PRC Accountant qualification.

Mr. Ding Yuan Kui

Mr. Ding Yuan Kui is a Vice President and Chief Human Resources Officer of the Company. From April 2008 to April 2012, he served as the Deputy Chief Human Resources Officer and Chief Human Resources Officer of CR Cement. Prior to joining China Resources, Mr. Ding worked at Mercer and Dong Feng Nissan and was responsible for human resources consulting and management. Mr. Ding graduated from Zhongnan University of Economics and Law in 1996 and from the School of Economics and Management of Tsinghua University in 2003, with a Master's degree in International Business Administration.

Directors and Senior Management

Mr. Zhu Guo Lin

Mr. Zhu Guo Lin is a Vice President and Chief Financial Officer of the Company. From July 2009 to May 2012, he served as the Deputy Chief Financial Officer and General Manager of the Finance Department of the Company; from November 2005 to July 2009, he served as the Chief Financial Officer of Guangzhou China Resources Thermal Power Company Limited; from February 2004 to November 2005, he served as the Deputy General Manager of the Corporate Development Department of CRH, and the Director and Deputy General Manager of China Resources Development and Investment Co., Ltd.; from November 2001 to February 2004, he served as the Party Committee Member and Vice Director of the Department of Foreign Trade and Economic Cooperation of Yunnan Province; from September 2000 to November 2001, he served as the Director and General Manager of China Resources Kang Mao Company Limited; from August 1997 to September 2000, he served as the Director and Assistant General Manager of Kang Mao Hong Kong Co., Ltd. (香港康貿有限公司), and was also the Director and General Manager of Hong Kong Kang Mao Finance Limited; from July 1985 to August 1997, he was an official of the Foreign Trade and Finance Division under the Finance and Accounting Department of the Ministry of Foreign Economic Relations and Trade of the PRC (中國經貿部財會局外貿財務處幹部), the financial manager of Great Wall Trade Center, Dubai, United Arab Emirates (阿聯酋迪拜長城貿易中心財務部經理), the Deputy Director of the State-owned Assets Management Division under the Department of Foreign Economic Coordination of the Ministry of Foreign Economic Relations and Trade of the PRC (中國外經濟部經濟協調司國有資產管理處副處長), and the Director of the Division of Integrated System Management under the Planning and Finance Department of the Ministry of Foreign Economic Relations and Trade (外經貿部計財司合制度處處長). Mr. Zhu holds a Master's degree in BusinessAdministration from the University of International Business and Economics.

Mr. An Xing

Mr. An Xing is a Assistant President and Information Management Director of the Company since October 2012. From August 2009 to September 2012, he served as the Consulting Director and Assistant General Manager of the Information Management Department of CRH. Prior to joining CRH, he worked for Oracle Corporation and has more than 15 years of experience in information construction. Mr. An holds a Bachelor's degree in Computer Science and Technology from the Harbin University of Science and Technology.

Mr. Zhang Gang

Mr. Zhang Gang is a Assistant President and General Legal Counsel of the Company. From February 2009 to March 2013, Mr. Zhang served as the Chief Legal Director in the Legal Affairs Department at CRH. From April 2004 to September 2009, he practiced law at Huaxia Investment, Special Assets Department of CRH and Investment of CRH; and from July 2000 to March 2004, he served successively as the Assistant Manager of the Legal Affairs Department at CR Logistics, the assistant personnel officer for the Director of the Southern China Region, and the assistant general manager of CR Courier. Mr. Zhang holds a Bachelor degree in Law from Northwestern University of Politics & Law.

Report of the Directors

The directors of the Company (the "Directors") present the Annual Report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group engages principally in investing, developing, operating and managing power plants and coal mine projects in China. The activities of its subsidiaries, associates and joint ventures are set out in Notes 9, 10 and 11 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 90 and shows the Group's profit for the year ended 31 December 2014. A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 35 to 59 of this Annual Report.

DIVIDENDS

An interim dividend of HK$0.08 per share of the Company ("Share") was paid on 10 October 2014.

The Board resolved to recommend the payment of a final dividend of HK$0.7 per Share for the year ended 31 December 2014 to shareholders whose names appear on the Register of Members of the Company on Monday, 15 June 2015. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 8 June 2015, the proposed dividend will be paid on or about 23 June 2015 following approval at the forthcoming annual general meeting of the Company (the "AGM").

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group and the Company during the year are set out in Note 6 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 23 to the financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$4,648.6 million as at 31 December 2014 (2013: HK$5,416.9 million). Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 92 to 93 of this Annual Report and Note 25 to the financial statements, respectively.

BORROWINGS

The total borrowings of the Group as at 31 December 2014 amounted to HK$100,432.9 million (2013: HK$92,569.5 million). Particulars of borrowings are set out in Note 32 to the financial statements.

DIRECTORS

The Directors who held office during the year of 2014 and as at the date of this Annual Report are as follows:

Executive Directors:

Ms. Zhou Junqing	(Chairman & President)
Mr. Zhang Shen Wen	(Vice Chairman)
Ms. Wang Xiao Bin	(Chief Financial Officer and Company Secretary)
Mr. Wang Yu Jun	(resigned on 22 September 2014)

Non-executive Directors:

Mr. Du Wenmin	
Mr. Wei Bin	
Mr. Chen Ying	
Mr. Wang Yan	(appointed on 13 August 2014)
Mr. Huang Daoguo	(resigned on 13 August 2014)

Independent Non-executive Directors:

Mr. Andrew Ma Chiu Cheung	
Ms. Elsie Leung Oi-Sie	
Dr. Raymond Ch'ien Kuo-Fung	
Mr. Jack So Chak Kwong	(appointed on 11 June 2014)
Mr. Chen Ji Min	(resigned on 11 June 2014)
Mr. Anthony H. Adams	(resigned on 18 July 2014)

As at 31 December 2014, none of the Directors had a service contract with the Company or any subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

In accordance with Article 98 of the Company's Articles of Association, Mr. Jack So Chak Kwong and Mr. Wang Yan shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 120 of the Company's Articles of Association, Mr. Andrew Ma Chiu-Cheung, Mr. Du Wenmin, Mr. Wei Bin, Mr. Chen Ying shall retire by rotation and being eligible, offer themselves for re-election at the AGM.

The Company has received annual confirmation from each of the Independent Non-executive Directors in regard to their independence to the Company and considers that each of the Independent Non-executive Directors is independent to the Company.

Biographical details of the Directors as at the date of this report are set out on pages 14 to 23 of this Annual Report.

The Executive Directors are entitled to salaries and discretionary bonuses determined by the Board at its absolute discretion having regard to the Group's performance and the prevailing market situation. The Non-executive Directors and the Independent Non-executive Directors are entitled to director's fees authorised by shareholders and approved by the Board by reference to the prevailing market conditions. The Directors were granted options to subscribe for the Shares. For details of the share option scheme, please refer to pages 177 to 178 of this Annual Report. Details of Directors' remuneration are provided under Note 39 to the financial statements.

Report of the Directors

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was approved by a resolution in writing of the shareholders of the Company on 6 October 2003. The purposes of the Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies; and (b) CRH and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies.

The Board may, at its absolute discretion, offer an option to eligible person to subscribe for the Shares at an exercise price and subject to the other terms of the Share Option Scheme. Upon acceptance of the offer of a grant, the grantee shall pay HK$1.00 to the Company as nominal consideration for the grant.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 367,000,000 Shares, being 10% of the total number of Shares in issue immediately prior to the date on which dealings in the Shares commenced on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The exercise price to subscribe for each Share under the Share Option Scheme shall be not less than the greater of (1) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date the share option is granted; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant, or (3) the nominal value of the Shares.

Options granted have a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

The Share Option Scheme expired on 5 October 2013, no further options under the Share Option Scheme can be granted after that date. In respect of outstanding share options, the provisions of the Share Option Scheme shall remain in full force and effect.

As at 31 December 2014, a total of 16,183,720 Shares (representing approximately 0.34% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Share Option Scheme.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2014 is as follows:

Participant	Date of grant	Number of options outstanding as at 1 January 2014	Number of options reclassified during the year	Number of options exercised during the year (1)	Number of options lapsed during the year (3)	Number of options outstanding as at 31 December 2014	Date of expiry	Exercise price (HK$)
Name of Director								
Chen Ji Min (2)	30 Mar 2007	203,600	(203,600)	—	—	—	29 Mar 2017	12.210
Aggregate total of employees	1 Sep 2004	641,340	—	(254,500)	(386,840)	—	31 Aug 2014	4.175
	18 Mar 2005	551,160	—	—	—	551,160	17 Mar 2015	3.919
	18 Nov 2005	4,776,840	—	(831,780)	—	3,945,060	17 Nov 2015	4.641
	5 Sep 2006	3,613,520	—	(1,013,400)	—	2,600,120	4 Sep 2016	6.925
	30 Mar 2007	9,717,940	—	(3,236,640)	—	6,481,300	29 Mar 2017	12.21
Aggregate total of other participants	18 Mar 2005	2,953,280	—	(550,800)	—	2,402,480	17 Mar 2015	3.919
	30 Mar 2007	—	203,600	—	—	203,600	29 Mar 2017	12.210
		22,457,680	—	(5,887,120)	(386,840)	16,183,720		

Note: 1. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK$20.77.

2. Mr. Chen Ji Min resigned as director on 11 June 2014. His interest in share option was reclassified during the year.

3. The options expired after 31 August 2014.

4. No option was granted or cancelled under the Share Option Scheme during the year.

MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

As an incentive to retain and motivate the employees, on 25 April 2008 (the "Adoption Date"), the Board resolved to adopt the "Medium to Long-term Performance Evaluation Incentive Plan" (the "Plan") and the Company appointed BOCI-Prudential Trustee Limited as trustee to this Plan (the "Trustee"). Pursuant to the Plan, Shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the selected employees until such Shares are vested with the selected employees in accordance with the provisions of the Plan. The Plan does not constitute a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and is a discretionary plan of the Company. The Board will implement the Plan in accordance with the terms of the Plan, including the provision of necessary funds to the Trustee for purchase of Shares up to 2% of the issued share capital of the Company as at the Adoption Date (i.e. 4,150,021,178 Shares). The Plan shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

Under the Plan, there were total of 36,294,698 Shares (2013: 38,001,475) amounting to HK$574,780,000 (2013: HK$601,809,000) held by the Trustee at the end of 2014.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2014, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

(A) The Company

Details of Shares held by the Directors as at 31 December 2014 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company
Zhou Junqing	Beneficial Owner	470,864	Long	0.010%
	Interest of Spouse	20,000	Long	0.000%
Zhang Shen Wen	Beneficial Owner	2,671,120	Long	0.056%
Wang Xiao Bin	Beneficial Owner	3,664,560	Long	0.076%
Du Wenmin	Beneficial Owner	480,240	Long	0.010%
Wang Yan	Beneficial Owner	44,000	Long	0.001%
Raymond Ch'ien Kuo-Fung	Beneficial Owner	30,000	Long	0.001%
	Interest of Spouse	4,000	Long	0.000%
Andrew Ma Chiu Cheung	Beneficial Owner	203,600	Long	0.004%

(B) China Resources Enterprise, Limited ("CRE")

CRE is an associated corporation of the Company (as defined under the SFO). Details of shares in CRE held by the Directors as at 31 December 2014 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE
Zhang Shen Wen	Beneficial Owner	20,000	Long	0.001%
Du Wenmin	Beneficial Owner	100,000	Long	0.004%
Wang Yan	Beneficial Owner	150,000	Long	0.006%

(C) China Resources Gas Group Limited ("CR Gas")

CR Gas is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Gas held by the Directors as at 31 December 2014 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Gas
Zhou Junqing	Beneficial Owner	34,800	Long	0.002%
Zhang Shen Wen	Beneficial Owner	66,000	Long	0.003%
Du Wenmin	Beneficial Owner	54,000	Long	0.002%

(D) China Resources Land Limited ("CR Land")

CR Land is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Land held by the Directors as at 31 December 2014 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land
Du Wenmin	Beneficial Owner	640,000	Long	0.011%
Chen Ying	Beneficial Owner	500,000	Long	0.009%

(E) China Resources Cement Holdings Limited ("CR Cement")

CR Cement is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Cement held by the Directors as at 31 December 2014 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Cement
Zhang Shen Wen	Beneficial Owner	100,000	Long	0.002%
Chen Ying	Beneficial Owner	230,000	Long	0.004%

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates, of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

In addition there was no contract of significance between the Company or any of its subsidiaries and its controlling shareholder (or any of its subsidiaries) and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by its controlling shareholder (or any of its subsidiaries) subsisting during the year.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2014, the Directors were not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests in Securities" above) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Name of shareholders	Note	Capacity	No. of Shares held	Long/short position	Approximate % of shareholding as at 31 December 2014
CRH (Power) Limited	1	Beneficial owner	3,024,999,999	Long	63.06%
CRH	1	Interest in a controlled corporation	3,025,001,999	Long	63.06%
CRC Bluesky Limited	1	Interest in a controlled corporation	3,025,001,999	Long	63.06%
華潤股份有限公司 China Resources Co., Limited* ("CRC")	1	Interest in a controlled corporation	3,025,001,999	Long	63.06%
China Resources National Corporation ("CRNC")	1	Interest in a controlled corporation	3,025,001,999	Long	63.06%

Note: 1. CRH (Power) Limited is a 100% subsidiary of CRH, which is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRC, which is in turn held as to 100% by CRNC. Each of CRH, CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,024,999,999 Shares as those of CRH (Power) Limited. CRH, through another wholly-owned subsidiary, is interested in 2,000 Shares of the Company. Accordingly, each of CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 2,000 Shares as those of CRH.

* For translation purposes only

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain transactions with connected persons which constituted connected transactions and continuing connected transactions for the Group under the Listing Rules. Details of those connected transactions and continuing connected transactions which are subject to the reporting requirements under Rule 14A.46 of the Listing Rules are summarized below.

Connected Transactions

Disposal of Kuangshan Hospital

On 21 January 2014, China Resources Tianneng Xuzhou Coal & Power Co., Ltd. ("Xuzhou Tianneng") entered into the Transfer Agreement with CRC to dispose of all rights and benefits of Kuangshan Hospital for a total consideration of RMB31 million (the "Disposal"). Kuangshan Hospital is a hospital registered at the Xuzhou Institutional Registration Authority with a Pharmaceutical Institutional Practitioners License. It was a wholly owned entity of Xuzhou Tianneng when the Company acquired the Tianneng Group in October 2007. CRC is a controlling shareholder of the Company and Xuzhou Tianneng is a wholly-owned subsidiary of the Company. Hence CRC is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under the Listing Rules.

Continuing Connected Transactions

(1) On 12 December 2012, CR Power and CR Cement entered into the Master Coal Supply Agreement pursuant to which CR Power Group agreed to supply coal to CR Cement and its subsidiaries with a term of three years from 1 January 2013 to 31 December 2015. Reference is also made to the joint announcement made by CR Power and CR Cement on 9 April 2010 which announced the continuing connected transaction relating to the supply of coal by China Resources Power Logistics (Tianjin) Company Limited to China Resources Cement Investments Limited ("CR Cement Investments") (on behalf of certain CR Cement's subsidiaries) under the 2010 Agreement for a term from 9 April 2010 to 31 December 2012. Under the master agreement, the specification, quantity and unit price of the coal are to be agreed by the parties each time when a monthly sale and purchase order is being placed, on or before the 15th day of each month. The unit price of coal will be negotiated on an arm's length basis between CR Cement Investments and CR Power based on the prevailing market prices for coal. Since CRC, being the controlling shareholder of the Company, held 73.35% of the issued share capital of CR Cement at the time of the transaction, the transactions contemplated under the Master Coal Supply Agreement constitute continuing connected transactions under the Listing Rules. Details of the continuing connected transactions are stated in the Company's announcement dated 12 December 2012. For the year ended 31 December 2014, the aggregate amount of supply of coal amounted to HK$3,300,000.

(2) On 5 December 2014, the Company entered into the Framework Agreement with China Resources Energy Services Company Limited (CR Energy Services) in relation to the provision of Contract Energy Management, Contract Environment Management and Exclusive Operation by CR Energy Services or its subsidiaries to the Group. CRH held approximately 63.06% interest in the Company at the time of the transaction and is the controlling shareholder of the Company. CR Energy Services is an indirect wholly-owned subsidiary of CRH, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. Details of the continuing connected transactions are stated in the Company's announcement dated 5 December 2014. For the year ended 31 December 2014, the total service fee paid amounted to HK$69,834,000.

(3) Reference is made to the joint announcement of the Company, the China Resources Group listed companies, CRC, CRH and CRM dated 22 November 2010 in relation to, among other things, the entering of the Strategic Cooperation Agreement. The new strategic cooperation arrangements ("CR Bank Strategic Cooperation Agreement 2013") with China Resources Bank of Zhuhai Company Limited ("CR Bank") was entered into on 19 December 2013 whereby new annual caps were revised taking into account of the Group's liquidity, business needs and the expected level of services to be received from CR Bank under the CR Bank Strategic Cooperation Agreement 2013. The term of the

Report of the Directors

CR Bank Strategic Cooperation Agreement 2013 is 2 years commencing from 1 January 2014 to 31 December 2015. Under the CR Bank Strategic Cooperation Agreement 2013, CR Bank provides deposit services will bear the same interest and be on the same terms and conditions as would apply to a similar deposit made by any other customer of the bank, which rates assessed with reference to the rates published by the People's Bank of China. CR Bank also provides commercial banking services, from time to time, but not limited to, letter of credit, letter of guarantee, granting of loans with collaterals, bill acceptance and discount services, account receivable factoring services, RMB and foreign currency settlements, provision of entrustment loans and security, wealth and cash management services, financial consulting service and other financial services as agreed by the parties. These services will be provided on normal commercial terms and such service fees shall not be higher than the net discounted fees offered to other preferred customers of CR Bank. The maximum daily deposit cap, inclusive of interest payable, and the maximum daily cap of financial services and products to be provided by CR Bank to the Group are HK$1,250 million. For the period between 1 January 2014 and 31 December 2014, the maximum daily deposit amount was HK$918,208,000 and the maximum daily amount of financial services and products was HK$190,167,000.

In accordance with paragraph 14A.55 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that save for these transactions, other continuing connected transactions of the Company conducted during the year ended 31 December 2014, were exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules and that the above continuing connected transactions:

(i) have been entered into in the ordinary and usual course of the Company's business;

(ii) have been entered into on normal commercial terms or better; and

(iii) have been entered into on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole, and in accordance with the terms of the agreements governing such transactions.

Based on work performed, PricewaterhouseCoopers, the Company's independent auditor, has confirmed in a letter to the Board to the effect that the above transactions:

(a) have received the approval of the Board;

(b) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;

(c) have been entered into in accordance with the relevant agreement governing the transactions; and

(d) have not exceeded the caps.

Save for the following transactions, none of the related party transactions contained in Note 49 to the financial statements falls under the definition of "connected transactions" or "continuing connected transactions" within the meaning of the Listing Rules:

(1) The two trademark licence agreements dated 17 October 2003 entered into between the Company and CRNC and CRH respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of nominal amount of HK$1 each.

(2) Significant transactions with related parties during the year:

Name of related company	Relationship	Nature of transactions	2014 HK$'000
CRC	Intermediate holding company	Interest expense	6,362
		Disposal of a subsidiary	39,393
CRH	Intermediate holding company	Interest expense	8,973
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense	8,416
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense	10,750
Certain subsidiaries of CR Cement	Fellow subsidiaries	Sales of de-sulphur Gypsum	2,952
		Sales of ash and slag	9,797
		Purchase of limestone powder	2,631
		Sales of coal	3,300
		Sales of carbon emission permit	12,976
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	60,486
Thriving Choice Limited	Fellow subsidiary	Interest expense	6,478
CR Energy Service	Fellow subsidiary	Contract environment management fee, contract energy management fee and exclusive operation fee	69,834
China Resources Bank of Zhuhai Company Limited	Fellow subsidiary	Interest expense	4,166
		Interest income	6,565

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2014.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers together accounted for 20.6% of the Group's total purchases during the year. The five largest suppliers are 中國神華能源股份有限公司 (China Shenhua Energy Company Limited) (7.7%), 中國中煤能源股份有限公司 (China Coal Energy Company Limited) (4.8%), 大同煤礦集團有限責任公司 (Datong Coal Mine Group Co. Ltd) (3.6%), 陝西煤業化工集團有限責任公司 (Shaanxi Coal and Chemical Industry Group Co., Ltd.) (2.3%) and 內蒙古伊泰煤炭股份有限公司 (The Inner Mongolia Yitai Coal Co., Ltd.) (2.2%).

Sales to the Group's five largest customers together accounted for 63.1% of the Group's total turnover during the year. The five largest customers are 江蘇省電力公司 (Jiangsu Electric Power Company) (24.8%), 河南省電力公司 (Henan Provincial Power Company) (13.2%), 湖北省電力公司 (Hubei Provincial Power Company) (9.7%), 廣東電網公司 (Guangdong Power Grid Company) (9.3%) and 山東省電力公司 (Shandong Electric Power Corporation) (6.1%).

At no time during the year did a Director, a close associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest suppliers or customers.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied all of the principles and complied with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules except for the deviation of code provision A.2.1 in regards to the separate roles of the Chairman and the President. The Company also adopted most of the recommended best practices in the Code.

The Company's corporate governance practices is set out in the Corporate Governance Report on pages 60 to 84 of this Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

AUDIT AND RISK COMMITTEE

The financial statements have been reviewed by the Audit and Risk Committee. All of the five Audit and Risk Committee members are appointed from the Independent Non-executive Directors, with the Chairman of the Audit and Risk Committee having appropriate professional qualifications and experience in financial matters.

AUDITORS

The consolidated financial statements for the year ended 31 December 2014 was audited by PricewaterhouseCoopers.

At the annual general meeting of the Company held on 8 June 2012, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. PricewaterhouseCoopers was appointed as the new auditor of the Company.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as the auditors of the Company.

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 Annual Report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

On behalf of the Board
China Resources Power Holdings Company Limited

Zhou Junqing
Chairman

Hong Kong, 19 March 2015

Management's Discussion and Analysis

BUSINESS REVIEW FOR 2014

We are engaged in the development, construction and operation of power plants, including large-scale efficient coal-fired generation units and various clean and renewable energy projects as well as development, construction and operation of coal mines.

China's total power generation reached 5.55 trillion kWh in 2014, representing an increase of 3.6%, growth rate dropping by 4.1 percentage points compared with 2013. Coal-fired power generation amounted to 4.2 trillion kWh, representing a decrease of 0.7% compared with 2013. Wind power generation amounted to 0.16 trillion kWh, representing an increase of 12.2% compared with 2013.

Due to the slowdown in macroeconomic growth as well as the economic transition and industrial restructuring in the country, supply and demand in the coal market in 2014 maintained an easing trend in general with supply greater than demand, and coal prices in the domestic market continued to be weak on a downward trend. The easing of supply and demand of coal and the decrease in spot coal prices enabled the Group to further control fuel costs.

In 2014, as a result of the slowdown in electricity consumption and rapid growth in hydropower generation, the average utilisation hours for coal-fired generation units in China decreased by 314 hours or 7.1% year on year to 4,706 hours. Most power plants of the Group are large-scale efficient generation units mainly located in regions with relatively strong demand for electricity which give us certain competitive advantages. The average full-load equivalent utilisation hours of the Group's 33 coal-fired power plants which were operational for the full year of 2014 reached 5,325 hours, exceeding the national average level for coal-fired power plants by 619 hours.

In 2014, the average utilisation hours for wind power generation units in China was 1,905 hours. Wind farms of the Group are mainly located in regions with few issues of curtailment including Eastern, Southern and Central China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2014 reached 1,989 hours, exceeding the national average level by 84 hours.

Growth of generating capacity

As at 31 December 2014, the Group's total attributable operational generation capacity increased to 31,331MW from 26,921MW as at 31 December 2013.

As at 31 December 2014, attributable operational generation capacity of the Group's coal-fired power plants amounted to 27,420MW, accounting for 87.5% of the Group's total attributable operational generation capacity, representing a decrease of 0.5 percentage point compared to the end of 2013. Wind, gas-fired and hydro capacity amounted to 3,554MW, 77MW and 280MW, respectively, and together accounting for 12.5% of the Group's total attributable operational generation capacity, representing an increase of 0.5 percentage point compared to the end of last year.

In 2014, the Group commissioned nine large-scale coal-fired generation units, including 2x 1,000MW ultra-supercritical generation units of Cangnan Power Plant in Zhejiang, 2x 350MW heat and power co-generation units of Yichang Power Plant in Hubei, 2x 350MW heat and power co-generation units of Panjin Power Plant in Liaoning, 2x 350MW heat and power co-generation units of Tangshan Fengrun Power Plant in Hebei and one 660MW ultra-supercritical heat and power co-generation unit of Jiaozuo Longyuan Power Plant in Henan, resulting in an increase in total attributable operational generation capacity of 3,980MW. Newly added total attributable operational generation capacity in wind-farms was 682MW. In January 2014, the Group divested our 20% stake in Zhangjiagang Shazhou Power Plant, reducing our total attributable operational generation capacity by 252MW.

Management's Discussion and Analysis

Generation volume

The total gross generation volume of the Group's consolidated operating power plants and wind farms amounted to 140,068,174MWh in 2014, representing an increase of 5.1% from 133,247,814MWh in 2013.

The total net generation volume of the Group's consolidated operating power plants and wind farms amounted to 132,036,399MWh in 2014, representing an increase of 5.3% from 125,447,662MWh in 2013.

On a same plant basis (using 33 coal-fired power plants which were in commercial operations for the entire year of 2013 and 2014), both gross and net generation volumes decreased by 7.5%. The average full-load equivalent utilisation hours of the 33 coal-fired power plants in 2014 amounted to 5,325 hours, representing a decrease of 7.5% from 5,759 hours in 2013.

On-grid tariff adjustment

The on-grid tariffs of coal-fired power plants throughout the People's Republic of China ("PRC") was cut effective on 1 September 2014 and the rate of adjustment in the region in which the Group's coal-fired power plants operate varied from region to region ranging from RMB4.7/MWh to RMB19.1/MWh, and affected the profitability of the Group's coal-fired power plants to a certain extent. However, coal-fired power plants continued to benefit from abundant supply of coal and decrease in coal price.

Fuel costs

Average unit fuel cost for the Group's consolidated operating power plants in 2014 was RMB186.07/MWh, representing a year-on-year decrease of 12.6%. Average standard coal cost for the Group's consolidated operating power plants in 2014 was RMB596.46/ton, representing a decrease of 10.9% from the previous year.

In 2014, the average net generation standard coal consumption rate of the Group's coal-fired power plants was 311.70g/kWh, representing a decrease of 3.49g/kWh or 1.1% from 315.19g/kWh in 2013.

Environmental expenses

In 2014, the total amount of environmental expenses incurred by the Group was RMB150 million, representing a significant decrease of 25% compared to 2013. The decrease in environmental expenses was mainly due to the reduction of emission due to the completion of desulfurization, denitration and ash removal equipments installation on most of generation units.

Development of renewable energy projects

In 2014, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. At the end of 2014, our attributable operational wind generation capacity reached 3,554MW and wind power capacity under construction was 854MW.

Coal mine operations

In 2014, the consolidated and associated coal mines of the Group produced a total of approximately 11.65 million tonnes of coal (aggregation of each mine's production volume), representing a decrease of 17.9% from 2013, among which, 9.53 million and 2.12 million tonnes were produced by our subsidiary coal mines and associate coal mines, respectively.

PROSPECTS FOR 2015

We do not expect national power consumption to increase substantially in 2015. The China Electricity Council ("CEC") forecasts that the overall power demand in 2015 is expected to remain moderate, and the supply and demand for electricity in the PRC will continue to be balanced. It is expected that the growth rate of power consumption in 2015 will range from 4.0% to 5.0%.

It is expected that the trend of total output easing and the structural surplus in the coal market will continue in 2015. Coal prices are expected to continue to be weak in the near future and remain at low levels in 2015.

In 2015, we will continue to implement lean management throughout our operational power plants, with which, we aim to improve our operational efficiency and management level, as well as improve and optimize various production and operation indicators constantly through organic growth. Meanwhile, we will continue to accelerate the upgrading of ash-removal facilities in our remaining coal-fired units to reduce emission and to actively perform our social obligations in energy conservation and emission reduction.

We will also continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms, and commence the construction of solar power stations.

Management's Discussion and Analysis

OPERATING RESULTS

Our audited results of operations for the years ended 31 December 2014 and 2013 are as follows:

Consolidated Income Statement

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Turnover	**70,680,628**	69,581,526
Operating expenses		
Fuels	**(31,044,413)**	(33,067,387)
Repairs and maintenance	**(1,762,055)**	(1,579,675)
Depreciation and amortisation	**(8,599,543)**	(7,371,469)
Employee benefit expenses	**(5,214,157)**	(4,784,336)
Consumables	**(1,003,571)**	(1,070,107)
Impairment charges	**(6,094,392)**	(1,997,057)
Business tax and surcharge	**(799,563)**	(659,993)
Others	**(3,913,569)**	(4,256,991)
Total operating expenses	**(58,431,263)**	(54,787,015)
Other income	**2,057,888**	1,848,651
Other gains — net	**912,943**	861,339
Operating profit	**15,220,196**	17,504,501
Finance costs	**(3,325,487)**	(3,328,216)
Share of results of associates	**(1,177,765)**	1,205,388
Share of results of joint ventures	**467,461**	755,556
Profit before income tax	**11,184,405**	16,137,229
Income tax expense	**(4,290,788)**	(3,551,936)
Profit for the year	**6,893,617**	12,585,293
Profit for the year attributable to:		
Owners of the Company	**9,214,858**	11,015,526
Non-controlling interests		
– Perpetual capital securities	**421,709**	421,835
– Others	**(2,742,950)**	1,147,932
	(2,321,241)	1,569,767
	6,893,617	12,585,293
Earnings per share attributable to owners of the Company during the year		
– Basic	**HK$1.94**	HK$2.32
– Diluted	**HK$1.93**	HK$2.31

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 HK$' 000	2013 HK$' 000
Profit for the year	**6,893,617**	12,585,293
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(198,087)**	2,217,253
Share of other comprehensive income of investments accounted for using the equity method	**(23,937)**	188,065
Fair value changes on cash flow hedges, net of tax	**63,371**	150,216
Changes in fair value of available-for-sale investments, net of tax	**212,844**	—
Total items that may be reclassified subsequently to profit or loss	**54,191**	2,555,534
Total comprehensive income for the year, net of tax	**6,947,808**	15,140,827
Attributable to:		
Owners of the Company	**9,295,451**	13,218,931
Non-controlling interests		
– Perpetual capital securities	**421,709**	421,835
– Others	**(2,769,352)**	1,500,061
	(2,347,643)	1,921,896
Total comprehensive income for the year	**6,947,808**	15,140,827

Management's Discussion and Analysis

Consolidated Balance Sheet

As at 31 December 2014

	2014 HK$'000	2013 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**146,907,932**	131,579,042
Prepaid lease payments	**3,218,044**	2,747,683
Mining rights	**18,138,478**	21,381,263
Exploration and resources rights	**171,989**	172,565
Prepayment for non-current assets	**3,579,037**	7,066,387
Investments in associates	**11,222,297**	12,995,773
Loans to an associate	**809,229**	—
Investments in joint ventures	**2,472,578**	1,873,202
Goodwill	**3,123,668**	3,126,941
Deferred income tax assets	**739,113**	494,493
Available-for-sale investments	**1,656,455**	1,375,876
Loan to an available-for-sale investee company	**181,698**	—
Loan to a non-controlling shareholder of a subsidiary	**17,113**	17,171
Derivative financial instruments	**575,898**	—
	192,813,529	182,830,396
Current assets		
Inventories	**3,308,874**	3,481,838
Trade receivables, other receivables and prepayments	**19,684,542**	18,344,979
Loans to associates	—	839,447
Loan to joint ventures	**371,575**	369,903
Loan to an available-for-sale investee company	**95,233**	277,860
Amounts due from associates	**106,025**	264,727
Amounts due from joint ventures	**120,181**	778,419
Amounts due from other related companies	**85,337**	41,329
Financial assets at fair value through profit or loss	**5,217**	2,956
Pledged and restricted bank deposits	**772,433**	598,003
Cash and cash equivalents	**8,285,135**	6,035,046
	32,834,552	31,034,507
Total assets	**225,648,081**	213,864,903

	2014 HK$'000	2013 HK$'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital: nominal value	—	4,791,457
Other statutory capital reserve	—	17,232,192
Share capital and other statutory capital reserves	**22,102,792**	22,023,649
Other reserves	**14,710,033**	12,264,103
Retained earnings	**33,981,578**	30,697,309
	70,794,403	64,985,061
Non-controlling interests		
– Perpetual capital securities	**5,897,106**	5,897,006
– Others	**9,100,859**	13,850,814
	14,997,965	19,747,820
Total equity	**85,792,368**	84,732,881
LIABILITIES		
Non-current liabilities		
Borrowings	**79,535,707**	73,438,346
Derivative financial instruments	**72,276**	173,652
Deferred income tax liabilities	**2,635,041**	2,569,573
Deferred income	**930,275**	607,513
Retirement and other long-term employee benefits obligations	**626,397**	386,797
	83,799,696	77,175,881
Current liabilities		
Trade payables, other payables and accruals	**31,960,657**	29,956,821
Amounts due to associates	**730,760**	969,497
Amounts due to joint ventures	**1,881**	397,203
Amounts due to other related companies	**959,233**	4,997,201
Current income tax liabilities	**1,486,367**	1,322,159
Borrowings	**20,897,153**	14,313,260
Derivative financial instruments	**19,966**	—
	56,056,017	51,956,141
Total liabilities	**139,855,713**	129,132,022
Total equity and liabilities	**225,648,081**	213,864,903
Net current liabilities	**(23,221,465)**	(20,921,634)
Total assets less current liabilities	**169,592,064**	161,908,762

Management's Discussion and Analysis

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**11,184,405**	16,137,229
Adjustments for:		
Depreciation for property, plant and equipment	**8,256,297**	6,915,411
Amortisation of mining rights	**282,680**	389,339
Amortisation of prepaid lease payments	**60,566**	66,718
Impairment charges on property, plant and equipment	**3,096,692**	801,220
Impairment charges on prepaid lease payments	**16,422**	—
Impairment charges on mining rights	**2,925,850**	27,619
Impairment charges on goodwill	**—**	949,652
Impairment charges on investments in associates	**—**	46,723
Impairment charges on inventories	**33,413**	78,180
Provision for impairment of doubtful accounts	**22,015**	93,663
Exchange losses/(gains)	**113,991**	(893,411)
Interest expense	**3,273,007**	3,328,216
Interest income	**(230,629)**	(196,198)
Fair value changes on financial assets at fair value through profit or loss	**(2,269)**	844
Fair value changes on derivative financial instruments	**(593,936)**	1,524
Share of results of associates	**1,177,765**	(1,205,388)
Share of results of joint ventures	**(467,461)**	(755,556)
Dividends received from available-for-sale investments	**(235,930)**	(199,845)
Net (gains)/losses on disposal of property, plant and equipment	**(12,674)**	107,768
Net gains on disposal of prepaid lease payments	**(101,792)**	(8,163)
Net (gains)/losses on disposal of equity investments	**(275,868)**	20,067
Changes in working capital:		
Decrease in inventories	**86,649**	22,641
Increase in trade receivables, other receivables and prepayments	**(1,094,571)**	(2,284,891)
Increase in trade payables, other payables and accruals	**3,162,598**	2,810,749
Increase in retirement and other long-term employee benefits obligations	**247,878**	316,140
Income tax paid	**(4,425,183)**	(3,382,560)
CASH INFLOWS FROM OPERATING ACTIVITIES - NET	**26,499,915**	23,187,691

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associates	**1,618,500**	1,141,461
Dividend received from joint ventures	**751,678**	—
Dividend received from available-for-sale investments	**57,134**	45,762
Interest received	**196,171**	465,874
Additions of pledged and restricted bank deposits	**(174,430)**	(347,069)
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	**(24,483,498)**	(22,983,598)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	—	(274,728)
Proceeds from disposal of property, plant and equipment	**458,633**	48,479
Proceeds from disposal of prepaid lease payments	**130,944**	10,049
Proceeds from disposal of investments	**583,654**	573,771
Loans to an associate	**(1,969,166)**	—
Loans repaid by associates	**836,138**	2,678,382
Loan to an available-for-sale investee company	—	(95,552)
Loan to non-controlling shareholders of subsidiaries	—	(31,083)
Loans repaid by other related companies	**38,156**	—
Capital contribution for available-for-sale investments	—	(31,729)
Capital contribution into associates	**(20,431)**	(388,582)
Capital contribution into joint ventures	**(219,763)**	(18,299)
Net cash inflow on acquisition of subsidiaries	—	5,007,498
Government grants related to assets	**177,979**	126,872
CASH OUTFLOWS FROM INVESTING ACTIVITIES - NET	**(22,018,301)**	(14,072,492)

Management's Discussion and Analysis

	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	**35,160,200**	40,459,277
Repayment of bank borrowings	**(22,363,420)**	(37,112,030)
Coupon payment on perpetual capital securities	**(421,609)**	(421,885)
Proceeds from issuance of shares for exercised options	**53,618**	196,573
Proceeds from sale of shares held for share award scheme	**27,282**	—
Proceeds from disposal of interests in a subsidiary to non-controlling interest	**—**	244,366
Capital contributions from non-controlling interests	**223,517**	576,746
Advances from associates	**295,955**	303,376
Loans repaid to an associate	**(531,044)**	—
(Repayment of advances to)/Advances from joint ventures	**(393,994)**	396,489
(Repayment of advances to)/Advances from other related companies	**(40,897)**	69,124
Loan from an intermediate holding company	**4,405,860**	—
Loans repaid to intermediate holding companies	**(8,692,672)**	(2,600,511)
Advances from/(repayment to) non-controlling interests of subsidiaries	**30,401**	(3,377)
Interests paid	**(4,423,625)**	(4,073,375)
Dividends paid to owners of the Company	**(3,566,550)**	(2,514,411)
Dividends paid to non-controlling interests of the subsidiaries	**(1,970,443)**	(3,158,884)
CASH OUTFLOWS FROM FINANCING ACTIVITIES - NET	**(2,207,421)**	(7,638,522)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,274,193**	1,476,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**6,035,046**	4,397,289
EXCHANGE (LOSSES)/GAINS	**(24,104)**	161,080
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**8,285,135**	6,035,046

Overview

Net Profit for 2014 amounted to approximately HK$9,215 million, representing a decrease of approximately 16.3%.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale investments and derivative financial instruments, which are carried at fair value.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosure required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

As at 31 December 2014, the Group had net current liabilities of approximately HK$23,221 million. The Board is of the opinion that, taking into account the current operation and business plan of the Group as well as the banking facilities undrawn by the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for the following twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

Change in accounting standards and disclosures

(i) New and amended standards adopted by the Group

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

- Amendment to HKAS32 "Financial instruments: Presentation" on asset and liability offsetting. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

- Amendment to HKAS36 "Impairment of assets" on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have any material impact on the Group.

- Amendment to HKAS 39 "Financial instruments: Recognition and measurement" on the novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment did not have any material impact on the Group.

- IFRIC/HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

- Annual improvement 2012 and 2013 which is not material to the Group.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not relevant to the Group.

(ii) New and amended standards, Company Ordinance not yet adopted by the Group

The following new and amended standards, Companies Ordinance have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

- Amendment to HKAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014.

- Annual improvement 2012 and 2013 which is effective for annual periods beginning on or after 1 July 2014.

- HKFRS 14 "Regulatory Deferral Accounts" is effective for annual periods beginning on or after 1 January 2016.

- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operation is effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortization are effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 41 on bearer plants are effective for annual periods beginning on or after 1 January 2016.

Management's Discussion and Analysis

- Amendments to HKFRS 10 and HKAS 28 on the sale or contribution of assets between an investor and its associate or joint venture are effective for annual periods beginning on or after 1 January 2016.

- Amendment to HKAS 27 allowing the equity method on investments in subsidiaries, joint ventures and associates in investor's separate financial statement is effective for annual periods beginning on or after 1 January 2016.

- Annual improvement 2014 is effective for annual periods beginning on or after 1 July 2016.

- HKFRS15 "Revenue from Contracts with Customers" is effective for annual periods beginning on or after 1 January 2017.

- HKFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2018.

Management is in the process of making an assessment of the impact of the above new and amended standards. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

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

SEGMENT INFORMATION

Turnover represents revenue received and receivable arising on sales of electricity, heat generated by thermal power plants and sales of coal, net of value-added tax, during the year.

	2014 HK$' 000	2013 HK$' 000
Sales of electricity	**64,319,193**	61,685,099
Of which: Sales of power generation from thermal power plants	**59,735,600**	58,045,660
Sales of power generation from renewable energy	**4,583,593**	3,639,439
Heat supply	**2,861,134**	2,507,712
Sales of coal	**3,500,301**	5,388,715
	70,680,628	69,581,526

Our turnover for 2014 was HK$70,681 million, representing a 1.6% increase from HK$69,582 million in 2013. The slight increase in turnover was mainly attributable to the 5.3% increase in total net generation volume of our consolidated operating power plants as new units commenced operation, which was partially offset by: (1) the decrease in both sales volume of our coal mines and average selling price of coal per tonne in 2014; and (2) the further lowering of on-grid tariffs for coal-fired power plants in 2014.

The Group is currently engaged in three business areas - thermal power (inclusive of coal-fired and gas-fired power plants), renewable energy (inclusive of wind farms and hydro-electric projects) and coal mining.

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2014

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	62,596,734	4,583,593	3,500,301	—	70,680,628
Inter-segment sales	—		233,588	(233,588)	—
Total	62,596,734	4,583,593	3,733,889	(233,588)	70,680,628
Segment profit/(loss)	18,708,528	2,467,601	(6,405,084)	—	14,771,045
Unallocated corporate expenses					(773,221)
Interest income					230,629
Fair value change on derivative financial instruments					593,936
Gains on disposal of equity investments					275,868
Finance costs					(3,325,487)
Share of results of associates					(1,177,765)
Share of results of joint ventures					467,461
Dividend income from available-for-sale investments					235,930
Exchange losses					(113,991)
Profit before income tax					11,184,405

Management's Discussion and Analysis

For the year ended 31 December 2013

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	60,553,372	3,639,439	5,388,715	—	69,581,526
Inter-segment sales	—	—	70,251	(70,251)	—
Total	60,553,372	3,639,439	5,458,966	(70,251)	69,581,526
Segment profit	14,544,254	2,033,807	334,344	—	16,912,405
Unallocated corporate expenses					(675,767)
Interest income					196,198
Fair value change on derivative financial instruments					(1,524)
Losses on disposal of equity investments					(20,067)
Finance costs					(3,328,216)
Share of results of associates					1,205,388
Share of results of joint ventures					755,556
Dividend income from available-for-sale investments					199,845
Exchange gains					893,411
Profit before income tax					16,137,229

Inter-segment sales are charged at prevailing market rates.

Geographical information

Substantially all of the Group's non-current assets are located in the PRC, and operations for the year were substantially carried out in the PRC.

Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, business tax and surcharge, impairment charges, and other operating expenses. Other operating expenses include (among others) sustainable development funds, safety fees, discharge fees, professional fees, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses in 2014 amounted to HK$58,431 million, representing an increase of 6.7% from HK$54,787 million in 2013.

Fuels for 2014 amounted to approximately HK$31,044 million, representing a decrease of HK$2,023 million or 6.1% from HK$33,067 million for 2013. Although the net generation volume of our consolidated power plants increased by 5.3% over last year, the average unit fuel cost for the consolidated power plants in 2014 decreased by 12.6% on a year-on-year basis, as a result, fuels decreased over last year.

In 2014, repairs and maintenance increased by approximately HK$182 million or 11.5% to approximately HK$1,762 million, which was mainly attributable to the increase in installed capacity.

Depreciation and amortisation in 2014 increased by approximately HK$1,228 million or 16.7% to HK$8,600 million. This was mainly due to an increase in the Group's attributable operational capacity from 26,921MW as at the end of 2013 to 31,331MW as at the end of 2014 from the commissioning of new coal-fired power plants and wind farms; all of which are consolidated power plants.

Employee benefit expenses increased by approximately 9.0% or HK$430 million to HK$5,214 million from approximately HK$4,784 million in 2013. The increase in employee benefit expenses was due to an increase in the Group's attributable operational capacity.

Business tax and surcharge increased by 21.1% from HK$660 million in 2013 to approximately HK$800 million. This was mainly attributed to the business tax for interest income from intra-group loans as well the increase in surcharge paid as we began to pay value-added tax after tax credit for equipment purchases made by certain power plants last year.

Impairment charges increased by 205.2%, from approximately HK$1,997 million for 2013 to approximately HK$6,094 million. This was mainly attributed to the impairment provision of approximately HK$5,807 million made by the Group for its subsidiary coal mines, the remaining HK$287 million was mainly attributed to the retirement of certain power assets. Impairment provision was mainly due to: (1) the initial investments in mines and the costs of subsequent technical upgrades of mines was higher than expected as the government continuously raised requirements on safety production and environmental standards of coal mines; (2) because of the increasingly stringent government approvals for various licences of coal mines as a result of the raised requirements for safety and environmental standards, the construction period for the mines was extended and the commissioning time was later than expected; (3) the continuous decrease in coal prices; and (4) temporary or full suspension of certain coal mines as a result of the coal market downturn. According to the Group's respective stakes in these coal mines and power assets, share of total impairment losses recognised on the Group's Net Profit amounted to HK$3,273 million.

Other operating expenses for 2014 amounted to approximately HK$3,914 million, representing a decrease of HK$343 million or 8.1% from HK$4,257 million for 2013. This is mainly due to a decrease of coal production for the year, as well as relief and exemptions of coal-related levies and charges in Shanxi Province, resulting in a decrease of various administrative expenses.

Other income and other gains - net

In 2014, other income amounted to approximately HK$2,058 million, representing an increase of 11.3% when compared with approximately HK$1,849 million in 2013.

The increase in other income was mainly due to the increase in sales revenue from by-products of coal ash and service income from heat connection contracts. Other income for the year comprised mainly revenue from sale of scrap materials of approximately HK$737 million, interest income of approximately HK$231 million, government grant and subsidies of approximately HK$319 million, dividend income of approximately HK$236 million and service income from heat connection contracts of approximately HK$218 million.

Other gains were approximately HK$913 million, including exchange loss on the depreciation of Renminbi ("RMB") against Hong Kong dollars ("HKD") of HK$114 million, gains on sale of equity investments of HK$276 million, and gains of HK$576 million on changes in fair value of call options to acquire additional 16% equity interest in Hezhou Power Plant, a joint venture of the Group, recognised in accordance with the requirements of accounting standards, whereas other gains in 2013 amounted to HK$861 million, which comprises an exchange gain of HK$893 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Operating profit amounted to approximately HK$15,220 million for 2014, representing a decrease of 13.0% from HK$17,505 million for 2013. The decrease was mainly due to (1) increase in provision for impairment losses on coal assets; (2) loss from coal business as sales volume of coal mines and average selling price of coal per tonne decreased; and (3) exchange loss on the depreciation of RMB against HKD compared with exchange gain in 2013, partly offset by an increase in profits arising from the consolidated power plants and wind farms.

Management's Discussion and Analysis

Finance costs

Finance costs amounted to approximately HK$3,325 million in 2014, representing a slight decrease of 0.1% from HK$3,328 million in 2013. The average amount of bank and other borrowings (being the average of the sum of total interest-bearing liabilities at the beginning and the end of the year) increased to HK$96,501 million in 2014 from HK$87,976 million in 2013. Despite the increase in bank and other borrowings, the change in finance costs was immaterial in 2014, due to the fact that the average cost of bank and other borrowings decreased by approximately 0.29 percentage point to approximately 4.55% during the year, from 4.84% in 2013, as well as the increased capitalisation of interest of projects under construction by 41.6%.

	2014 HK$'000	2013 HK$'000
Interests on bank borrowings:		
– wholly repayable within five years	**2,583,727**	2,938,563
– not wholly repayable within five years	**878,440**	118,296
Interests on corporate bonds:		
– wholly repayable within five years	**693,311**	498,546
– not wholly repayable within five years	**136,785**	356,059
Interests on loans from related parties:		
– wholly repayable within five years	**15,451**	86,000
Others	**109,667**	101,738
	4,417,381	4,099,202
Less: Interests capitalised in property, plant and equipment	**(1,091,894)**	(770,986)
	3,325,487	3,328,216

Share of results of associates

Share of results of associates in 2014 amounted to a loss of approximately HK$1,178 million, representing a decrease of HK$2,383 million, compared to a gain of HK$1,205 million in 2013. The significant decrease in the share of results of associates was mainly due to the provision for impairment losses on the associate coal mining assets of the Group, as (1) the requirements of the government for coal mine safety production and environmental protection standards were becoming increasingly stringent, resulting in the initial investments and the cost of subsequent technical upgrading of the mines to be higher than expected; (2) due to the raised safety and environmental protection standards, the approval of various licences for mines by the government became more stringent, resulting in a prolonged period for technical upgrades and delayed commissioning; (3) coal prices continued to drop; and (4) construction of certain coal mines were temporarily or fully suspended as a result of the coal market downturn. According to the Group's respective stakes in these associate coal mines, the effect of the impairment losses recognised on the Group's Net Profit amounted to approximately HK$1,093 million. Other reasons affecting the share of results of associates include the consolidation of Shanxi China Resources Daning Energy Co., Ltd. as a subsidiary while it was an associate prior to March 2013, and decrease in profitability of the associate coal mines of the Group due to the coal market downturn.

Share of results of joint ventures

Share of results of joint ventures in 2014 amounted to approximately HK$467 million, representing a decrease of approximately HK$289 million or 38.1% from HK$756 million in 2013. The decrease was mainly attributable to the drop in profit of our Hezhou Power Plant in Guangxi as its power generation decreased by 26% year-on-year as a result of slowed power consumption growth and the rapid increase in hydropower generation in southwestern China.

Fair value change on derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swap) to hedge its exposure against changes in interest rate on bank borrowings. At the inception of the hedging relationship, the Group documented the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documented whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value gain on derivative financial instruments in 2014 amounted to HK$18.04 million and represented the gain relating to the ineffective portion of cash flow hedge.

In 2010, the Group and an independent third party (the "Partner") entered into a share subscription agreement ("Share Subscription Agreement") and pursuant to which they formed a company, namely Resources J Energy Investment Limited ("Resources J"), and Resources J indirectly holds 100% equity interest in Hezhou Power Plant in Guangxi.

Pursuant to a Call Option Agreement entered into between the Group and the Partner dated 19 August 2010, the Partner granted the Group a call option at a consideration of HK$1 to acquire 16% equity interest ("Call Option Shares") in Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by the Partner attributable for the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by the dividend received by the Partner in respect of the Call Option Shares and the interest on dividend received by the Partner in respect of the Call Option Shares. The call option can be exercised on any business day within the period from 17 December 2015 to 1 January 2016 ("Call Option Period"). As of 31 December 2014, the fair value of the call option is assessed to be approximately HK$ 575,898,000 and has been recognised as gain on fair value change of derivative financial instruments.

Income tax expense

Income tax expense for 2014 amounted to HK$4,291 million, representing an increase of HK$739 million or 20.8% from HK$3,552 million in 2013. In 2014, the increase in PRC enterprise income tax was mainly due to (1) increased income tax expenses as new coal-fired power plants commenced operation; (2) less preferential income tax treatments for coal-fired power plants due to the expiration of tax concessions for certain subsidiary coal-fired power plants; and (3) certain consolidated wind power projects entering preferential income tax stage with 50% concession or levied in full.

Details of the income tax expense for the years ended 31 December 2014 and 2013 are set out below:

	2014 HK$'000	2013 HK$'000
Current income tax — PRC enterprise income tax	**4,553,590**	3,622,109
Deferred income tax	**(262,802)**	(70,173)
	4,290,788	3,551,936

No provision for Hong Kong profits tax has been made as the Group had no taxable profit or incurred tax losses in Hong Kong for both years.

The PRC enterprise income tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to the subsidiaries in the PRC.

Management's Discussion and Analysis

Operating profit for the year

	2014 HK$'000	2013 HK$'000
Operating profit for the year has been arrived at after charging:		
Directors' remuneration		
– Fees	**1,506**	1,225
– Salaries and bonus	**14,458**	17,855
– Pension costs	**486**	496
	16,450	19,576
Wages, salaries and bonus	**4,043,758**	3,676,834
Pension costs, excluding directors - retirement benefit schemes	**727,653**	657,544
Employees termination benefits	**426,296**	430,382
Total staff costs	**5,214,157**	4,784,336
Amortisation of prepaid lease payments	**60,566**	66,718
Amortisation of mining rights	**282,680**	389,339
Auditor's remuneration	**10,211**	8,267
Cost of inventories recognised as operating expenses	**32,081,397**	34,215,674
Depreciation of property, plant and equipment	**8,256,297**	6,915,411
Impairment loss on property, plant and equipment	**3,096,692**	801,220
Impairment loss on prepaid lease payments	**16,422**	—
Impairment loss on mining rights	**2,925,850**	27,619
Impairment loss on goodwill	**—**	949,652
Impairment loss on investment in associates	**—**	46,723
Impairment loss on inventories	**33,413**	78,180
Provision for doubtful accounts	**22,015**	93,663
Minimum lease payments under operating leases in respect of:		
– land and buildings	**90,900**	68,498
Fair value changes on financial assets at fair value through profit or loss (included in other gains)	**(2,269)**	844
Fair value changes on derivative financial instruments (included in other gains)	**(593,936)**	1,524

	2014 HK$'000	2013 HK$'000
and after crediting:		
Dividend income from available-for-sale investments	**235,930**	199,845
Government grant	**319,490**	356,758
Interest income	**230,629**	196,198
Sales of scrap materials	**736,810**	645,222
Service income from heat connection contracts	**217,703**	160,229
Net exchange (losses)/gains (included in other gains)	**(113,991)**	893,411
Net gains/(losses) on disposal of equity investment (included in other gains and losses)	**275,868**	(20,067)
Net gains/(losses) on disposal of property, plant and equipment (included in other gains)	**12,674**	(107,768)
Net gains on disposal of prepaid lease payments (included in other gains)	**101,792**	8,163
Expenses capitalised in construction in progress:		
Other staff cost	**658,708**	691,922
Pension costs	**65,340**	12,278
Depreciation and amortisation	**81,140**	59,607

Profit for the year attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company decreased from approximately HK$11,016 million in 2013 to HK$9,215 million in 2014, representing a 16.3% decrease year-on-year.

Management's Discussion and Analysis

Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014 HK$'000	2013 HK$'000
Profit attributable to owners of the Company	**9,214,858**	11,015,526

	Number of ordinary shares	
	2014	2013
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	**4,756,555,834**	4,742,484,020
Effect of dilutive potential ordinary shares:		
– share options	**11,814,880**	20,840,404
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,768,370,714**	4,763,324,424

	2014 HK$	2013 HK$
Basic earnings per share	**1.94**	2.32
Diluted earnings per share	**1.93**	2.31

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.70 per share for 2014 (2013: HK$0.67 per share).

	2014 **HK$'000**	2013 HK$'000
Dividends recognised as distribution during the year:		
2014 Interim, paid — HK$0.08 per share (2013: HK$0.08 per share)	**380,693**	379,944
2013 Final, paid — HK$0.67 per share (2012: HK$0.45 per share)	**3,186,316**	2,134,940
	3,567,009	2,514,884

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 8 June 2015 (the "AGM"), the proposed final dividend will be distributed on or about Tuesday, 23 June 2015 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 15 June 2015.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 3 June 2015 to Monday, 8 June 2015 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 2 June 2015.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2014, the register of members of the Company will be closed on Monday, 15 June 2015, during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 12 June 2015.

Capital structure management

The Group and the Company manage capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remain unchanged from prior year.

The capital structure of the Group consists of net debts, which includes long-term bank borrowings, short-term bank and other borrowings, corporate bonds and loans from related parties, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors have reviewed the capital structure on a periodic basis. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations from the Directors, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

Management's Discussion and Analysis

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities of approximately HK$23,221 million as at 31 December 2014. The Directors are of the opinion that, taking into account the presently undrawn banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next twelve months commencing from the date of the financial statements.

The cash and cash equivalents as at 31 December 2014 denominated in HKD, RMB and other foreign currencies amounted to approximately HK$601 million, RMB5,556 million and US$83 million.

The bank and other borrowings of the Group as at 31 December 2014 and 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Secured bank loans	**6,393,299**	5,525,013
Unsecured bank loans	**76,408,641**	64,612,881
Corporate bonds and notes	**17,630,920**	17,613,712
Loans from related parties	—	4,817,851
	100,432,860	92,569,457

The maturity profile of the above bank and other borrowings is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	**20,897,153**	19,131,111
Between 1 and 2 years	**18,638,320**	19,234,939
Between 2 and 5 years	**45,690,298**	41,369,840
Over 5 years	**15,207,089**	12,833,567
	100,432,860	92,569,457
The above secured bank and other borrowings are secured by:		
Pledge of assets (note)	**5,167,347**	4,582,227

Note: Certain bank loans were secured by the Group's prepaid lease payments, buildings, and power generating plant and equipment with carrying values of HK$43,354,000 (2013: HK$40,942,000), HK$1,310,418,000 (2013: HK$971,465,000) and HK$3,813,575,000 (2013: HK$3,569,820,000), respectively.

Bank and other borrowings as at 31 December 2014 denominated in HKD, RMB and other foreign currencies amounted to HK$33,532 million, RMB47,388 million and US$879 million, respectively.

As at 31 December 2014, bank and other borrowings of approximately HK$33,532 million and US$879 million (2013: HK$31,210 million and US$820 million) bore interest at a range from HIBOR plus 0.90% to HIBOR plus 2.3% per annum and LIBOR plus 1.34% to LIBOR plus 2% per annum, respectively. The remaining bank and other borrowings and loans from related parties carried interest rates at a range from 4.40% to 6.88% (2013: 2.85% to 7.2%) per annum.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain HKD bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2014, loans of HK$8,002 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 2.33% per annum.

As at 31 December 2014, the Group's ratio of net debt to shareholders' equity was 129.1%, with total debt to total capitalisation ratio of 53.9%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2014, the Group's primary sources of funding included cash inflow from new bank loans, dividend income and net cash inflow from operating activities, which amounted to HK$35,160 million, HK$2,427 million and HK$26,500 million, respectively. The Group's funds were primarily used for the repayment of short-term bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, repayment to an intermediary holding company of the consideration for acquisition in 2013 of 100% equity interest in Elite Wing Limited, dividend and interest payments, which amounted to HK$22,363 million, HK$24,483 million, HK$4,287 million, HK$5,537 million and HK$4,424 million, respectively.

Trade and note receivables

	2014 HK$'000	2013 HK$'000
Trade receivables	**10,051,035**	9,888,095
Note receivables	**1,164,204**	2,324,761
	11,215,239	12,212,856
Less: provision for impairment of trade receivables	**(93,730)**	(87,037)
	11,121,509	12,125,819

Trade receivables are generally due within 60 days from the date of billing.

The following is an aging analysis of trade receivables included in trade receivables, other receivables and prepayments at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
0 - 30 days	**8,598,987**	9,240,964
31 - 60 days	**374,018**	684,262
Over 60 days	**2,242,234**	2,287,630
	11,215,239	12,212,856

Trade payables

The following is an aging analysis of trade payables included in trade payables, other payables and accruals at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
0 - 30 days	**7,111,508**	5,730,765
31 - 90 days	**1,795,255**	1,829,807
Over 90 days	**1,557,285**	2,878,940
	10,464,048	10,439,512

Management's Discussion and Analysis

Key financial ratios of the Group

	2014	2013
Current ratio (times)	**0.59**	0.60
Quick ratio (times)	**0.53**	0.53
Net debt to shareholders' equity (%)	**129.1**	132.2
EBITDA interest coverage (times) (1)	**6.5**	6.8

Current ratio	=	balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year - balance of inventories at the end of the year)/balance of current liabilities at the end of the year
Net debt to shareholders' equity	=	(balance of borrowings at the end of the year + balance of borrowings from related parties at the end of the year - balance of cash and cash equivalents at the end of the year - balance of pledged cash at the end of the year)/balance of equity attributable to owners of the Company at the end of the year
EBITDA interest coverage	=	(profit before taxation + interest expense + depreciation and amortisation)/interest expenditure (including capitalised interests)

Note:

(1) Excluding non-cash income and expenses, being impairment charges, changes in fair value of derivative financial instruments and exchange gains.

Foreign exchange rate risk

The Group collects substantially all of our revenue in RMB and most of the Group's expenditures including expenditures incurred in our operations as well as capital expenditures are also denominated in RMB. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or HKD.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments, political changes and supply and demand of RMB. The appreciation or devaluation of RMB against HKD and USD may have positive or negative impact on the results of operations of the Group.

The majority of the Group's operations are in the PRC and the Group's transactions are mainly denominated in RMB which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain borrowings of the Group denominated in HKD and USD, particularly depreciation of the RMB against HKD and USD. However, certain entities are located in Hong Kong and their functional currency are HKD or USD, the foreign exchange risk for them mainly arises from balances denominated in RMB.

In addition, given there are different functional currencies within the Group, there are still foreign exchanges risk arises from the transactions and balances within the Group even they are eliminated. The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination at the reporting date are as follows:

	Group As at 31 December	
	2014 **HK$'000**	2013 HK$'000
Assets		
USD	**69,040**	63,331
RMB	**27,325,377**	24,112,281
HKD	**601,508**	336,754
Liabilities		
USD	**7,716,165**	8,183,119
RMB	**7,450,640**	5,301,554
HKD	**3,180,000**	5,443,689

The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against HKD and USD.

Contingent liabilities

As at 31 December 2014, the Group provided certain guarantees amounting to HK$1,051,518,000.

In addition, there were certain pending litigations and claims against the Group. After consulting with legal counsel, the Directors are of the view that the likelihood of any material adverse financial impact to the Group is remote. Therefore, no provisions have been made in light of such litigations and claims.

Employees

The Group had 42,575 employees as at 31 December 2014 (2013: 43,990 employees).

The Company and its subsidiaries have concluded employment contracts with all of its respective employees. The compensation of employees mainly includes salaries and performance-based bonuses.

Medium to Long-term Performance Evaluation Incentive Plan

The Company has adopted the Medium to Long-term Performance Evaluation Incentive Plan (the "Plan"). The Plan aims to link the performance of employees and the management and the overall operating results and the accomplishment of strategic objectives of the Company to the income of employees and the management through medium and long term performance appraisals. The Plan was effective from 25 April 2008 and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

During the year ended 31 December 2014, the Company had sold 1,706,000 shares through the trustee and distributed through the Plan.

Corporate Governance Report

INTRODUCTION

The Board of Directors of the Company (the "Board") strive to ensure that the Company and its subsidiaries (the "Group") meet high standards of safety, performance and corporate governance. The Group recognises that it has responsibilities to its shareholders, customers, personnel and suppliers as well as to the communities of which it operates. To achieve maximization of shareholder value, employee value and Company value, the Board believes that a high standard of corporate governance is crucial, and is committed to improving the overall standard of corporate governance with reference to best corporate governance practices.

The Board has ultimate authority over, and oversight of, the Group's operations and regards good corporate governance as a critical element in the drive to improve the Group's performance and achieve the Group's vision of being a world class energy provider and one of the most admired employers in China.

In 2014, except for A.2.1 which is explained in this report, CR Power has applied all of the principles and complied with the code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). CR Power also adopted most of the recommended best practices in the Code.

The following summarizes the Company's corporate governance practices and explains the implementation of recommended best practices.

A.1 The Board

The Board is responsible for the optimization of the Company's corporate governance, and is ultimately accountable for the Company's strategic planning, operating activities and operating results. The Board Charter is published on the Company's website (www.cr-power.com) under Investor Relations page.

The Board Charter is reviewed annually and enhanced where necessary to take account of changes in the law and governance practices.

The responsibilities of the Board include (but are not limited to) the following:

(1) to determine the strategies, objectives, policies, and business plans of the Group and supervise the execution of the Group's strategies;

(2) to supervise and control the operating and financial performance of the Group, and set appropriate risk control policies and procedures to ensure that the strategic objectives of the Group are properly implemented;

(3) to monitor the performance and set appropriate remuneration of members of senior management; and

(4) to perfect the corporate governance structure in order to enhance communication with shareholders.

The Company has set forth matters that require the Board's approval in its Board Charter.

In the year under review, the Company strictly complied with the Code principle and Code provisions A.1.1 to A.1.8, as described as follows:

A.1.1 Pursuant to code provision A.1.1 of the Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals. During the year, the Board held a total of seven Board meetings.

The Board met six times by way of meeting in the year. Each meeting involved the active participation in person of a majority of Directors entitled to be present. The Board held one meeting through conference call.

In the year under review, Ms. Zhou Junqing, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Du Wenmin, Mr. Wei Bin, Mr. Chen Ying, Mr. Andrew Ma Chiu Cheung, Ms. Elsie Leung Oi-Sie and Dr. Raymond Ch'ien Kuo-Fung were Directors throughout the year. Mr. Jack So Chak Kwong was appointed as an Independent Non-executive Director on 11 June 2014 and Mr. Wang Yan was appointed as a Non-executive Director on 13 August 2014.

The above Directors' attendance at the meetings of the Board and the Annual General Meeting ("AGM") during the year is as follows:

	Number of board meetings attended	Attendance rate of board meetings during the office of directorship	Attendance of AGM
Executive Directors			
Zhou Junqing	6/7	86%	√
Zhang Shen Wen	7/7	100%	√
Wang Xiao Bin	7/7	100%	√
Non-executive Directors			
Du Wenmin	1/7	14%	—
Wei Bin	5/7	71%	—
Chen Ying	1/7	14%	—
Wang Yan (Note 1)	2/3	67%	N/A
Independent Non-executive Directors			
Andrew Ma Chiu Cheung	7/7	100%	√
Elsie Leung Oi-Sie	7/7	100%	√
Raymond Ch'ien Kuo-Fung	7/7	100%	√
Jack So Chak Kwong (Note 2)	3/3	100%	N/A
Resigned Directors			
Wang Yu Jun (Note 3)	4/5	80%	√
Huang Daoguo (Note 4)	3/4	75%	—
Anthony H. Adams (Note 5)	4/4	100%	√
Chen Ji Min (Note 6)	2/4	50%	—

Corporate Governance Report

Note 1: Mr. Wang Yan was appointed as Non-executive Director on 13 August 2014.

Note 2: Mr. Jack So Chak Kwong was appointed as Independent Non-executive Director on 11 June 2014.

Note 3: Mr. Wang Yu Jun resigned as President and Executive Director on 22 September 2014.
Note 4: Mr. Huang Daoguo resigned as Non-executive Director on 13 August 2014.

Note 5: Mr. Anthony H. Adams resigned as Independent Non-executive Director on 18 July 2014.

Note 6: Mr. Chen Ji Min resigned as Independent Non-executive Director on 11 June 2014.

A.1.2 In the year under review, arrangements were in place to ensure that all Directors were given an opportunity to include matters in the agenda for regular Board meetings. The Board supported four committees to ensure that it was well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities: the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee. Each committee has its own terms of reference which are available on the Company's website (www.cr-power.com). The terms of reference of each committee are reviewed annually and enhanced where necessary to take account of changes in the rules and regulations and governance practices. The Chairperson of respective committees reported to the Board regularly and made recommendations on matters discussed when appropriate. Members of senior management of the Company may attend committee meetings upon invitation by the relevant Chairperson.

A.1.3 In the year under review, notice of at least 14 days was given of a regular Board meeting, giving all Directors an opportunity to attend. For all other Board meetings, reasonable notice was given. The Board aims to set dates of regular meetings, AGM and site visits at or prior to the start of each year, so that all Directors can make proper arrangements to ensure attendance of the meetings and visits.

A.1.4 The Company Secretary attended all Board and committee meetings except meetings of the Remuneration Committee where a person (other than a member of senior management) was appointed as secretary. Minutes of Board meetings and meetings of Board Committees were kept by the Company Secretary or duly appointed personnel and were arranged to be reviewed by the Directors present at the meetings before signing by the chairperson of the respective meetings. Such minutes will be made available by the Company for inspection at any reasonable time on reasonable notice by any Director when he/she deems necessary.

A.1.5 Minutes of Board meetings and meetings of Board Committees recorded in detail the matters considered by the Board or Board Committees and decisions reached. Draft and final versions of minutes of Board meetings and meetings of Board Committees were sent to all Directors for their comments within a reasonable time after the Board or committee meetings were held.

A.1.6 The Board Charter sets out the policy that Directors, especially Non-executive Directors should be provided with sufficient resources in the furtherance of their duties as Board/Committee members, including access to independent professional advice, if necessary, at the Company's expense.

A.1.7 Physical board meetings, as opposed to written resolutions, were held to consider matters in which a substantial shareholder or Director had a conflict of interest which the Board determined to be material. At these physical board meetings, Independent Non-executive Directors who, and whose close associates, had no material interest in the transaction were present. Directors who had a conflict of interest abstained from voting.

A.1.8 The Company has arranged corporate liability insurance coverage in respect of legal actions against its Directors.

The Board Committees have adopted, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8 in the Code, where applicable.

A.2 The Chairman and the President

The division of responsibilities between the Chairman and the President has been clearly established and set out in writing. Under A.2.1 the Code, the role of the Chairman and the President should be separate to ensure a balance of power and authority. The Chairman's primary responsibilities include deciding on the meeting schedule and agenda, formulating Board policies, ensuring Board effectiveness, promoting the Company and maintaining the Company's corporate governance. The President has delegated authority from, and is responsible to, the Board for managing the Group's business, including the implementation of the strategies and initiatives adopted by the Board.

In the period under review, the Company strictly complied with the Code principle and Code provisions A.2.2 to A.2.9 but deviated from Code Provision A.2.1 as described follows:

A.2.1 The Company announced on 26 August 2014 that Mr. Wang Yu Jun's role as President of the Company was suspended and assumed by the Chairman of the Board, Ms. Zhou Junqing. Mr. Wang Yu Jun resigned as President of the Company with effect from 22 September 2014. Following his resignation, Ms. Zhou Junqing has continued to assume the role and duties of President of the Company. Until a replacement is identified for the role of the President. The Company will publish an announcement in accordance with the Listing Rules should a suitable replacement be identified for the role of the President of the Company.

President of the Company is responsible for managing the Company's business and coordinating overall business operations, implementing major strategies approved by the Board and making day-to-day operation decisions.

None of the members of the Board has any connections (including financial, business, family relationship and other material/related relationships) with each other.

Chairman of the Board is responsible for providing leadership for the Board. Chairman's duties are mainly to ensure the effective operation of the Board, and the establishment of and compliance with the corporate governance practices and procedures. The Chairman is also responsible for ensuring that appropriate procedures are adopted to guarantee effective communications with shareholders, and that the shareholders' opinions are circulated among all Board members.

A.2.2 All Directors were properly briefed on issues arising at Board meetings. Any enquiries and requests from the Directors were followed up and responded to by the management of the Company in a timely manner.

A.2.3 The Board papers contained sufficient details and Directors were given reasonable time to review the contents before the meetings. All Directors who were present at the Board meetings received adequate information in a timely manner, prior to the meetings.

A.2.4 One of the Chairman's responsibilities is to provide leadership for the Board. The Chairman ensured that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chairman, with the help of other Executive Directors and Company Secretary, is primarily responsible for drawing up and approving the agenda for each Board meeting taking into account, where appropriate, any matters proposed by other Directors for inclusion in the agenda.

A.2.5 The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Chairman meets regularly with independent non-executive Directors to discuss, among others, suggestions and feedback with regard to Board and corporate governance practices and procedures and areas for improvement.

A.2.6 The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interests of the Company. The Chairman also encourages Directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus.

A.2.7 The Chairman, Ms. Zhou Junqing held a meeting with the Independent Non-executive Directors without the presence of other Executive Directors in 2014.

A.2.8 The Chairman ensures that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

A.2.9 The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensures constructive relations between Executive and Non-executive Directors. In July/August 2014, the Independent Non-executive Directors visited our gas-fired plant in Beijing and wind farms located in Manzhouli, Inner Mongolia and met with the local management team. This enabled the Independent Non-executive Directors to gain first-hand understanding of the industry, business operations and local workforce of the Company.

A.3 Board Composition

The Board's composition is determined in accordance with the following principles, the Company's Articles of Association and relevant governance requirements:

➢ the Company should appoint at least three Independent Non-Executive Directors and maintain Independent Non-executive Directors representing at least one-third of the Board;

➢ the role of Chairman and President should be held by separate persons;

➢ the Board should comprise of Directors with an appropriate range and mix of skills, experience, expertise and diversity;

➢ the performance of the Board and its members should be reviewed annually and objectively; and

➢ all Directors must submit themselves for re-election at regular intervals.

As at the date of this report, the Board consists of 11 Directors, 3 of whom are Executive Directors, 4 are Non-executive Directors and 4 are Independent Non-executive Directors. The number of Independent Non-executive Directors complied with the requirement of Rule 3.10 and Rule 3.10A of the Listing Rules. The list of Directors and their biographies are set out in the Directors and Senior Management Section on page 14 to page 19 of this Annual Report, and are available on the Company's website.

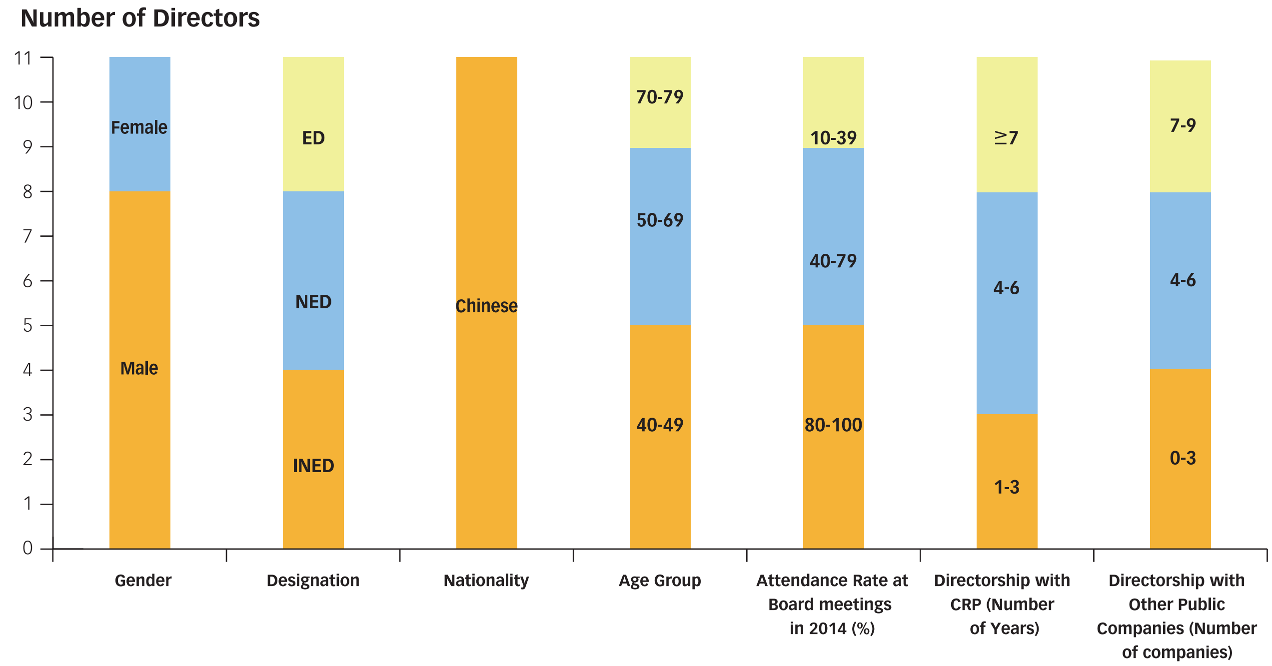
Set out below are details of the composition of the Board and its committees as at the date of this report:

Director	Board Designation	Committee Membership			
		Sustainability	Audit and Risk	Remuneration	Nomination
Zhou Junqing	E, Chairman	√			Chairman
Zhang Shen Wen	E				
Wang Xiao Bin	E				
Du Wenmin	NE			√	√
Wei Bin	NE				
Chen Ying	NE				
Wang Yan	NE				
Andrew Ma Chiu Cheung	INED	√	Chairman	√	
Elsie Leung Oi-Sie	INED		√	Chairman	√
Raymond Ch'ien Kuo-Fung	INED	√		√	√
Jack So Chak Kwong	INED	Chairman	√		√

Note:

E: Executive Director
NE: Non-executive Director
INED: Independent Non-executive Director

Board Composition



In the year under review, the Company strictly complied with the above principles and Code provisions A.3.1 and A.3.2 as described as follows:

A.3.1 The Independent Non-executive Directors accounted for more than one-third of the members of the Board and were expressly identified in all corporate communications that disclosed the names of Directors of the Company.

A.3.2 The Company posts the names and biographical details of the Board members on its website (www.cr-power.com), with their designations in the Board clearly stated. The Company also posts on the website of the Stock Exchange an updated list of its directors identifying their role and function and whether they are Independent Non-executive Directors.

A.4 Appointment, Re-election and Removal of Directors

The Board's Nomination Committee sets and reviews the criteria for new Director appointments having regard to the overall composition of the Board.

The Board seeks to ensure that its membership is such that each Director:

➢ is a person of integrity;

➢ has sufficient time available and abilities to perform his or her role effectively;

➢ brings an independent and questioning mind to his or her role which enables him or her to exercise sound judgment;

➢ enhances the breadth and depth of skills and knowledge of the Board as a whole; and

➢ enhances the experience and diversity of the Board as a whole.

The service term of every Director is 3 years. All Directors are subject to regular retirement, retiring Directors are eligible for retirement. The staggered structure enables the Board to change its composition in an orderly manner over time while maintaining leadership, stability and continuity, and allows for regular evaluation of the mix of skills and experience, as required.

In the period under review, the Company strictly complied with the above principle and Code provisions A.4.1 to A.4.3 as described as follows:

A.4.1 Each Non-executive Director (including Independent Non-executive Directors) receives a letter formalizing his or her appointment and that letter outlines the key terms and conditions of the appointment. Each Non-executive Director (including Independent Non-executive Director) is appointed for a term of 3 years.

In accordance with Article 120 of the Company's Articles of Association, one-third of the Directors, including Executive Directors, Non-executive Directors as well as Independent Non-executive Directors, shall retire by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least every three years and a retiring director shall be eligible for re-election. Pursuant to Article 120 of the Articles of Association, Ms. Zhou Junqing, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Ms. Leung Oi-sie, Elsie and Dr. Raymond Ch'ien Kuo-Fung, retired from office by rotation and were re-elected at the AGM on 10 June 2014.

A.4.2 In accordance with the Company's Articles of Association, all new Directors appointed to fill a casual vacancy or being a new member of the Board of Directors shall be subject to re-election by shareholders at the next general meeting after their appointment (in the case of filling casual vacancy) or next AGM (in the case of addition to the Board). Pursuant to Article 98 of the Articles of Association, none of the directors were required to be re-elected at the AGM on 10 June 2014.

A.4.3 No Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

A.5 Nomination Committee

In the year under review, the Company strictly complied with Code provisions A.5.1 to A.5.6 as described as follows:

A.5.1 The Company has established a Nomination Committee which is comprised of 5 members, including 3 Independent Non-executive Directors, Chairman of the Board and 1 Non-executive Director. In 2014, the Nomination Committee held 4 meetings to, among other things, review the policy for nomination of directors, and select and recommend candidates for directorship.

Nomination Committee	Number of meetings attended/Number of meetings held during the office of directorship	Attendance rate of meeting during the office of directorship
Zhou Junqing (Chairman)	4/4	100%
Du Wenmin	4/4	100%
Elsie Leung Oi-Sie	4/4	100%
Raymond Chi'en Kuo-Fung	3/4	75%
Jack So Chak Kwong	3/3	100%
Resigned member		
Chen Ji Min	N/A	N/A

A.5.2 Nomination Committee's major responsibilities are to formulate and implement the policy for nominating candidates for re-election by shareholders of the Company based on criteria such as reputation for integrity, accomplishment and experience, professional and educational background, and potential time commitments, and to assess the independence of Independent Non-executive Directors. The terms of reference of the Nomination Committee (which is reviewed and enhanced annually where necessary) have incorporated the specific duties set out in the Code provision.

During 2014, Mr. Jack So Chak Kwong and Mr. Wang Yan were appointed as directors of the Company. In considering the new appointments, the Nomination Committee assessed the candidates on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively etc., and made recommendations to the Board for approval.

A.5.3 The Nomination Committee's terms of reference are available on the Company's website (www.cr-power.com) and the Stock Exchange's website.

A.5.4 The Company ensures that the Nomination Committee is provided with sufficient resources to discharge its duties.

Where necessary, the Nomination Committee may seek independent professional advice at the Company's expense, to perform its responsibilities.

Corporate Governance Report

A.5.5 If the Board proposes a resolution to elect an individual as an Independent Non-executive Director at the general meeting, it will set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Company believes the individual should be elected and the reasons why it considers the individual to be independent.

A.5.6 The Company has established a policy concerning diversity of board members which is available on the Company's website (www.cr-power.com). The Company aims to set out the approach to achieving diversity on the Board by endorsing the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business. The Company welcomes a very diverse population of people that reflects the range of cultures and background spanned by its operations. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will consider and if appropriate, set measurable objectives to implement the policy and review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee has reviewed the policy to ensure its continued effectiveness.

A.6 Responsibilities of Directors

The Board plays a central supporting and supervisory role in the Company's corporate governance structure, provides leadership and guidance to the Group's activities and oversees the work of the management and its execution of the Company's business strategies.

In the year under review, the Company strictly complied with the above principle and Code provisions A.6.1 to A.6.8 as described as follows:

A.6.1 During the year, Mr. Jack So Chak Kwong and Mr. Wang Yan were newly appointed Directors of the Company. The newly appointed Director received a formal and tailored induction on the first occasion of their appointment in order to ensure that they would have a proper understanding of the operations and business of the Company and that they would be fully aware of their responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements, and the Company's business and governance policies.

A.6.2 The Independent Non-executive Directors actively participated in Board meetings of the Company and the Company's Audit and Risk Committee, Remuneration Committee, Nomination Committee and Sustainability Committee comprise a majority of Independent Non-executive Directors.

The Directors were encouraged to participate in continuous professional development programs at the Company's expense to remain abreast of developments impacting the business.

The roles of the Independent Non-executive Directors also include providing their independent views to the Board and management on business proposals and strategies and supporting the implementation of these strategies. They also scrutinise and monitor senior management's performance in meeting goals and objectives. The Independent Non-executive Directors also visited the Group's operations in different locations to broaden their knowledge of the Group's business.

A.6.3 Directors' attendance of Board meetings and Committee meetings is set out on page 61 of this Annual Report. Each Executive Director and Non-executive Director (including Independent Non-executive Director) ensured that he/she gave sufficient time and attention to the affairs of the Company.

A.6.4 The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with their obligations regarding dealings in securities of the Company under the Model Code throughout the year.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

A.6.5 The Company's Executive and Non-executive Directors (including Independent Non-executive Directors) participated in various development programs to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors are encouraged to participate in professional training programs and the Company also organizes and funds such training programs.

For the year ended 31 December 2014, Directors participated in training programs regarding Directors' responsibilities and duties and visited the Company's operations. Attendance record is as follows:

	Directors' training on recent developments of the Listing Rules, corporate governance and Directors' responsibilities	Site visits to coal-fired power plants, coal mines or wind farms
Zhou Junqing	√	√
Zhang Shen Wen	√	√
Wang Xiao Bin	√	√
Du Wenmin	√	√
Wei Bin	√	√
Chen Ying	√	√
Wang Yan	√	√
Andrew Ma Chiu Cheung	√	√
Elsie Leung Oi-Sie	√	√
Raymond Ch'ien Kuo-Fung	√	√
Jack So Chak Kwong	√	—

A.6.6 Each Director has disclosed to the Company at the time of his or her appointment, and on a periodic basis, the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved.

A.6.7 Independent Non-executive Directors actively participated in Board meetings and Committee meetings. In order to develop a balanced understanding of the views of Shareholders, a number of Executive Directors participated in roadshows and investor forums to meet with institutional investors during the year. As laid out in the attendance table in A.1.1 on page 61 of this Annual Report, save for the Directors who were unable to attend the AGM due to their business engagements, all Executive Directors and most Independent Non-executive Directors attended the AGM held on 10 June 2014. The Company sets the date of the AGM at the beginning of a year so all Directors are encouraged to attend general meetings to enhance communication with Shareholders. For the Company's report on communication with Shareholders, please refer to page 77 of the Annual Report.

A.6.8 Independent Non-executive Directors actively participated in Board meetings and Committee meetings and made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. Other Non-Executive Directors actively participated in meetings with management and site visits and made a positive contribution to the development of the Company.

A.7 Supply and Access to Information

In the year under review, the Company strictly complied with Code provisions A.7.1 to A.7.3 as described as follows:

A.7.1 In respect of regular Board meetings and Committee meetings, the Company's policy is to provide at least a 14-day notice prior to the meeting setting out the intended agenda. An agenda and accompanying board papers are delivered in full to all Directors at least three days before the intended date of a Board or Board Committee meeting.

A.7.2 To enable Directors to make decisions based upon the related data on hand, management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. The Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company. The Board and Directors also have separate and independent access to the Company's senior management.

A.7.3 All Directors are entitled to have access to board papers and related materials. Queries from Directors also receive a prompt and full response.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

B.1 The level and make-up of remuneration and disclosure

In the year under review, the Company strictly complied with the Code provisions B.1.1 to B.1.5 and the recommended best practices B.1.6 to B.1.9 except for B.1.8 as described as follows:

The Board has established a Remuneration Committee. The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements. As at the date of this report, members of the Remuneration Committee include Ms. Elsie Leung Oi-Sie, Mr. Andrew Ma Chiu Cheung, Dr. Raymond Ch'ien Kuo-Fung and Mr. Du Wenmin. Ms. Elsie Leung Oi-Sie is the Chairman of the Remuneration Committee. All four members of the Remuneration Committee are Non-executive Directors with three being Independent Non-executive Directors.

In 2014, the Remuneration Committee held one meeting to, among other things, review and determine the policy for the remuneration of the Executive Directors, assess the performance of the Executive Directors, and make recommendation to the Board on the remuneration packages of all Executive Directors and senior management.

Remuneration Committee	Number of meetings attended/Number of meetings held during the office of directorship	Attendance rate of meeting during the office of directorship
Du Wenmin	1/1	100%
Andrew Ma Chiu Cheung	1/1	100%
Elsie Leung Oi-Sie	1/1	100%
Raymond Chi'en Kuo-Fung	0/1	0%

B.1.1 The Remuneration Committee may consult the Chairman, President or any independent third party about remuneration level of Executive Directors. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company.

B.1.2 The terms of reference of the Remuneration Committee (which is annually reviewed and enhanced) have incorporated the specific duties set out in the code provision of the Code. Code provision B.1.2 (c)(ii) was adopted by the Remuneration Committee.

B.1.3 The terms of reference of the Remuneration Committee are set out on the Company's website (www.cr-power.com) and the Stock Exchange's website.

B.1.4 The Remuneration Committee is provided with sufficient resources to discharge its duties. The Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company in order to enable it to properly discharge its duties and responsibilities.

B.1.5 The Company has disclosed details of the remuneration paid to members of senior management by band on page 200 of this Annual Report.

B.1.6 The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regards to Executive Directors and senior management.

B.1.7 A significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance. The Company sets its strategic and performance targets on an annual and three year rolling forward basis. Based on the Company's overall performance targets, the Company assigns responsibilities and sets performance benchmarks and evaluation methods for each Executive Director, members of the senior management team and other managerial staff. The total remuneration of Executive Directors and senior management comprises three key components, namely basic salary, annual bonus and the Medium to Long-term Performance Evaluation Incentive Plan. The actual performance of the Company and each Executive Director and senior management team members' own performance against performance targets determine the component paid under the annual bonus and Medium to Long-term Performance Evaluation Incentive Plan. Please refer to Note 39 under the section "Notes to the Financial Statements" in this Annual Report on page 199 for details on Directors' remuneration.

B.1.8 The Company has not adopted this recommended best practices to disclose details of any remuneration paid to members of senior management (other than Executive Directors) on an individual and named basis in the Annual Report. Having disclosed Directors' remuneration and remuneration of the five highest paid individuals, the Company believes that disclosure of individual senior management's remuneration does not benefit Shareholders. Shareholders are mostly concerned with the total amount of remuneration, rather than on an individual basis.

B.1.9 Board evaluation is conducted on an annual basis. During the year, this evaluation was conducted in the form of a detailed questionnaire completed by each Director, followed by consideration by the Board of the aggregated responses. Each Committee of the Board was also evaluated during the year using a similar process. Committee members and other Board members completed a detailed questionnaire and the aggregated responses were considered and discussed by the Board.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. It is also the Board's responsibility to oversee the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year.

In the year under review, the Company strictly complied with the above principle and Code provisions C.1.1 to C.1.5 as described as follows:

C.1.1 Directors were provided with financial information and the related information of the Company enabling them to make an informed assessment before the publication of the interim results and the annual results, respectively.

C.1.2 To enable Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules, the management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. The Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company.

C.1.3 The Directors have acknowledged their responsibility for overseeing the preparation of financial statements of each financial period, which gives a true and fair view of the operating results and financial conditions of the Company. More information about the external auditor's responsibilities is set out in the Independent Auditor's Report on pages 85 to 214 of this Annual Report. In preparing the financial reports for the year ended 31 December 2014, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and prepared accounts on a going concern basis. The Company does not foresee any uncertainties in its ability to continue as a going concern.

C.1.4 The Chairman's Statement on pages 8 to 13 of the Annual Report provides a summary of the Company's performance and future prospects on how the Company will preserve value over the longer term and our strategies for delivering the Company's objectives.

C.1.5 The Directors have acknowledged their responsibility to present a balanced, clear and understandable assessment extend to annual and interim reports, and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Company has not resolved to announce and publish financial results on a quarterly basis and has not adopted recommended best practices C.1.6 and C.1.7.

C.2 Internal Controls

The Board has the overall responsibility to maintain sound and effective internal controls for the Group and to review their effectiveness to safeguard Shareholders' investment and the Group's assets. To this end, an internal control and risk management system has been established to provide reasonable, though not absolute, assurance against material misstatement or loss, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

In the year under review, the Company strictly complied with the above principle and Code provisions C.2.1 to C.2.2 and recommended best practices C.2.3 to C.2.6 as described follows:

C.2.1 The Company's target is to establish an efficient and effective internal control system.

The Company emphasizes on professional integrity and high business ethics. All managerial staff totaling 638 people completed an annual declaration on compliance with code of ethics.

The Company and its subsidiaries provide regular training to its management and staff. The training sessions not only cover the technical and operational aspects of our businesses, but also on business ethics, Listing Rules, corporate laws and regulations and internal controls. In 2014, the Company organized a total of 3 training sessions specifically on legal and compliance issues for senior management of the Company.

The Company further streamlined and improved its internal management structure, particularly regarding purchasing and procurement. For further information, please refer to page 82 of this Annual Report. The Company also improved its authorisation to management of divisions and subsidiaries to lay out clearly the responsibilities and authorities of various parts of the operations, so as to improve the effectiveness, efficiencies and internal controls of the organization.

The Company has an internal audit department that is independent of the activities it audits, which is responsible for the monitoring of the Company's internal control. The internal audit team is led by the Company's Chief Audit Officer. The internal auditors have unrestricted access and authority to review the information on the business and internal control matters of the Company. The Chief Audit Officer reports directly to the Chairman of the Audit and Risk Committee and administratively to the President. The internal auditors can employ outside resources when necessary. During 2014, the internal audit department completed internal audits and follow-up audits on a number of subsidiaries and branches of the Company, and presented their findings and recommendations to the Audit and Risk Committee and the Board.

The Directors have reviewed the effectiveness of the system of internal controls (including financial, operational and compliance controls and risk management functions) of the Company and its subsidiaries. The Directors believe that in order to manage the risk of failure in achieving the Company's goals and objectives to an ultimate extent, the Company should improve continuously its internal control system.

C.2.2 In January and March 2015, the Audit and Risk Committee reviewed the adequacy of resources, staff qualifications and experience of the Company's internal audit function, the risk identification and mitigation systems and measures of the Company and believes that as the Group expands rapidly, the Group will monitor on an ongoing basis its total resources in the accounting and financial reporting function, and continue to increase its investment and budgets for staff recruitment and training and information technology system.

In the annual assessment of the effectiveness and adequacy of the internal controls, the Company has taken into consideration the recommended best practices contained in C.2.3 to C.2.6.

C.3 Audit and Risk Committee

In the year under review, the Company strictly complied with the Code provisions C.3.1 to C.3.7 and recommended best practice C.3.8 as described as follows:

C.3.1 Full minutes of the Audit and Risk Committee meetings were kept by a duly appointed secretary of the meeting. Minutes of the Audit and Risk Committee meetings were sent to all committee members for their comment and records within a reasonable time after the meeting.

C.3.2 The Company's Audit and Risk Committee comprises three Independent Non-executive Directors, namely Mr. Andrew Ma Chiu Cheung, Ms. Elsie Leung Oi-Sie and Mr. Jack So Chak Kwong. Mr. Andrew Ma Chiu Cheung is the Chairman of the Committee. Mr. Andrew Ma Chiu Cheung is a Certified Public Accountant in Hong Kong, and a fellow member of the Institute of Chartered Accountants in England & Wales, Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors.

C.3.3 The main duties of the Audit and Risk Committee include the following:

- To investigate any activity within its terms of reference with full access to all books, records, facilities and personnel. It is authorised to seek information it requires from any employee and all employees are required to co-operate with any request made by the Audit and Risk Committee;

- To obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary to carry out its duties;

- To be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

The above Directors' attendance at the meetings of the Committee is as follows:

Audit and Risk Committee	Number of meetings attended/Number of meetings held during office of directorship	Attendance rate of meetings during the office of directorship
Andrew Ma Chiu Cheung (Chairman)	3/3	100%
Elsie Leung Oi-Sie	3/3	100%
Jack So Chak Kwong (appointed on 11 June 2014)	2/2	100%
Resigned members		
Huang Daoguo (resigned on 13 August 2014)	1/2	50%
Chen Ji Min (resigned on 11 June 2014)	1/1	100%

The terms of reference of the Audit and Risk Committee have incorporated all the duties set out in the Code provision and are reviewed and enhanced annually.

For the period from 1 January 2014 to the date of this report, the Audit and Risk Committee has performed its duties, including reviewing the Company's interim and annual results, financial controls and internal control, the internal control report prepared by the Company's internal audit department and the statement relating to internal control system as set out in the corporate governance report. On 11 March 2015, the Audit and Risk Committee reviewed the financial statements of the Company for the year ended 31 December 2014, including the major accounting issues raised by external auditors.

C.3.4 The terms of reference of the Audit and Risk Committee are available on the Company's website (www.cr-power.com) and the Stock Exchange's website.

C.3.5 In 2014, there was no disagreement between the Board and Audit and Risk Committee on the selection and appointment of the external auditors. The Audit and Risk Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Prior to the commencement of the audit of the Group's 2014 accounts, the Audit and Risk Committee received written confirmation from the external auditor on its independence and objectivity. The external auditor is refrained from engaging in non-audit services except for limited tax-related services or specific approved items. The Audit and Risk Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees.

	2014 HKD'000	2013 HKD'000
Audit services	**10,211**	8,267
Non-audit services	**78**	101
Total	**10,289**	8,368

C.3.6 The Audit and Risk Committee was provided with sufficient resources to discharge its duties in 2014.

C.3.7 The terms of reference of the Audit and Risk Committee have incorporated all the duties contained in this Code provision.

C.3.8 The Company has established a whistleblowing policy and system by which employees and others who deal with the Company can raise concerns, in confidence, about possible improprieties in any matter related to the Company. The contents of the whistleblowing policy are available on the Company's website (www.cr-power.com).

D. DELEGATION BY THE BOARD

D.1 Management functions

In the year under review, the Company strictly complied with the principle set out in the Code and Code provisions D.1.1 to D.1.4 as described below:

D.1.1& D.1.2 The Board is mainly responsible for formulating and approving the business strategies, objectives, policies and plans of the Company, and monitoring the execution of the Company's strategies. It is also responsible for overseeing the operating and financial performance of the Company and establishing appropriate risk control policies and procedures in order to ensure that the strategic objectives of the Company are materialized. In addition, the Board is also responsible for improving the corporate governance structure and enhancing communications with Shareholders.

The Board Charter has laid out clearly the role of the Board, including matters which are reserved for Board approval and delegation to management. The Board Charter is reviewed and enhanced where necessary annually to take account of changes in law and governance practices as well as changes in business operations.

D.1.3 The responsibilities of the Board and the management are contained in the Board Charter which is available on the Company's website (www.cr-power.com) and the Stock Exchange's website.

D.1.4 The Company has formal letter of appointment for all Directors setting out the key terms and conditions of their appointment.

D.2 Board committees

In the year under review, the Company strictly complied with the principle set out in the Code and Code provisions D.2.1 to D.2.2 as described below:

D.2.1& D.2.2 The Company has established written terms of reference for the Committees (namely, Audit and Risk, Nomination, Remuneration and Sustainability Committees) of the Board. Details on the duties and terms of reference of the Board Committees are available on the Company's website (www.cr-power.com) and the Stock Exchange's website.

The terms of reference of each Board Committee requires it to report back to the Board on its decisions and recommendations.

In addition to the Nomination, Remuneration and Audit and Risk Committee meetings held as mentioned on pages 68, 71 and 74 of this Annual Report, the Sustainability Committee also held one meeting in 2014 where all members of the committee attended the meeting.

D.3 Corporate Governance Functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.3.1 to D.3.2 as described below:

D.3.1 The terms of reference of the Board includes the duties as specified in this code provision.

D.3.2 The board is responsible for performing the corporate governance duties as set out in the above terms of reference including determining the policy for the corporate governance of the Company, and duties performed by the board under D.3.1.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

In the year under review, the Company strictly complied with the Code provision E.1.1 to E.1.4 as described below:

E.1.1 In respect of each substantially separate issue at a general meeting, a separate resolution was proposed by the Chairman of the meeting, including the re-election of individual Directors. The poll voting results of the meetings are available on the Company's website.

Matters resolved at the 2014 AGM

- Received the audited financial statements for the year ended 31 December 2013 together with the Reports of the Directors and the Auditor
- Approved payment of the final dividend of HK$0.67 per share for the year ended 31 December 2013
- Re-elected Ms. Zhou Junqing, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Ms. Leung Oi-sie, Elsie and Dr. Raymond Ch'ien Kuo-Fung as Directors, and authorized the Board of Directors to fix the remuneration of the Directors for the year ending 31 December 2014
- Appointed PricewaterhouseCoopers as Auditor of the Company and authorized the Board to fix the Auditor's remuneration
- Granted a general mandate to the Board for the share repurchase of a number not exceeding 10% of the total number of the Company's issued shares as at the date of 2014 AGM
- Granted a general mandate to the Directors to issue new shares of the Company not exceeding 20% of total number of the issued shares as at the date of 2014 AGM
- Approved to extend the general mandate granted to the Directors to issue new shares of the Company by addition thereto of the shares repurchased by the Company

E.1.2 The general meeting is the ideal venue for the interchange of ideas between the Board, the management and Shareholders. We therefore encourage Shareholders to attend our AGM to discuss matters of business substance with the Board and management and to give us valuable advice and feedback on both operational and governance matters. At the AGM held on 10 June 2014 at 10:00 am, there were a total of 46 individual Shareholders, authorized representatives of corporate Shareholders as well as proxies participated and the number of shares voted represented 84.35% of the total number of the Company's issued shares.

Corporate Governance Report

As laid out in the attendance table in A.1.1 on page 61 of this Annual Report, a number of Executive Directors and Independent Non-executive Directors attended the AGM held on 10 June 2014. The Directors and management of the Company took the opportunity to communicate with the Shareholders present, and answered their queries with respect to the Company's operations and industries. The representative of the external auditor attended the AGM and was available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company, the Board and management highly value the opinions and requirements of our Shareholders. The Company communicates with Shareholders through various channels including publication of interim and Annual Reports, circulars, press releases and announcements of the latest business development, operating results, major financing plans and other development of the Company on its corporate website in a timely manner.

E.1.3 The notices to Shareholders were sent at least 20 clear business days before the AGM and at least 10 clear business days before the extraordinary general meeting.

Convening Extraordinary General Meeting

Pursuant to section 566 of the Companies Ordinance (Chapter 622 of Laws of Hong Kong), members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings may request the Directors to call a general meeting. The request must state the general nature of business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may consist of several documents in like form and may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person(s) making it.

Putting Forward Proposals at General Meetings

Pursuant to section 615 of the Companies Ordinance (Chapter 622 of Laws of Hong Kong), the members of the Company may request the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting. The request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given, authenticated by the person or persons making it and received by the Company not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

The Company will give notice of a resolution if it has received the requests from (a) members representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a relevant right to vote.

Procedure for Shareholders to propose a person for election as Director

The procedures for Shareholders to propose a person for election as Director is available on the website of the Company.

E.1.4 An Investor Relations team has been designated to maintain purposeful dialogue and ongoing relationships with investors and analysts. We strive to provide quality information to Shareholders as well as our many stakeholders regarding the latest developments at the Company whilst ensuring that relevant information is equally and simultaneously provided and accessible to all interested parties. The Company has established a shareholder's communication policy which is available on the Company's website.

Investor Relations Activities

We consistently pay close attention to investor relations activities and always believe that maintaining communications with Shareholders and provision of timely and accurate information are critical in creating shareholder value.

The Company enhances communication with Shareholders through various investor relations activities. Details of major investor relations activities in 2014 are set out below.

In 2014, there were over 100 requests for company visits and teleconferences from different investors. Together with investor conferences and roadshows in major financial centres around the world, we met approximately more than 300 fund managers and analysts. During the meetings with investors, we explain not only the development and trend of the power industry and related industries and update Shareholders on our operational conditions, strategic planning and future outlook, we also place great emphasis on listening to investors' feedback, concerns and expectations so as to improve our management and operations.

In order to enhance the understanding of investors towards our business operations, we also arranged site visits to power plants, wind farms and coal mines for fund managers and securities analysts upon request. These activities enabled our investors to have the opportunity of site visit and direct contact with front-line managers and staff, thereby having a better understanding of our operations, and in the meantime, our front-line managers were also able to get a better understanding of shareholders' expectations, which helped to improve our internal management and thus enhance profitability.

Through emails or designated telephone lines, we also provide Shareholders and potential investors with a channel to obtain the latest information of the Company and have their queries answered in a timely manner. We announce our net power generation volume and coal production volume via press releases on a monthly basis.

The Board always welcomes Shareholders' views and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Investor Relations Department of the Company by letter, telephone, fax or email. Details of the contact information can be found at page 216 of this Annual Report.

E.2 Voting by Poll

In the year under review, the Company strictly complied with the Code principle and Code provision E.2.1. The Chairman explained the detailed procedures for conducting a poll at the AGM in 2014.

F. COMPANY SECRETARY

In the year under review, the Company strictly complied with the Code principle and Code provision F.1.1 to F.1.4.

The role of Company Secretary is taken on by Ms. Wang Xiao Bin, who is also an Executive Director and Chief Financial Officer of the Company and has day-to-day knowledge of the Company's affairs. Her duties as Company Secretary include to ensure good information flow among the Directors and that board policy, procedures and all applicable laws, rules and regulations are followed. She advises the Directors through the Chairman of the Company and also facilitates induction and professional development of Directors.

In 2014, Ms. Wang attended 15 hours of relevant training which complied with Rule 3.29 of the Listing Rules.

G. CONSTITUTIONAL DOCUMENT

In the year under review, there were no significant changes in the Company's articles of association.

H. CORRECTIVE MEASURES TAKEN IN RESPECT OF THE CHINA NATIONAL AUDIT OFFICE AUDIT REPORT IN RELATION TO THE 2012 FINANCIAL REVENUES AND EXPENDITURES OF CHINA RESOURCES (HOLDINGS) CO.,LTD (INCLUDING THE COMPANY) ("THE AUDIT REPORT")

The National Audit Office of the People's Republic of China ("National Audit Office") conducted an audit of the 2012 financial revenue and expenditures of China Resources (Holdings) Co., Ltd. (including but not limited to the Company), the controlling shareholder of the Company. The findings of the audit ("Findings") were released on the website of the National Audit Office on 20 June 2014.

Certain issues identified in the Findings are related to the Company and its subsidiaries (the "Group").

We have set out below the Findings of the Audit Report and the corrective measures which the Company has taken so as to constantly improve the Company's internal control system and major decision-making procedures, strictly comply with all rules and regulations and further enhance risk awareness and standards of risk management in decision-making of operations, ensuring the sustainable and healthy development of the Company.

H.1 Findings and Corrective Measures Taken

There are altogether six Findings of the National Audit Office which relate to the Group. The Group has taken various corrective measures, current status of which are as follows:

(1) Failure to include Shanxi China Resources Daning Energy Co.,Ltd. ("CR Daning") in the scope of consolidation

For the year ended 31 December 2012, the Company held, through a wholly-owned subsidiary AACI SAADEC (HK) Holdings Ltd., 56% Stake in CR Daning. According to the Articles of Association of CR Daning, the Company, through the wholly-owned subsidiary, appointed 4 directors. The board of CR Daning had total of 7 directors, and any major financial and operational decisions need the approval of 5 directors.

In accordance with the China Accounting Standards for Business Enterprises, the National Audit Office discovered that CR Power failed to consolidate CR Daning as a subsidiary.

Status: corrected

In March 2013, CR Power, through its wholly-owned subsidiary AACI SAADEC (HK) Holdings Ltd., and Shanxi Lanhua Science and Technology Co., Ltd., a shareholder of CR Daning, signed an "Acting in Concert Undertaking", after which CR Daning has been consolidated into the consolidated financial statements of CR Power. Details of the undertaking are disclosed in the 2013 interim financial report of the Company accordingly.

(2) Insufficient elimination of intra-group transactions

Since 2011, the Company has adopted an electronic consolidation system in the preparation of monthly consolidated financial statements of the Group. Elimination of intra-group balances and transaction are identified in the system and are eliminated by the system. Due to insufficient identification of all intra-group transactions, intra-group transactions of RMB20.69 million were not eliminated.

Status: corrected

We eliminated those transactions identified by the National Audit Office in 2013. Meanwhile, we have upgraded and optimized the financial accounting system so that intra-group transactions are identified and marked by the system for automatic elimination.

(3) Jiangsu Nanre Power Generation Co. Ltd. ("Jiangsu Nanre") (100%-owned subsidiary of the Company) made the expenses of RMB1.05 million for purchasing shopping cards (i.e. employee and labour protection tools) as fraudulent expenses on raw materials.

Jiangsu Nanre used the funds for purchase of shopping cards for employees and classified the expenses in its accounts as raw materials instead of employee welfare expenses.

Status: corrected The accounts of Jiangsu Nanre were adjusted accordingly, and the senior manager of Jiangsu Nanre was dismissed.

(4) Commencement of construction or commissioning of certain power projects without government approval

In 2012, the Company constructed 4 wind power generation projects with total installed capacity of 101.1MW without government approval. The Company also commissioned 1 thermal power generation projects without government approval.

Status: corrected

The Company has received government approval for construction or commissioning.

Corporate Governance Report

The Company has improved its internal control by promulgating and formulated a number of internal policies and procedures. CR Power promulgated the "Development and Investment Guidelines for Pure Condensing Coal-fired Power, Heat and Power Cogeneration Projects of CR Power" (《華潤電力純凝火電熱電聯產項目開發投資指引》) and the "Development and Investment Guidelines for Wind Power Projects of CR Power" (《華潤電力風電項目開發投資指引》) in 2013, promulgated the "Measures for Post-investment Evaluation of Coal-fired Power and Wind Power Projects" (《火電、風電項目後評價辦法》) and the "Working Rules for Preliminary Review of Projects" (《項目預審工作細則》) and amended the "Measures for Investment Management of CR Power" (《華潤電力投資管理辦法》) in 2014.

The Company will strictly comply with the investment approval procedures under domestic laws and regulations and relevant investment related internal rules and requirements.

(5) Violation of state regulations for public tendering

During 2012, the Company's subsidiaries used selective tendering or bid negotiation in the determination of contractors and suppliers of goods and services. Such practices violated the relevant state regulations which require a public tendering.

Status: corrected

The key priority set by the Board for 2014 is to take all the necessary measures and to ensure compliance with the relevant government regulation in the procurement of goods and services of the Company.

The Company has set up a dedicated team led by top management and engaged independent professional parties in the promulgation of the relevant internal rules and regulations in respect of tendering and the formulation of the required organisation structure.

In 2014, the Company has completed the "Rules and Regulation on Tender Management" (《招標管理制度》) and "Program for Tender Management" (《招標管理方案》). The Company requires that any purchases or procurement of goods and services with a value of or more than RMB500,000 must be completed through a tender process.

The Company organized a series of trainings for staff around the country on the relevant government rules on tender management and the Company's internal policies and procedures in tender management. A total of 560 managerial staff and other staff attend the training sessions in November, December 2014 and January 2015.

In December 2014, the Company decided to set up a tender management department and tender management company at the headquarter's level in order to control all tender activities within the Group to ensure compliance with rules and regulations and promote cost efficiency.

(6) Failure to maintain word by word record of meetings for material decision-making processes

For meetings of the Company which involve key decision making, the Company kept a brief resolution results but didn't maintain word by word record of meetings.

Status: corrected

CR Power promulgated the "Meeting Management System of China Resources Power Holdings Company Limited" (《華潤電力控股有限公司會議管理制度》), which clearly states that management documents must include detailed record of meetings. Currently, designated staff has been assigned to take and keep record of the views of all attending participants when meetings for material decision-making are convened.

H.2 Enhance Internal Control and Risk Management

H.2.1. Improve authorization approval system

In order to maintain administration efficiency but at the same time strengthen internal control, the Company has updated and formulated documents of authorisation to lay out the respective authorities granted to general managers of business divisions within the organization. The Company also upgraded its online office administration system including reviewing and improving its internal approval processes and level of authority granted to relevant staff.

In 2014, the Coal Mine Division of the Company completed the Enterprise Resource Planning (ERP) systems which cover coal transportation management, production operation and command platforms, Environmental Health & Safety management, materials management, and enable construction and update of infrastructures such as coalmine network and self-control automation systems.

The Coal-fired Power Division of the Company also launched its online ERP platform in November 2014. This platform covers various aspects of day-to-day management, including management of fuel, materials, suppliers, project contract and financial integration. Jiangsu branch of the Coal-fired Power Division is used as a pilot for this ERP platform. It is expected the entire Coal-fired Power Division will utilize this system within 1-2 years.

The Company also strengthened its internal financial control system, in particular, for large-sum payments. The "Notice on strengthening management of large sum payments" (《關於加強大額資金支付管理的通知》) was adopted and issued to control large-sum cash payments.

Corporate Governance Report

H.2.2 Improve the supervision mechanism

A new Discipline and Compliance Department was established in 2014 to strengthen compliance with laws and regulations. The Department will educate and monitor managers' compliance with business ethics.

A dedicated Environmental Health & Safety Department was set up in 2014 to strengthen the supervision and management of safety, occupational health, and environmental protection including compliance with environment law, rules and regulations and emission reduction.

During the year, the Company organized a total of 3 training sessions for senior management on compliance with rules and regulations, including compliance with code of conduct, Listing Rules and securities regulations.

All managerial staff signed a declaration to confirm compliance with the Company's Code of Conduct. The Company has also strengthened its internal training and campaign on anti-corruption practices.

The Company has also updated and issued internal rules on management expenses, including travel, entertainment and use of company cars.

H.2.3 Risk management

The Company has developed a PRO (Procedures, Responsibilities, Organizations) risk management model with one foundation and five systems.

"One foundation" means the theoretical foundation for PRO risk management, covering all procedures, responsibilities and organizations.

The "Five Systems" include risk management & organization system, risk assessment & response system, risk warning & monitoring system, risk management & reporting system, and risk management, assessment & evaluation system. The Company has developed a "Matrix for Risk Assessment Criteria" (《風險評估標準矩陣》) which has identified three levels of risk assessment standards of the headquarter, business divisions and regional companies; and issued "Operational manual on Risk Management for Fuels Management in Coal-fired Power Plants" (《火電燃料管理風險操作指引》), "Group Risk Management Manual, Power Volume" (《集團風險管理手冊電力分冊》), "New Energy Engineering Construction Legal Risk Manual" (《新能源工程建設法律風險手冊》), "Assessment Report for Legal Risks relating to Wind Power Projects" (《風電項目法律風險評估報告》), "Manual for Risk Management and Control relating to Labor and Employment" (《勞動用工風險管控手冊》), "Guideline of CR Power for Integration of Risk Analysis into Business Procedures" (《華潤電力風險分析融入業務流程指引》), "Guidelines for Internal Audit Evaluation" (《內控審計評價指引》), "Tax Risk Control Standard of CR Power" (《華潤電力稅務風險控制標準》) and other basic systems for risk management and control to further improve the PRO risk management system.

Independent Auditor's Report

pwc

羅兵咸永道

To the shareholders of China Resources Power Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Resources Power Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 87 to 214, which comprise the consolidated and Company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the 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 80 of schedule 11 to the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Independent Auditor's Report

羅兵咸永道

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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2015

Consolidated and Company's Balance Sheets

	Note	Group As at 31 December 2014 HK$'000	Group As at 31 December 2013 HK$'000	Company As at 31 December 2014 HK$'000	Company As at 31 December 2013 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**146,907,932**	131,579,042	**327,371**	291,846
Prepaid lease payments	7	**3,218,044**	2,747,683	**—**	—
Mining rights	8(a)	**18,138,478**	21,381,263	**—**	—
Exploration and resources rights	8(b)	**171,989**	172,565	**—**	—
Prepayment for non-current assets	14	**3,579,037**	7,066,387	**66,828**	66,834
Investments in subsidiaries	9(a)	**—**	—	**25,974,519**	24,807,170
Loans to subsidiaries	9(b)	**—**	—	**6,963,466**	10,009,672
Investments in associates	10(a)	**11,222,297**	12,995,773	**2,712,810**	2,712,810
Loans to an associate	10(b)	**809,229**	—	**—**	—
Investments in joint ventures	11(a)	**2,472,578**	1,873,202	**795,773**	795,773
Goodwill	12	**3,123,668**	3,126,941	**—**	—
Deferred income tax assets	35	**739,113**	494,493	**—**	—
Available-for-sale investments	13(a)	**1,656,455**	1,375,876	**108,358**	108,358
Loan to an available-for-sale investee company	13(b)	**181,698**	—	**—**	—
Loan to a non-controlling shareholder of a subsidiary	19(b)	**17,113**	17,171	**—**	—
Derivative financial instruments	33	**575,898**	—	**575,898**	—
		192,813,529	182,830,396	**37,525,023**	38,792,463
Current assets					
Inventories	15	**3,308,874**	3,481,838	**—**	—
Trade receivables, other receivables and prepayments	16	**19,684,542**	18,344,979	**116,824**	127,779
Loans to associates	10(b)	**—**	839,447	**—**	—
Loans to joint ventures	11(b)	**371,575**	369,903	**—**	—
Loan to an available-for-sale investee company	13(b)	**95,233**	277,860	**—**	—
Amounts due from associates	17	**106,025**	264,727	**11,571**	11,607
Amounts due from joint ventures	18(a)	**120,181**	778,419	**650**	683,031
Amounts due from other related companies	19(a)	**85,337**	41,329	**43,051,381**	37,007,010
Financial assets at fair value through profit or loss	20	**5,217**	2,956	**—**	—
Pledged and restricted bank deposits	21	**772,433**	598,003	**—**	—
Cash and cash equivalents	22	**8,285,135**	6,035,046	**1,268,405**	496,501
		32,834,552	31,034,507	**44,448,831**	38,325,928
Total assets		**225,648,081**	213,864,903	**81,973,854**	77,118,391

Consolidated and Company's Balance Sheets

	Note	Group As at 31 December 2014 HK$'000	Group As at 31 December 2013 HK$'000	Company As at 31 December 2014 HK$'000	Company As at 31 December 2013 HK$'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital: nominal value	23	—	4,791,457	—	4,791,457
Other statutory capital reserves		—	17,232,192	—	17,232,192
Share capital and other statutory capital reserves	23	**22,102,792**	22,023,649	**22,102,792**	22,023,649
Other reserves	25	**14,710,033**	12,264,103	**(534,943)**	(600,071)
Retained earnings	26				
– Proposed final dividends	44	**3,332,997**	3,184,988	**3,332,997**	3,210,449
– Others		**30,648,581**	27,512,321	**1,315,631**	2,206,457
		70,794,403	64,985,061	**26,216,477**	26,840,484
Non-controlling interests					
– Perpetual capital securities	28	**5,897,106**	5,897,006	—	—
– Others		**9,100,859**	13,850,814	—	—
		14,997,965	19,747,820	—	—
Total equity		**85,792,368**	84,732,881	**26,216,477**	26,840,484
LIABILITIES					
Non-current liabilities					
Borrowings	32	**79,535,707**	73,438,346	**36,587,480**	35,672,599
Derivative financial instruments	33	**72,276**	173,652	**72,276**	173,652
Deferred income tax liabilities	35	**2,635,041**	2,569,573	—	—
Deferred income	36	**930,275**	607,513	—	—
Retirement and other long-term employee benefits obligations	40(iii)	**626,397**	386,797	—	—
		83,799,696	77,175,881	**36,659,756**	35,846,251

Consolidated and Company's Balance Sheets

	Note	Group As at 31 December		Company As at 31 December	
		2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Current liabilities					
Trade payables, other payables and accruals	29	**31,960,657**	29,956,821	**264,102**	243,438
Loan from a subsidiary	9(c)	**—**	—	**5,835,750**	5,835,750
Amounts due to associates	30	**730,760**	969,497	**—**	99
Amounts due to joint ventures	18(b)	**1,881**	397,203	**634**	—
Amounts due to other related companies	31	**959,233**	4,997,201	**1,654,069**	5,903,790
Current income tax liabilities		**1,486,367**	1,322,159	**143,875**	174,494
Borrowings	32	**20,897,153**	14,313,260	**11,179,225**	2,274,085
Derivative financial instruments	33	**19,966**	—	**19,966**	—
		56,056,017	51,956,141	**19,097,621**	14,431,656
Total liabilities		**139,855,713**	129,132,022	**55,757,377**	50,277,907
Total equity and liabilities		**225,648,081**	213,864,903	**81,973,854**	77,118,391
Net current (liabilities)/assets		**(23,221,465)**	(20,921,634)	**25,351,210**	23,894,272
Total assets less current liabilities		**169,592,064**	161,908,762	**62,876,233**	62,686,735

The notes on pages 96 to 214 are an integral part of these consolidated financial statements.

The financial statements on pages 87 to 214 were approved by the Board of Directors on 19 March 2015 and were signed on its behalf.

Director

Director

Consolidated Income Statement

	Note	Year ended 31 December 2014 HK$'000	2013 HK$'000
Turnover	5	**70,680,628**	69,581,526
Operating expenses:			
Fuels		**(31,044,413)**	(33,067,387)
Repairs and maintenance		**(1,762,055)**	(1,579,675)
Depreciation and amortisation		**(8,599,543)**	(7,371,469)
Employee benefit expenses	39	**(5,214,157)**	(4,784,336)
Consumables		**(1,003,571)**	(1,070,107)
Impairment charges	45	**(6,094,392)**	(1,997,057)
Business tax and surcharge		**(799,563)**	(659,993)
Others		**(3,913,569)**	(4,256,991)
Total operating expenses		**(58,431,263)**	(54,787,015)
Other income	37	**2,057,888**	1,848,651
Other gains – net	38	**912,943**	861,339
Operating profit		**15,220,196**	17,504,501
Finance costs	41	**(3,325,487)**	(3,328,216)
Share of results of associates	10(a)	**(1,177,765)**	1,205,388
Share of results of joint ventures	11(a)	**467,461**	755,556
Profit before income tax		**11,184,405**	16,137,229
Income tax expense	42	**(4,290,788)**	(3,551,936)
Profit for the year		**6,893,617**	12,585,293
Profit for the year attributable to:			
Owners of the Company		**9,214,858**	11,015,526
Non-controlling interests			
– Perpetual capital securities		**421,709**	421,835
– Others		**(2,742,950)**	1,147,932
		(2,321,241)	1,569,767
		6,893,617	12,585,293
Earnings per share attributable to owners of the Company during the year	43		
– Basic		**HK$1.94**	HK$2.32
– Diluted		**HK$1.93**	HK$2.31

		Year ended 31 December 2014 HK$'000	2013 HK$'000
Dividends	44	**3,713,690**	3,564,932

The notes on pages 96 to 214 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Profit for the year	**6,893,617**	12,585,293
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(198,087)**	2,217,253
Share of other comprehensive income of investments accounted for using the equity method	**(23,937)**	188,065
Fair value changes on cash flow hedges, net of tax (Note 42)	**63,371**	150,216
Changes in fair value of available-for-sale investments, net of tax	**212,844**	—
Total items that may be reclassified subsequently to profit or loss	**54,191**	2,555,534
Total comprehensive income for the year, net of tax	**6,947,808**	15,140,827
Attributable to:		
Owners of the Company	**9,295,451**	13,218,931
Non-controlling interests		
– Perpetual capital securities	**421,709**	421,835
– Others	**(2,769,352)**	1,500,061
	(2,347,643)	1,921,896
Total comprehensive income for the year	**6,947,808**	15,140,827

The notes on pages 96 to 214 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 27)	Translation reserve HK$'000	Share-based compensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000 (Note 26)	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2014	4,791,457	17,232,192	3,564,411	40,782	168,376	(601,809)	9,172,914	86,236	(166,807)	30,697,309	64,985,061	5,897,006	13,850,814	19,747,820	84,732,881
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	9,214,858	9,214,858	421,709	(2,742,950)	(2,321,241)	6,893,617
Currency translation difference	–	–	–	–	–	–	(149,294)	–	–	–	(149,294)	–	(48,793)	(48,793)	(198,087)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	8,740	–	(33,784)	–	–	–	(25,044)	–	1,107	1,107	(23,937)
Cash flow hedges	–	–	–	–	–	–	–	–	63,371	–	63,371	–	–	–	63,371
Changes in fair value of available-for-sale investment, net of tax	–	–	–	–	191,560	–	–	–	–	–	191,560	–	21,284	21,284	212,844
Total comprehensive income for the year ended 31 December 2014	–	–	–	–	200,300	–	(183,078)	–	63,371	9,214,858	9,295,451	421,709	(2,769,352)	(2,347,643)	6,947,808
Transactions with owners															
Shares issued upon exercise of options	5,887	47,731	–	–	–	–	–	–	–	–	53,618	–	–	–	53,618
Transfer of share option reserve upon exercise of share options	–	25,525	–	–	–	–	–	(25,525)	–	–	–	–	–	–	–
Transition to no par value regime on 3 March 2014	17,305,448	(17,305,448)	–	–	–	–	–	–	–	–	–	–	–	–	–
Vesting of shares under medium to long-term performance evaluation incentive plan	–	–	–	–	–	27,282	–	–	–	–	27,282	–	–	–	27,282
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	223,517	223,517	223,517
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(421,609)	–	(421,609)	(421,609)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(2,204,120)	(2,204,120)	(2,204,120)
Dividends paid to owners of the Company	–	–	–	–	–	–	–	–	–	(3,567,009)	(3,567,009)	–	–	–	(3,567,009)
Profit appropriation to reserves	–	–	2,306,096	–	–	–	–	–	–	(2,306,096)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	196,672	–	–	–	–	(196,672)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(139,188)	–	–	–	–	139,188	–	–	–	–	–
Transactions with owners	17,311,335	(17,232,192)	2,306,096	–	57,484	27,282	–	(25,525)	–	(5,930,589)	(3,486,109)	(421,609)	(1,980,603)	(2,402,212)	(5,888,321)
Balance at 31 December 2014	22,102,792	–	5,870,507	40,782	426,160	(574,527)	8,989,836	60,711	(103,436)	33,981,578	70,794,403	5,897,106	9,100,859	14,997,965	85,792,368

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 27)	Translation reserve HK$'000	Share-based compensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000 (Note 26)	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2013	4,762,863	16,964,744	1,740,980	40,782	162,835	(601,809)	7,124,465	185,705	(317,023)	23,979,441	54,042,983	5,897,056	8,955,962	14,853,018	68,896,001
Profit for the year	–	–	–	–	–	–	–	–	–	11,015,526	11,015,526	421,835	1,147,932	1,569,767	12,585,293
Currency translation difference	–	–	–	–	–	–	1,865,124	–	–	–	1,865,124	–	352,129	352,129	2,217,253
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	4,740	–	183,325	–	–	–	188,065	–	–	–	188,065
Cash flow hedges	–	–	–	–	–	–	–	–	150,216	–	150,216	–	–	–	150,216
Total comprehensive income for the year ended 31 December 2013	–	–	–	–	4,740	–	2,048,449	–	150,216	11,015,526	13,218,931	421,835	1,500,061	1,921,896	15,140,827
Transactions with owners															
Shares issued upon exercise of options	28,594	167,979	–	–	–	–	–	–	–	–	196,573	–	–	–	196,573
Transfer of share option reserve upon exercise of share options	–	99,469	–	–	–	–	–	(99,469)	–	–	–	–	–	–	–
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	576,746	576,746	576,746
Acquisition of a subsidiary (Note 47)	–	–	–	–	–	–	–	–	–	–	–	–	5,891,046	5,891,046	5,891,046
Disposal of interests in a subsidiary to non-controlling interests	–	–	–	–	41,458	–	–	–	–	–	41,458	–	203,506	203,506	244,964
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(32,106)	(32,106)	(32,106)
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(421,885)	–	(421,885)	(421,885)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(3,244,401)	(3,244,401)	(3,244,401)
Dividends paid to owners of the Company	–	–	–	–	–	–	–	–	–	(2,514,884)	(2,514,884)	–	–	–	(2,514,884)
Profit appropriation to reserves	–	–	1,823,431	–	–	–	–	–	–	(1,823,431)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	238,659	–	–	–	–	(238,659)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(279,316)	–	–	–	–	279,316	–	–	–	–	–
Transactions with owners	28,594	267,448	1,823,431	–	801	–	–	(99,469)	–	(4,297,658)	(2,276,853)	(421,885)	3,394,791	2,972,906	696,053
Balance at 31 December 2013	4,791,457	17,232,192	3,564,411	40,782	168,376	(601,809)	9,172,914	86,236	(166,807)	30,697,309	64,985,061	5,897,006	13,850,814	19,747,820	84,732,881

The notes on pages 96 to 214 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	45	**30,925,098**	26,570,251
Income tax paid		**(4,425,183)**	(3,382,560)
Cash inflows from operating activities - net		**26,499,915**	23,187,691
Cash flows from investing activities			
Dividend received from associates		**1,618,500**	1,141,461
Dividend received from joint ventures		**751,678**	—
Dividend received from available-for-sale investments		**57,134**	45,762
Interest received		**196,171**	465,874
Additions of pledged and restricted bank deposits		**(174,430)**	(347,069)
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights		**(24,483,498)**	(22,983,598)
Deposits paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights		—	(274,728)
Proceeds from disposal of property, plant and equipment	45	**458,633**	48,479
Proceeds from disposal of prepaid lease payments		**130,944**	10,049
Proceeds from disposal of investments		**583,654**	573,771
Loans to an associate		**(1,969,166)**	—
Loans repaid by associates		**836,138**	2,678,382
Loan to an available-for-sale investee company		—	(95,552)
Loan to non-controlling shareholders of subsidiaries		—	(31,083)
Loans repaid by other related parties		**38,156**	—
Capital contributions for available-for-sale investments		—	(31,729)
Capital contributions to associates		**(20,431)**	(388,582)
Capital contributions to joint ventures		**(219,763)**	(18,299)
Net cash inflow on acquisition of subsidiaries	47	—	5,007,498
Government grants related to assets		**177,979**	126,872
Cash outflows from investing activities - net		**(22,018,301)**	(14,072,492)

Consolidated Statement of Cash Flows

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**35,160,200**	40,459,277
Repayment of bank and other borrowings	**(22,363,420)**	(37,112,030)
Coupon payment on perpetual capital securities	**(421,609)**	(421,885)
Proceeds from issuance of shares for exercised options	**53,618**	196,573
Proceeds from sale of shares held for share award scheme	**27,282**	—
Proceeds from disposal of interests in a subsidiary to non-controlling interest	**—**	244,366
Capital contributions from non-controlling interests	**223,517**	576,746
Advances from associates	**295,955**	303,376
Loans repaid to an associate	**(531,044)**	—
(Repayment of advances to)/advances from joint ventures	**(393,994)**	396,489
(Repayment of advances to)/advances from other related companies	**(40,897)**	69,124
Loan from an intermediate holding company	**4,405,860**	—
Loans repaid to intermediate holding companies	**(8,692,672)**	(2,600,511)
Advance from/(repayment to) non-controlling interests of subsidiaries	**30,401**	(3,377)
Interests paid	**(4,423,625)**	(4,073,375)
Dividends paid to owners of the Company	**(3,566,550)**	(2,514,411)
Dividends paid to non-controlling interests of the subsidiaries	**(1,970,443)**	(3,158,884)
Cash outflows from financing activities - net	**(2,207,421)**	(7,638,522)
Net increase in cash and cash equivalents	**2,274,193**	1,476,677
Cash and cash equivalents at beginning of the year	**6,035,046**	4,397,289
Exchange (losses)/gains	**(24,104)**	161,080
Cash and cash equivalents at end of the year	**8,285,135**	6,035,046

The notes on pages 96 to 214 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Resources Power Holdings Company Limited (the "Company") is a public company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The intermediate holding company of the Company as at 31 December 2014 is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong. The directors regard the ultimate holding company of the Company to be China Resources National Corporation ("CRNC"), a company registered in the People's Republic of China (the "PRC").

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") is principally engaged in the construction and operations of power stations and coal mining. The address of the registered office of the Company is Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

These consolidated financial statements are presented in HK dollars, 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 the 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 Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale investments and derivative financial instruments, 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.1 Going concern

At 31 December 2014, the Group had net current liabilities of approximately HK$23,221,465,000. In addition, there were outstanding capital commitments amounting to HK$25,128,754,000 (Note 46). The directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities (Note 32) made available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due for the coming twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

2.1.2 Change in accounting standards and disclosures

(i) New and amended standards adopted by the Group

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

- Amendment to HKAS32 'Financial instruments: Presentation' on asset and liability offsetting. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

- Amendment to HKAS36 'Impairment of assets' on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have any material impact on the Group.

- Amendment to HKAS 39 'Financial instruments: Recognition and measurement' on the novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment did not have any material impact on the Group.

- HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not relevant to the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(ii) New and amended standards, Companies Ordinance not yet adopted by the Group

The following new and amended standards, Companies Ordinance have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

- Amendment to HKAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014.

- Annual improvement 2012 and 2013 is effective for annual periods beginning on or after 1 July 2014.

- HKFRS 14 "Regulatory Deferral Accounts" is effective for annual periods beginning on or after 1 January 2016.

- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operation is effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortization are effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 41 on bearer plants are effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKFRS 10 and HKAS 28 on the sale or contribution of assets between an investor and its associate or joint venture are effective for annual periods beginning on or after 1 January 2016.

- Amendment to HKAS 27 allowing the equity method on investments in subsidiaries, joint ventures and associates in investor's separate financial statement is effective for annual periods beginning on or after 1 January 2016.

- Annual improvement 2014 is effective for annual periods beginning on or after 1 July 2016.

- HKFRS15 "Revenue from contracts with customers" is effective for annual periods beginning on or after 1 January 2017

- HKFRS 9 "Financial instruments" is effective for annual periods beginning on or after 1 January 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(ii) New and amended standards, Companies Ordinance not yet adopted by the Group *(continued)*

Management is in the process of making an assessment of the impact of the above new and amended standards. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

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

2.2 Subsidiaries

2.2.1 Consolidation

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.

(a) Business combinations

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 for the acquisitions disclosed in Note 47 at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combinations *(continued)*

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.

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 (Note 2.10). 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.

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.

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

Transactions with non-controlling interests that do not result in 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 value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving 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.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and movements in other comprehensive income of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in profit or loss.

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

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

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

2.5.2 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 in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other gains - net'.

Translation difference 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

2.5.3 Group companies

The results and financial positions 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 consolidated statement of comprehensive income are translated at average exchange rates; and

- All resulting exchange differences are recognised in other comprehensive income.

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.

2.5.4 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 joint venture 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 in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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 currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Segment reporting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment

Property, plant and equipment consists of buildings, power generating plant and equipment, mining structures, motor vehicles, furniture, fixtures, equipment and others and construction-in-progress ("CIP"). Property, plant and equipment, other than the CIP are stated at historical cost less depreciation and any impairment losses. 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 expensed in profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	18 - 45 years
Power generating plant and equipment	15 - 18 years
Mining structures	5 - 20 years
Motor vehicles, furniture, fixtures, equipment and others	3 - 10 years

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

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.

CIP represents the direct costs of construction incurred of property, plant and equipment including interest capitalized less any impairment losses. No provision or depreciation is made on construction in progress until such time the relevant assets are completed and put into use. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains – net' in the consolidated income statement.

2.8 Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses, and are amortised using the unit of production method based on the proved and probable mineral reserves.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Exploration and resources rights

Exploration and resources rights are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and resources rights are stated at cost less any accumulated impairment losses. Exploration and resources rights include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration and resources rights are reclassified as mining rights or other fixed assets. These assets are assessed for impairment before reclassifications.

2.10 Goodwill

Goodwill arises on the acquisition of subsidiaries represents 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 identified net assets acquired.

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

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

2.11 Impairment of non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets

2.12.1 Classification

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 purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (Note 16), 'loans to subsidiaries'(Note9(b)), 'loans to associates'(Note 10(b)), loans to joint ventures(Note 11(b)), 'loan to an available-for-sale investee company'(Note13(b)), 'loan to a non-controlling shareholder of a subsidiary'(Note 19(b)), 'amounts due from associates'(Note 17), 'amounts due from joint ventures'(Note 18(a)), 'amounts due from other related companies'(Note19(a)), 'pledged and restricted bank deposits'(Note 21) and 'cash and cash equivalents'(Note 22) in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in current assets when the investment matures or management intends to dispose it within 12 months of the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets *(continued)*

2.12.2 Recognition and measurement

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. 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' category are presented in the consolidated income statement within 'other gains – net' in the period in which they arise.

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments 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.

2.13 Offsetting financial instruments

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets

2.14.1 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.

For loans and receivables category, 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets *(continued)*

2.14.2 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 group of financial assets is impaired.

For debt securities, if any such evidence exists 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. 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.

For equity investments, 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 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.

2.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 33 Movements on the hedging reserve in shareholders' equity are shown in Note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Derivative financial instruments and hedging activities *(continued)*

2.15.1 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within 'other gains – net'.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement within 'other gains - net'.

2.16 Financial guarantee contracts

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 subsidiaries or associates to secure loans, overdrafts and other banking facilities.

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.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Inventories

Inventories include fuel oil for power generation, coal, materials for repairs and maintenance and spare parts, and are stated at lower of cost and net realisable value.

Inventories are initially recorded at cost and are charged to fuel costs, repairs and maintenance, or comsumables, respectively when used, or capitalised to property, plant and equipment when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. 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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Cash and cash equivalents

Cash and cash equivalents listed in the consolidated statement of cash flows represent cash in hand, deposits held at call with banks, and other short-term highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.20 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.

2.21 Perpetual capital securities

Perpetual capital securities issued by the Group are classified as equity instruments and are initially recorded at the amount of proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 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 and other 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 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Borrowings

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

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 end of the reporting period.

2.24 Borrowing costs

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax expense is recognised in profit or loss, 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.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

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 financial statements. However, 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 the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxtion 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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, deferred income tax liabilities are not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Current and deferred income tax *(continued)*

(c) Offsetting

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

2.26 Employee benefits

Employee benefits include all expenditures relating to the employees for their services. The Group recognises employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

(a) Defined contribution plan

In connection with pension obligations, the Group operates various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pay fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when incurred.

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.27 Share-based payment

The Group operates a number of equity-settled, share-based compensation plans, under which the Group received services from directors and employees of the Group, directors of CRH, employees of CRH and its subsidiaries to the Group.

The fair value of services received determined by reference to the fair value of share options and award shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting period or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained earnings.

The Company also operates a Medium to Long-term Performance Evaluation Incentive Plan (the "Scheme"). Pursuant to the Scheme, share plan trust has been set up by the Company for employees. They are designed to facilitate employee shareholding and are often used as a vehicle for distributing shares to employees under remuneration plans.

The Scheme is accounted for as a cash-settled transaction, the Group measures the services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

2.28 Provisions

Provisions are recognised when the Group has a present legal or contractual obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and the amount has been reliably estimated. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the Group's restoration, rehabilitation and environmental expenses are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. 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 liability. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.29 Government grants

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

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.30 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of products and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the group companies. 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. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

2.30.1 Sales of electricity

Revenue is earned and recognised upon transmission of electricity to the customers or the power grid owned by the respective regional or provincial grid companies.

2.30.2 Sales of coal

Revenue is recognised when the coal delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the coal.

2.30.3 Heat supply

Revenue is recognised when the heat is delivered to the customers.

2.30.4 Provision of services

Service income is recognised when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.31 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.32 Dividend income

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

2.33 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee - Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group is the lessor - When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.34 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 shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central group treasury department under policies approved by the board of directors. The department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk

(i) Foreign exchange risk

The majority of the Group's operations are in the PRC and transactions are mainly denominated in Renminbi ("RMB") which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain cash and cash equivalents, and borrowings which are denominated in Hong Kong dollars ("HK$") and US dollars ("US$"). However, certain entities are located in Hong Kong and their functional currency are HK$ or US$, the foreign exchange risk for them mainly arises from balances denominated in RMB.

In addition, given there are different functional currencies within the Group, there are still foreign exchanges risk arises from the transactions and balances within the Group even though they are eliminated. The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination at the reporting date are as follows:

	Group As at 31 December	
	2014 **HK$'000**	2013 HK$'000
Assets		
US$	**69,040**	63,331
RMB	**27,325,377**	24,112,281
HK$	**601,508**	336,754
Liabilities		
US$	**7,716,165**	8,183,119
RMB	**7,450,640**	5,301,554
HK$	**3,180,000**	5,443,689

At 31 December 2014, if RMB had strengthened/weakened by 5% against HKD and USD with all other variables held constant, net profit for the year would have been HK$928,086,000 (2013: HK$1,249,287,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated and USD-denominated monetary assets and monetary liabilities. This sensitivity has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at bank with interest income accrued at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2014, except for HK$58,096,896,000 (2013: HK$29,449,458,000) of borrowings and Nil (2013: HK$4,286,807,000) of loans from related parties of the Group whose interests were charged at floating rates, interests on all remaining long term borrowings and long term loans from other related parties were charged at fixed rates before cash flow hedge.

In order to keep borrowings at fixed rate and to minimise cash flow interest rate risk, the Group has adopted floating to fixed interest rate swaps to manage cash flow interest rate risk exposure associated with the borrowings at floating interest rates amounting to HK$8,002,000,000 (2013: HK$8,002,000,000) (Note 33). Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates, which are usually at rates lower than those if the Group had borrowed at fixed rates directly. Under the interest rate swap arrangements, the Group agrees with other parties to exchange, at specified intervals (primarily semiannually), the difference between fixed contract rate and floating-rate interest amounts calculated with reference made to the agreed notional amounts.

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at floating rates which are not hedged with hedging instruments. The analysis is prepared by assuming the financial instruments outstanding at the end of the period were outstanding for the whole year.

At 31 December 2014, if interest rates on long-term borrowings at that date had been 10 basis point higher/lower with all other variables held constant, the interest expenses for the year would have been approximately HK$50,095,000 (2013: HK$25,734,000) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Price risk

The major price explosure of the Group is from purchase of coal. The coal market is influenced by the global as well as regional supply and demand conditions. A change in prices of coal could significantly affect the Group's financial performance. The Group historically has not used any commodity derivative instruments to hedge the potential price fluctuations of coal and does not have a fixed policy to do so in the foreseeable future.

The Group is also exposed to price risk because of investments classified as available-for-sale and at fair value through profit and loss on the consolidated balance sheet. To manage its price risk arising from investments in equity interests, the Group diversifies its portfolio within the limits set by the Group.

(b) Credit risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables, amounts due from associates, amounts due from joint ventures and amounts due from other related companies. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk as at 31 December 2014 is significantly reduced.

Credit risk for the Group is concentrated on a limited number of power grids, associates, joint ventures and other related companies. However, management of the Group, having considered the financial background and good creditability of the power grids and related companies, and operating prospects of associates and joint ventures, believes that there is no significant credit risk.

Credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Maximum exposure to credit risk before collateral held or other credit enhancements are summarized as below:

	2014 HK$'000	2013 HK$'000
Credit risk exposure relating to off-balance sheet items:		
Financial guarantees (Note 50)	**1,051,518**	—

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group operates a central treasury function at corporate level that surplus cash of operating entities within the Group is gathered in a pool. The cash balance is then advanced to entities within the Group with cash needs. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions in order to meet the liquidity requirements of the Group in the short and longer terms.

As stated in Note 2.1, the Group had net current liabilities of HK$23,221,465,000 at 31 December 2014 and outstanding capital commitment of HK$25,128,754,000, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the Group had obtained sufficient short and long-term bank facilities at the end of the reporting period. In addition, the management will undertake close monitoring process to control the timing of the expected cash outflows associated with the construction of new power plants and the purchase of power generators. In this regard, the directors of the Company consider that the Group's liquidity risk has been significantly reduced and they are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the coming twelve months from 31 December 2014.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on undiscounted cash flows of financial liabilities, computed on the earliest date when the Group would be required to settle them. The table includes both interest and principal cash flows. To the extent that interest flows are computed at floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by making reference to the current interest rates at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on contractual maturities as management considers that the contractual maturities are essential for an understanding of the expected timing of the cash flows associated with the derivatives.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Group						
	Weighted average interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2014							
Non-derivative financial liabilities:							
Non-interest bearing	N/A	17,026,860	11,107,642	—	—	28,134,502	28,134,502
Fixed interest rate	4.360	—	10,474,640	15,086,541	5,919,735	31,480,916	28,177,589
Variable interest rate	3.679	—	16,657,818	49,267,513	19,592,273	85,517,604	72,255,271
		17,026,860	38,240,100	64,354,054	25,512,008	145,133,022	128,567,362
Derivatives - net settlement							
Interest rate swaps		—	19,985	72,518	—	92,503	92,242
Financial guarantee contracts		—	39,905	337,051	674,562	1,051,518	1,051,518
At 31 December 2013							
Non-derivative financial liabilities:							
Non-interest bearing	N/A	15,847,423	11,070,987	—	—	26,918,410	26,918,410
Fixed interest rate	4.927	—	16,162,323	41,098,672	13,405,079	70,666,074	58,833,192
Variable interest rate	1.794	—	7,204,500	28,557,883	—	35,762,383	33,736,265
		15,847,423	34,437,810	69,656,555	13,405,079	133,346,867	119,487,867
Derivatives - net settlement							
Interest rate swaps		—	—	195,099	—	195,099	173,652

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives in 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 and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital based on gearing ratio. This ratio is calculated as net debt divided by total equity (excluding non-controlling interests). Net debt is calculated as total borrowings and loan from related parties less cash and cash equivalents and pledged bank deposits.

The gearing ratios at 31 December 2014 were as follows:

	2014 **HK$'000**	2013 HK$'000
Total borrowings	**100,432,860**	87,751,606
Loan from an associate	—	531,044
Loan from an intermediate holding company	—	4,286,807
Less: cash and cash equivalents	**(8,285,135)**	(6,035,046)
pledged bank deposits	**(772,433)**	(598,003)
Net debt	**91,375,292**	85,936,408
Total equity (excluding non-controlling interests)	**70,794,403**	64,985,061
Gearing ratio	**129.1%**	132.2%

The directors of the Company consider the Group's gearing ratio has been maintained at a comfortable level.

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:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - 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 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Financial assets at fair value through profit or loss	**5,217**	—	—	**5,217**
Available-for-sale investments	—	—	**1,656,455**	**1,656,455**
Derivative financial instruments	—	—	**575,898**	**575,898**
	5,217	—	**2,232,353**	**2,237,570**
Liabilities				
Derivative financial instruments	—	**92,242**	—	**92,242**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	2,956	—	—	2,956
Available-for-sale investments	—	—	1,375,876	1,375,876
	2,956	—	1,375,876	1,378,832
Liabilities				
Derivative financial instruments	—	173,652	—	173,652

There were no transfers among level 1, level 2 and level 3 during the year.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and they comprise equity investment in Bank of Communications as at 31 December 2014 and 2013 classified as trading securities.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market 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 are not determined based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include the fair value of interest rate swaps (Note 33) is calculated as the present value of the estimated future cash flows based on observable yield curves.

(c) Level 3 instruments

Level 3 instruments mainly included available-for-sale investments in unlisted equity securities and derivative financial instrument in form of call option of an unlisted company. As these investments are not traded in an active market, fair value of available-for-sale investments has been determined using dividend discounted model. Fair value of derivative financial instrument was based on the intrinsic value and time value of the option, on which the underlying value has been determined using dividend discount model. The details of the assumptions for available-for-sale investments and derivative financial instruments used by the management and the sensitivity analysis are disclosed in Notes 13(a) and 33, respectively.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(c) Level 3 instruments *(continued)*

The movement of level 3 instruments for the year ended 31 December 2014 is as follows:

	Available-for-sale investments HK$'000	Derivative financial instrument HK$'000	Total HK$'000
Opening balance at 1 January	**1,375,876**	—	**1,375,876**
Exchange difference	**(3,503)**	—	**(3,503)**
Gains recognised in other comprehensive income (i)	**284,082**	—	**284,082**
Gains recognised in profit or loss	—	**575,898**	**575,898**
Closing balance at 31 December	**1,656,455**	**575,898**	**2,232,353**
Total unrealised gains for the period included in profit or loss for assets held at the end of the year	—	**575,898**	**575,898**

(i) The gains represented fair value changes of an available-for-sale investment, namely Tanggang Railway Co., Ltd. ("Tanggang Railway").

The movement of level 3 instruments for the period ended 31 December 2013 is as follows:

	Available-for-sale investments HK$'000	Derivative financial instrument HK$'000	Total HK$'000
Opening balance at 1 January	1,319,116	—	1,319,116
Exchange difference	16,094	—	16,094
Additions	40,666	—	40,666
Closing balance at 31 December	1,375,876	—	1,375,876
Total unrealised gains for the period included in profit or loss for assets held at the end of the year	—	—	—

Unrealised gains relating to the derivative financial instrument are recognised within 'other gains - net' in the consolidated income statement. There were no such gains arising in 2013.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are addressed below:

(a) Useful lives of property, plant and equipment

The estimate of depreciable lives of property, plant and equipment, especially power generating plant and equipment and mining structures, was made by the directors with reference to the following: (1) the historical usage of the assets; (2) their expected physical wear and tear; (3) results of recent durability assessment performed; (4) technical or commercial obsolescence arising from changes or improvements in production of similar fixed assets; and (5) the changes in market demand for, or legal or comparable limits imposed on, the use of such fixed assets. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly.

The current estimated useful lives are stated in Note 2.7. It is possible that the estimates made based on existing experience are different to the actual outcomes within next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment.

If the estimated depreciable lives of power generating plant and equipment and mining structures had been increased/decreased by 5%, the depreciation expenses of fixed assets for the year ended 31 December 2014 would have been decreased/increased by approximately HK$371,558,000 and HK$291,443,000 respectively (2013: HK$295,991,000 and HK$237,230,000).

(b) Estimated impairment of non-financial assets (other than goodwill)

In determining whether a non-financial asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or the growth rate assumptions in the cash flow projections, could materially affect net present value used in the impairment test.

During the year ended 31 December 2014, due to recent developments in PRC overall economy growth forecast, countrywide environmental protection regulations and the procedures in granting and renewing of mining rights and permission of consequent mining activities, the business plan of certain coal mines of the Group has been revised including delayed commencement of commercial operations in certain mines and lowered coal prices forcast in future. Impairment losses therefore were recognised in the consolidated financial statements for the year ended 31 December 2014 (Notes 6 and 8) to reflect the lower economic benefit to be recovered from those mining rights and related mining assets which was estimated based on the discounted cash flow forecast.

Further considerations in performing impairment tests regarding property, plant and equipment, and mining rights are set out in Notes 6 and 8 respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Impairment review of goodwill

As of 31 December 2014, there was goodwill substantially arising from acquisition of various power plants amounting to HK$3,123,668,000 (2013: HK$3,126,941,000) (Note 12). Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The recoverable amounts of each of CGUs are determined based on value in use calculation. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and any residual value from disposing the related assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The details of the assumptions used by management and the sensitivity analysis are disclosed in Note 12.

(d) Mining rights

As stated in Note 2.8, mining rights are amortised using the unit of production method based on the proved and probable mineral reserves.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proved and probable reserves of the coal mines and on the assumption that the PRC government will continue to renew the mining right certificates (the "Certificates") upon its expiration at minimal charges. If the quantities of reserves are different from current estimates and significant charge would be incurred in renewal of the relevant Certificates upon its expiration, it will result in significant changes to amortization and depreciation expenses of mining rights and affect the recoverable amount of mining rights, in which a material impairment loss may arise.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(e) Impairment review of deposits paid for acquisition of mining/exploration rights

Deposits paid for acquisition of mining/exploration rights are reviewed for impairment whenever one of the following events or changes in circumstances indicate that the carrying amounts may not be recoverable (the list is not exhaustive).

- The possibility of converting the deposits into the mining/exploration rights.
- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, though a development in the specific area is likely to proceed, the carrying amount of the exploration and resources rights is unlikely to be recovered in full from successful development or by sale.

In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the deposits and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

At 31 December 2014, the carrying amount of deposits paid for acquisition of mining/exploration rights is HK$1,478,068,000 (2013: HK$1,483,024,000) (Note 14) and there is no impairement made for the year ended 31 December 2014 (2013: Nil).

(f) Approval of operations and construction of power plants

As of 31 December 2014, the Group had not yet received relevant government approvals from National Development and Reform Commission ("NDRC") for certain power plant projects. The ultimate approval from NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the nature of the projects. Based on historical experience and the current estimation of the approval application status, the directors believe that the Group will receive final approval from NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

5 TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising on sales of electricity and heat generated by thermal power plants, and sales of coal during the year. The Group is currently engaged in three business areas - thermal power (inclusive of coal-fired and gas-fired power plants), renewable energy (inclusive of wind farms and hydro-electric projects) and coal mining.

	2014 HK$'000	2013 HK$'000
Sales of electricity	**64,319,193**	61,685,099
Of which:		
Sales of power generation from thermal power plants	**59,735,600**	58,045,660
Sales of power generation from renewable energy	**4,583,593**	3,639,439
Heat supply	**2,861,134**	2,507,712
Sales of coal	**3,500,301**	5,388,715
	70,680,628	69,581,526

The chief operating decision-makers mainly include executive directors and members of senior management of the Company. For the purpose of resources allocation and performance assessment, the chief operating decision-makers review operating results and financial information on a group company by company basis. Each such group company is identified as an operating segment. When the group company operates in similar business model with similar target group of customers, the Group's operating segments are aggregated.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, interest income, finance costs, share of results of associates, share of results of joint ventures, fair value changes on derivative financial instruments, gains/(losses) on disposal of investments, dividend income from available-for-sale investments and exchange gains or losses.

Inter-segment sales are charged at prevailing market rates.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information of the Group's revenue and results is presented below:

For the year ended 31 December 2014:

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	**62,596,734**	**4,583,593**	**3,500,301**	**—**	**70,680,628**
Inter-segment sales	**—**	**—**	**233,588**	**(233,588)**	**—**
Total	**62,596,734**	**4,583,593**	**3,733,889**	**(233,588)**	**70,680,628**
Segment profit/(loss)	**18,708,528**	**2,467,601**	**(6,405,084)**	**—**	**14,771,045**
Unallocated corporate expenses					**(773,221)**
Interest income					**230,629**
Fair value changes on derivative financial instruments					**593,936**
Gains on disposal of investments					**275,868**
Finance costs					**(3,325,487)**
Share of results of associates					**(1,177,765)**
Share of results of joint ventures					**467,461**
Dividend income from available-for-sale investments					**235,930**
Exchange losses					**(113,991)**
Profit before income tax					**11,184,405**

For the year ended 31 December 2013:

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	60,553,372	3,639,439	5,388,715	—	69,581,526
Inter-segment sales	—	—	70,251	(70,251)	—
Total	60,553,372	3,639,439	5,458,966	(70,251)	69,581,526
Segment profit	14,544,254	2,033,807	334,344	—	16,912,405
Unallocated corporate expenses					(675,767)
Interest income					196,198
Fair value changes on derivative financial instruments					(1,524)
Losses on disposal of investments					(20,067)
Finance costs					(3,328,216)
Share of results of associates					1,205,388
Share of results of joint ventures					755,556
Dividend income rom available-for-sale investments					199,845
Exchange gains					893,411
Profit before income tax					16,137,229

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information about the Group's assets and liabilities is presented below:

	2014 HK$'000	2013 HK$'000
Segment assets		
– Thermal power	**119,908,100**	114,270,924
– Renewable energy	**40,459,392**	34,171,144
– Coal mining	**35,875,755**	38,334,606
Total segment assets	**196,243,248**	186,776,674
Investments in associates	**11,222,297**	12,995,773
Investments in joint ventures	**2,472,578**	1,873,202
Available-for-sale and loans to an available-for-sale investee	**1,933,386**	1,653,736
Loans to/amounts due from associates and joint ventures	**1,407,010**	2,252,496
Pledged bank deposits, and cash and cash equivalents	**9,057,568**	6,633,049
Deferred income tax assets	**739,113**	494,493
Derivative financial instruments	**575,898**	—
Other corporate assets, mainly representing assets held by head office and investment holding companies	**1,996,983**	1,185,480
Consolidated assets	**225,648,081**	213,864,903

	2014 HK$'000	2013 HK$'000
Segment liabilities		
– Thermal power	**18,842,280**	13,709,498
– Renewable energy	**4,470,842**	3,971,983
– Coal mining	**9,502,674**	12,631,594
Total segment liabilities	**32,815,796**	30,313,075
Bank and other borrowings	**100,432,860**	87,751,606
Derivative financial instruments	**92,242**	173,652
Deferred income tax liabilities	**2,635,041**	2,569,573
Current income tax liabilities	**1,486,367**	1,322,159
Amounts due to associates and joint ventures	**732,641**	1,366,700
Amounts due to other related parties	**959,233**	4,997,201
Other corporate liabilities, mainly representing liabilities of head office and investment holding companies	**701,533**	638,056
Consolidated liabilities	**139,855,713**	129,132,022

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, available-for-sale and loans to an available-for-sale investee, loans to/amount due from associates and joint ventures, deferred income tax assets, pledged bank deposits and cash and cash equivalents managed by corporate office, and other unallocated corporate assets; and

- all liabilities are allocated to operating segments other than bank and other borrowings, derivative financial instruments, deferred income tax liabilities, current income tax liabilities, amounts due to associates and joint ventures, amounts due to other related parties and other unallocated corporate liabilities.

Other segment information is presented below:

For the year ended 31 December 2014:

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:					
Additions to non-current assets (Note i)	12,932,724	8,831,115	1,724,618	399,702	23,888,159
Depreciation and amortisation	(6,443,468)	(1,645,851)	(492,201)	(18,023)	(8,599,543)
Impairment charges	(287,225)	—	(5,807,167)	—	(6,094,392)
Net gains/(losses) on disposal of property, plant and equipment	25,013	(448)	(18,698)	6,807	12,674
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:					
Share of results of associates	1,315,066	—	(2,492,831)	—	(1,177,765)
Share of results of joint ventures	521,135	—	(53,674)	—	467,461
Finance costs	(1,553,035)	(600,351)	(1,008,724)	(163,377)	(3,325,487)
Interest Income	59,550	7,634	122,044	41,401	230,629
Income tax expense	(3,719,789)	(113,370)	(153,340)	(304,289)	(4,290,788)

Note i: Non-current assets excluded derivative financial instruments and deferred tax assets.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2013:

	Thermal power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:					
Additions to non-current assets	6,489,992	6,249,188	25,275,005	52,113	38,066,298
Depreciation and amortisation	(5,527,878)	(1,218,640)	(599,095)	(25,856)	(7,371,469)
Impairment charges	(1,096,422)	(33,391)	(867,244)	—	(1,997,057)
Net (losses)/gains on disposal of property, plant and equipment	(106,301)	213	(1,938)	258	(107,768)
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:					
Share of results of associates	1,661,615	—	(456,227)	—	1,205,388
Share of results of joint ventures	1,045,736	—	(290,180)	—	755,556
Finance costs	(1,371,505)	(322,186)	(906,340)	(728,185)	(3,328,216)
Interest Income	55,931	6,415	125,547	8,305	196,198
Income tax expense	(2,532,348)	(68,859)	(751,914)	(198,815)	(3,551,936)

Geographical information

The Group's operations are principally located in the PRC. All of the Group's revenue from external customers are attributed to customers located in the PRC. The Group's non-current assets excluding financial instruments and deferred income tax assets, which amounted to HK$183,866,525,000 as at 31 December 2014 (2013: HK$174,391,950,000) are located in the PRC, other than Hong Kong.

Information about major customers

Revenue from customers of each corresponding year contributing over 10% of the total sales of the Group are as follows:

	2014 HK$'000	2013 HK$'000
Customer A	**17,520,398**	17,527,261
Customer B	**9,279,827**	7,724,256
Customer C (i)	**5,011,939**	7,936,571

Note (i): Revenue from Customer C contributed over 10% of the sales of the Group for the year ended 31 December 2013 while less than 10% for the year ended 31 December 2014.

The customers quoted relate to the thermal power and renewable energy segments.

6 PROPERTY, PLANT AND EQUIPMENT - GROUP AND COMPANY

Group

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2013						
Cost	24,002,186	86,832,505	1,736,703	2,118,773	14,140,270	128,830,437
Impairment	(263,937)	(81,724)	—	(72,033)	(167,302)	(584,996)
Accumulated depreciation	(4,868,070)	(18,437,962)	(393,786)	(884,990)	—	(24,584,808)
Net book amount	18,870,179	68,312,819	1,342,917	1,161,750	13,972,968	103,660,633
Year ended 31 December 2013						
Opening net book amount	18,870,179	68,312,819	1,342,917	1,161,750	13,972,968	103,660,633
Exchange differences	418,784	1,903,349	28,053	33,968	491,082	2,875,236
Acquistion of subsidiaries (Note 47)	648,580	4,754,725	462,900	51,900	4,009,274	9,927,379
Additions	—	211,908	37,653	249,118	22,545,524	23,044,203
Transfer	3,083,982	7,146,311	(1,131,178)	—	(9,099,115)	—
Disposals	(65,724)	(89,593)	—	(925)	(5)	(156,247)
Impairment	(107,853)	(138,326)	(8,825)	—	(546,216)	(801,220)
Depreciation charge	(1,444,480)	(5,215,058)	(146,535)	(164,869)	—	(6,970,942)
Closing net book amount	21,403,468	76,886,135	584,985	1,330,942	31,373,512	131,579,042
At 31 December 2013						
Cost	29,838,741	108,042,023	1,339,656	2,550,304	32,157,336	173,928,060
Impairment	(381,819)	(214,696)	(8,965)	(5,205)	(783,824)	(1,394,509)
Accumulated depreciation	(8,053,454)	(30,941,192)	(745,706)	(1,214,157)	—	(40,954,509)
Net book amount	21,403,468	76,886,135	584,985	1,330,942	31,373,512	131,579,042
Year ended 31 December 2014						
Opening net book amount	**21,403,468**	**76,886,135**	**584,985**	**1,330,942**	**31,373,512**	**131,579,042**
Exchange differences	**(60,786)**	**(211,888)**	**(788)**	**(4,194)**	**(71,097)**	**(348,753)**
Additions	**26,259**	**1,313,351**	—	**633,998**	**25,573,684**	**27,547,292**
Transfer	**6,679,695**	**21,384,997**	**1,365,036**	**531**	**(29,430,259)**	—
Disposals	**(97,263)**	**(297,381)**	**(16,720)**	**(26,329)**	**(8,266)**	**(445,959)**
Impairment	**(526,885)**	**(624,565)**	**(133,565)**	**(487,365)**	**(1,324,312)**	**(3,096,692)**
Depreciation charge	**(1,466,866)**	**(6,583,093)**	**(86,975)**	**(190,064)**	—	**(8,326,998)**
Closing net book amount	**25,957,622**	**91,867,556**	**1,711,973**	**1,257,519**	**26,113,262**	**146,907,932**
At 31 December 2014						
Cost	**35,952,043**	**128,634,051**	**2,720,147**	**3,004,904**	**28,188,803**	**198,499,948**
Impairment	**(706,400)**	**(830,664)**	**(210,442)**	**(492,445)**	**(2,075,541)**	**(4,315,492)**
Accumulated depreciation	**(9,288,021)**	**(35,935,831)**	**(797,732)**	**(1,254,940)**	—	**(47,276,524)**
Net book amount	**25,957,622**	**91,867,556**	**1,711,973**	**1,257,519**	**26,113,262**	**146,907,932**

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT - GROUP AND COMPANY *(continued)*

Construction work in progress as at 31 December 2014 mainly comprises infrastructure contruction of coal mines, technical impovement projects of power plants and new power plants being constructed in the PRC.

During the year, the Group has capitalised borrowing costs amounting to HK$1,091,894,000 (2013: HK$770,986,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of the borrowings of 5.88% (2013: 5.30%).

Depreciation expenses of HK$8,256,297,000 and HK$70,701,000 (2013: HK$6,915,411,000 and HK$55,531,000) has been recorded in operating expenses and construction in progress, respectively.

The impairment charges related to property, plant and equipment amounting to HK$3,096,692,000 (2013: HK$801,220,000) has been recorded in operating expenses. The movement on the provision for impairment of property, plant and equipment of the Group by segment is as follows:

	Thermal power		**Coal mining**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At 1 January	**278,248**	91,774	**1,116,261**	493,222
Exchange differences	**(3,804)**	3,471	**(11,187)**	17,474
Impairment charged to profit or loss	**254,249**	183,003	**2,842,443**	618,217
Disposals	**(29,468)**	—	**(131,250)**	(12,652)
At 31 December	**499,225**	278,248	**3,816,267**	1,116,261

During the year, certain coal-fired power generators were determined to be closed down and certain power assets were retired, consequently the Group has made an impairment charge of HK$254,249,000, after considering any possible benefit receivable during the disposal process. The recoverable amounts of these assets are based on their fair value less costs to sell.

The impairment charge of HK$2,842,443,000 reported in coal mining segment for the year ended 31 December 2014 mainly related to property, plant and equipment held by subsidiaries located in Shanxi Province. The impairment provision made was mainly due to: (1) the requirements of the government for coal mine safety production and environmental protection standards were becoming increasingly stringent, resulting in the initial investments and the cost of subsequent technical upgrading of the mines to be higher than expected; (2) the raised safety and environmental protection standards, the approval of various licenses for mines by the government became more stringent, resulting in a prolonged period for technical upgrades and delayed commissioning; (3) coal prices continued to drop; and (4) construction of certain coal mines were temporarily or fully suspended as a result of the coal market downturn, which have led to decrease in estimated cash inflow to be generated from certain coal mines throughout their estimated operating periods.

Each coal mine is determined as one CGU. The impairment loss attributable to these CGUs was then allocated to write down the assets in the CGU on a pro rata basis based on the carrying amount of each asset (including prepaid lease payment (Note 7), mining rights (Note 8) and related property, plant and equipment) in the CGU.

6 PROPERTY, PLANT AND EQUIPMENT - GROUP AND COMPANY *(continued)*

Except for certain coal mining related assets, of which the recoverable amounts were determined based on their fair value less costs to sell, the recoverable amounts of most of coal mine CGUs held by subsidiaries and one associate, Taiyuan China Resources Coal Co., Ltd., were determined based on value in use ("VIU") calculation. The VIU of these coal mine CGUs have been estimated using calculations of pre-tax cash flow projections developed based on financial budgets compiled by management covering a five-year period. Cash flows beyond the five-year period are extrapolated without considering any growth rate. The annual production volume of each coal mine CGU throughout the projection period is consistent with the certificate of each mining right or technical feasibility report. The key assumptions and discount rate used for VIU calculations and the recoverable amount of those CGUs where there has been impairment loss are as follows:

Real pre-tax discount rate	8%-11.7%
Coal prices (% annual growth rate)	0%
Recoverable amounts of the CGUs held by the Group	HK$10,069,474,000

Another key assumption is the full operation timing for certain mines currently in construction. The management currently estimated a full operation of all mines by the end of year 2017.

Should the coal prices had been 5% lower while holding other variables constant, the Group would have recognised a further impairment against the CGUs by HK$1,309,708,000 and a further investment loss in the associate of HK$849,765,000.

As at 31 December 2014, total net book value of property, plant and equipment pledged as collateral for the Group's bank borrowings amounted to HK$5,123,992,000 (2013: HK$4,541,285,000) (Note 32).

As at 31 December 2014, the ownership certificates of certain buildings ("Building Ownership Certificates") of the Group with an aggregate carrying value of approximately HK$9,990,515,000 (2013: HK$3,597,512,000) had not been obtained by the Group. After consultation made with the Company's legal counsel, the directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the Building Ownership Certificates and it should not lead to any significant adverse impact on the operations of the Group.

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT - GROUP AND COMPANY *(continued)*

Company

	Motor vehicles HK$'000	Leasehold improvement HK$'000	Furniture & fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2013					
Cost	22,646	13,906	6,794	77,012	120,358
Accumulated depreciation	(11,532)	(10,986)	(5,217)	—	(27,735)
Net book amount	11,114	2,920	1,577	77,012	92,623
Year ended 31 December 2013					
Opening net book amount	11,114	2,920	1,577	77,012	92,623
Exchange differences	285	2	12	7,428	7,727
Additions	2,595	4,213	486	188,537	195,831
Depreciation charge	(1,871)	(2,074)	(390)	—	(4,335)
Closing net book amount	12,123	5,061	1,685	272,977	291,846
At 31 December 2013					
Cost	24,977	18,170	7,335	272,977	323,459
Accumulated depreciation	(12,854)	(13,109)	(5,650)	—	(31,613)
Net book amount	12,123	5,061	1,685	272,977	291,846
Year ended 31 December 2014					
Opening net book amount	**12,123**	**5,061**	**1,685**	**272,977**	**291,846**
Exchange differences	**(32)**	—	**(1)**	**(735)**	**(768)**
Additions	—	—	**172**	**45,823**	**45,995**
Disposal		—		**(6,491)**	**(6,491)**
Depreciation charge	**(1,559)**	**(1,304)**	**(348)**	—	**(3,211)**
Closing net book amount	**10,532**	**3,757**	**1,508**	**311,574**	**327,371**
At 31 December 2014					
Cost	**24,945**	**18,170**	**7,506**	**311,574**	**362,195**
Accumulated depreciation	**(14,413)**	**(14,413)**	**(5,998)**	—	**(34,824)**
Net book amount	**10,532**	**3,757**	**1,508**	**311,574**	**327,371**

7 PREPAID LEASE PAYMENTS - GROUP

The Group's prepaid lease payments are related to leases of land located in the PRC and their net book value are analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**3,026,317**	2,581,347
Leases of less than 10 years	**191,727**	166,336
	3,218,044	2,747,683

	2014 **HK$'000**	2013 HK$'000
At 1 January	**2,747,683**	2,372,579
Exchange differences	**(24,823)**	58,718
Additions	**611,763**	298,363
Acquistion of subsidiaries (Note 47)	—	90,703
Amortisation charge	**(71,005)**	(70,794)
Disposal	**(29,152)**	(1,886)
Impairment	**(16,422)**	—
At 31 December	**3,218,044**	2,747,683

Amortisation of HK$60,566,000 and HK$10,439,000 (2013: HK$66,718,000 and HK$4,076,000) has been recorded in operating expenses and construction in progress, respectively.

As at 31 December 2014, land use right certificates ("Land Certificates") of certain parcels of land of the Group with an aggregate carrying value of HK$724,216,000 (2013: HK$268,194,000) had not been obtained. After consultation made with the Company's legal counsel, the directors consider that there is no legal restriction for the Group to apply for and obtain the Land Certificates and it should not lead to any significant adverse impact on the operations of the Group.

Certain bank borrowings of the Group are secured by land leases at an aggregate carrying amount of HK$43,354,000 (2013: HK$40,942,000) (Note 32).

The impairment charge of HK$16,422,000 reported for the year ended 31 December 2014 related to certain land use rights held by subsidiaries located in Shanxi Province, which is engaged in the coal mining business. Further considerations in performing impairment tests, the key assumptions used in the impairment calculation and the sensitivity analysis are set out in Note 6.

8 MINING RIGHTS AND EXPLORATION AND RESOURCES RIGHTS - GROUP

(a) Mining rights

	2014 HK$'000	2013 HK$'000
At 1 January		
Cost	**22,611,089**	14,864,560
Impairment	**(27,708)**	—
Accumulated amortization	**(1,202,118)**	(812,779)
Opening net book amount	**21,381,263**	14,051,781
Exchange differences	**(69,153)**	431,063
Acquisition of a subsidiary (Note 47)	—	7,073,012
Additions	**34,898**	242,365
Impairment	**(2,925,850)**	(27,619)
Amortisation charge	**(282,680)**	(389,339)
Closing net book amount	**18,138,478**	21,381,263
At 31 December		
Cost	**22,573,895**	22,611,089
Impairment	**(2,953,320)**	(27,708)
Accumulated amortisation	**(1,482,097)**	(1,202,118)
Net book amount	**18,138,478**	21,381,263

Amortisation is provided to write off the cost of the mining rights using the unit of production method based on the proved and probable reserves of the coal mines. Amortisation of HK$282,680,000 (2013: HK$389,339,000) and impairment of HK$2,925,850,000 (2013: HK$27,619,000) have been recorded in operating expenses.

As at 31 December 2014, the ownership certificates of certain mining rights ("Mining rights Ownership Certificates") of the Group with an aggregate carrying value of approximately HK$2,965,223,000 (2013: HK$2,690,211,000) had not been obtained by the Group. After the consultation made with the Company's legal counsel, the directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the Mining rights Ownership Certificates and it should not lead to any significant adverse impact on the operations of the Group.

The impairment charge of HK$2,925,850,000 reported for the year ended 31 December 2014 related to certain mining rights held by subsidiaries located in Shanxi Province, which is engaged in the coal mining business. Further considerations in performing impairment tests, the key assumptions used in the impairment calculation and the sensitivity analysis are set out in Note 6.

8 MINING RIGHTS AND EXPLORATION AND RESOURCES RIGHTS - GROUP

(continued)

(b) Exploration and resources rights

	2014 HK$'000	2013 HK$'000
At 31 December 2013	**172,565**	—
Exchange differences	**(576)**	3,961
Additions	—	168,604
At 31 December 2014	**171,989**	172,565

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY

	2014 HK$'000	2013 HK$'000
Unlisted shares/capital contribution, at cost (a)	**25,974,519**	24,807,170
Loans to subsidiaries (b)	**6,963,466**	10,009,672
	32,937,985	34,816,842
Loans from subsidiaries (c)	**5,835,750**	5,835,750

(a) Investments in subsidiaries

As at 31 December 2014, the investments in principal subsidiaries of the Company and their subsidiaries, all of which are unlisted, were as follows:

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Resources Shajiao C Investments Limited 香港潤朗沙角投資有限公司	Hong Kong, Limited Liability Company	Share capital – HK$10,000	—	90	10	Investment holding
China Resources Power (Jiangsu) Investment Company Limited ("Jiangsu Investment") 華潤電力(江蘇)投資有限公司	PRC, Limited Liability Company	Registered and paid-up capital - RMB1,500,000,000	—	100	—	Investment holding
Nanjing Chemical Industry Park Thermoeletricity Co., Ltd. ("Nanjing Chemical") 南京化學工業園熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – US$127,580,252	—	90	10	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Jiang Su Nanre Power Generation Co. Ltd. ("Jiang Su Nanre") 江蘇南熱發電有限責任公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB1,030,000,000	—	100	—	Operation of a power station
China Resources Power Dengfeng Co., Ltd. 華潤電力登封有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB1,760,000,000	—	85	15	Operation of a power station
China Resources (Luoyang) Thermal Power Co., Ltd. 洛陽華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB80,000,000	—	51	49	Operation of a power station
China Resources Power (Changshu) Co., Ltd. 華潤電力(常熟)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – US$173,520,000	—	100	—	Operation of a power station
China Resources Power Hunan Liyujiang Co., Ltd. ("Hunan Liyujiang") 湖南華潤電力鯉魚江有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB573,660,000	—	60	40	Operation of a power station
China Resources Power Hubei Co., Ltd. 華潤電力湖北有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB2,690,000,000 Paid-up capital – RMB2,330,207,262	—	100	—	Operation of a power station
China Resources (Jiaozuo) Thermal Power Co., Ltd. 焦作華潤熱電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB267,540,000 Paid-up capital – RMB218,548,500	—	100	—	Operation of a power station
China Resources Power Performance Co., Ltd.	The British Virgin Islands , Hong Kong, Limited Liability Company	Share capital - HK$0.01	100	—	—	Investment holding

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
Tangshan China Resources Thermal Power Co., Ltd. 唐山華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB270,490,000	—	80	20	Operation of a power station
China Resources Power (Tangshan Caofeidian) Co., Ltd. 華潤電力(唐山曹妃甸)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB783,000,000	—	90	10	Operation of a power station
China Resources Power Project Service Co., Ltd. 華潤電力工程服務有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – HK$50,000,000	100	—	—	Power station project consultancy services
CR Power Fuel (Henan) Co., Ltd. 華潤電力燃料(河南)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – HK$140,390,000 Paid-up capital – HK$127,254,108	—	100	—	Sale of coal
Hu Nan CR Coal Industry Co., Ltd. 湖南華潤煤業有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – US$29,990,000	—	100	—	Coal mining
Shantou Dan Nan Wind Power Co., Ltd. 汕頭丹南風能有限公司	PRC, Sino-Foreign Contractual Joint Venture	Registered and paid-up capital – US$10,000,000	—	55	45	Operation of a power station
Guangzhou China Resources Thermal Co. Ltd. 廣州華潤熱電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB1,100,000,000	—	100	—	Operation of a power station
China Resources Golden Concord (Beijing) Co-Generation Power Co., Ltd. 華潤協鑫(北京)熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB247,100,000	—	51	49	Operation of a power station

Notes to the Consolidated Financial Statements

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Fuyang China Resources Power Co., Ltd. 阜陽華潤電力有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB1,259,000,000 Paid-up capital – RMB919,000,000	—	55	45	Operation of a power station
Yunnan China Resources Power (Honghe) Co., Ltd. 雲南華潤電力(紅河)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB279,400,000	—	70	30	Operation of a power station
Yanshi China Resources Transport Co., Ltd. (ii) ("Yanshi Transport") (ii) 偃師華潤運輸有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB11,000,000	—	46.37	53.63	Provision of local logistic services
China Resources Power Maintenance Henan Co., Ltd. ("Maintenance Henan") 華潤電力檢修(河南)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB10,100,000	—	100	—	Power station maintenance service
Panzhihua China Resources Hydro Power Development Co., Ltd. 攀枝花華潤水電開發有限公司	PRC, Limited Liability Company	Registered and Paid-up capital – RMB50,000,000	—	70	30	Development of a power station
Shenzhen South China Energy Co., Ltd. 深圳南國能源有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB50,000,000	—	100	—	Investment holding
China Resources Power Investment Co., Ltd 華潤電力投資有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB15,800,000,000 Paid-up capital – RMB13,582,904,778	100	—	—	Investment holding
China Resources Cangzhou Co-generation Co., Ltd. 滄州華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB550,000,000	—	95	5	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Power (Jinzhou) Co., Ltd. ("Jinzhou Power Company") 華潤電力(錦州)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB764,922,500	—	100	—	Operation of a power station
Xuzhou Huaxin Power Generation Co., Ltd. ("Xuzhou Huaxin") 徐州華鑫發電有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB480,000,000	—	72	28	Operation of a power station
China Resources Tianneng Xuzhou Coal & Power Co., Ltd. ("Xuzhou Tianneng") 華潤天能徐州煤電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB95,526,310	—	100	—	Exploration and sale of coal and operation of a power station
China Resources Wind Power (Shantou) Co., Ltd. 華潤電力風能(汕頭)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB73,460,329	—	100	—	Operation of a power station
China Resources Power (Xingning) Co., Ltd. 華潤電力(興寧)有限公司	PRC , Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB337,500,000	—	100	—	Operation of a power station
China Resources Wind Power (Chengde) Co., Ltd. 華潤電力風能(承德)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB176,320,000	—	100	—	Operation of a power station
China Resources Power (Jining) Co., Ltd. 華潤電力(濟寧)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital - RMB195,000,000	90	—	10	Development of a power station
China Resources Power (Heze) Co., Ltd. 華潤電力(荷澤)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB931,250,000	90	—	10	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
China Resources Power (Lianyuan) Co., Ltd. 華潤電力(漣源)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB578,000,000	—	100		Operation of a power station
Shenyang China Resources Thermal Power Co., Ltd. ("Shenyang Power Company") (iii) 瀋陽華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB566,380,000	—	54	46	Operation of a power station
Inner Mongolia Dengkou Jinniu Coal and Power Co., Ltd. 內蒙古磴口金牛煤电有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB552,000,000	—	75	25	Operation of a power station
China Resources Wind Power (Yan Tai) Co., Ltd. 華潤電力風能(煙台)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB198,585,700	—	95	5	Operation of a power station
China Resources Wind Power Shantouchaonan) Co., Ltd. 華潤電力風能(汕頭潮南)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB360,040,324	—	100	—	Operation of a power station
China Resources Power (Liuzhi) Co., Ltd. 華潤電力(六枝)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – US$49,000,000	100	—	—	Development of a power station
Henan Tianzhong Coal Mining Co., Ltd. 河南天中煤業有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB200,000,000	—	100	—	Coal mining
China Resources Power (Wenzhou) Co., Ltd. ("Wenzhou Co") 華潤電力(溫州)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital RMB2,000,000,000 Paid-up capital – RMB1,667,972,355	75	—	25	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Nanjing Co-generation Co., Ltd. 南京華潤熱電有限公司	PRC, Limited Liability Company	Registered and paid-up capital - RMB728,000,000	—	65	35	Operation of a power station
Shanxi China Resources Liansheng Energy Investment Co., Ltd. ("Shanxi CR Liansheng") (iv) 山西華潤聯盛能源投資有限公司	PRC, Limited Liability Company	Registered and paid-up capital - RMB3,800,000,000	—	51	49	Coal mining
Sichuan China Resources Yazui River Hydro Power Development Co., Ltd. 四川華潤鴨嘴河水電開發有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB473,750,000	—	51	49	Operation of a power station
Xuzhou Huaxing Investment Co., Ltd. ("Xuzhou Huaxing") 徐州華興投資有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB405,610,000	—	51	49	Investment holding
Yunnan China Resources Power (Xishuangbanna) Co., Ltd. 雲南華潤電力(西雙版納)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB20,000,000	—	95	5	Development of a power station
China Resources Power (Yichang) Co., Ltd. 華潤電力(宜昌)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB769,000,000 Paid-up capital – RMB600,000,000	—	100	—	Development of a power station
China Resources Wind Power (Huilai) Co., Ltd. 華潤電力風能(惠來)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB152,860,000 Paid-up capital – RMB120,025,763	—	100	—	Operation of a power station
China Resources Wind Power (Weihai) Co., Ltd. 華潤電力風能(威海)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB128,732,760	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
China Resources Wind Power (Yangjiang) Co., Ltd. 華潤電力風能(陽江)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB246,065,600 paid-up capital – RMB235,155,900	—	100	—	Operation of a power station
China Resources Wind Power (Yantai Penglai) Co., Ltd. 華潤電力風能(煙台蓬萊)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB179,880,000 paid-up capital – RMB171,505,465	—	95	5	Operation of a power station
China Resources Wind Power (Chengde Yudaokou) Co., Ltd. 華潤電力風能(承德禦道口)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB379,613,380	—	100	—	Operation of a power station
AACI SAADEC(HK) Holdings Limited("AACI (HK)")	Hong Kong, Limited Liability Company	Ordinary shares – HK$10,000; non-voting shares – US$30,016,000	—	100	—	Investment holding
Hunan China Resources Tangdong Coal Mining Co., Ltd. 湖南華潤煤業唐洞煤礦有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB15,000,000	—	77.73	22.27	Coal mining
China Resources Wind Power Inner Mongolia Ba Yinhile Co., Ltd. 華潤電力風能內蒙古巴音錫勒有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB237,200,000	—	100	—	Operation of a power station
China Resources Wind Power (Shantou Haojiang) Co., Ltd. 華潤電力風能(汕頭濠江)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB56,002,238	—	100	—	Operation of a power station
China Resources Wind Power(Chengde Weichang) Co., Ltd. 華潤電力風能(承德圍場)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB162,616,100	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Wind Power (Guazhou) Co., Ltd. 華潤電力風能(瓜州)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB418,050,000	—	100	—	Operation of a power station
China Resources Wind Power (Penglaidaliuhang) Co., Ltd. 華潤電力風能(蓬萊大柳行)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB128,723,569	—	100	—	Operation of a power station
China Resources Wind Power (Fuxin) Co., Ltd. 華潤電力風能(阜新)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB228,911,500	—	100	—	Operation of a power station
China Resources Wind Power (Jianping) Co., Ltd. 華潤電力風能(建平)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB237,001,167	—	100	—	Operation of a power station
Shanxi China Resources Coal Company Limited ("Shanxi Coal") 山西華潤煤业有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB800,000,000	—	75.5	24.5	Coal mining
Shanxi China Resources Daning Energy Co., Ltd. ("Shanxi China Resources Daning") (Note 47) 山西華潤大寧能源有限公司	PRC, Sino-Foreign Contractual Joint Venture	Registered and paid-up capital – US$53,600,000	—	51	49	Coal mining
Elite Wing Limited 英飛有限公司	The British Virgin Islands , Hong Kong, Limited Liability Company	Share capital – US$11	100	—	—	Investment holding

Notes to the Consolidated Financial Statements

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources New Energy (Suixian Tianhekou) Wind Power Limited 華潤新能源(隨縣天河口)風能有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB326,613,800 Paid-up capital – RMB323,647,913	—	100	—	Development of a power station
China Resources Tianneng Xuzhou Mining Development Co., Ltd. 華潤天能徐州礦業開發有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB7,500,000	—	100	—	Coal mining
Guizhou Tianrun Mining Co., Ltd. 貴州天潤礦業有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB100,000,000	—	100	—	Coal mining
Shenyang China Resources Thermal Co., Ltd. 瀋陽華潤熱力有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB5,000,000	—	100	—	Operation of a heat and power co-gen station
China Resources Power Tangshan Fengrun Company Limited (i) 華潤電力唐山豐潤有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB690,135,000 Paid-up capital – RMB509,574,250	—	60	40	Operation of a power station
China Resources New Energy (Fuxin) Wind Power Company Limited 華潤新能源(阜新)風能有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB135,460,000 Paid-up capital – RMB115,339,600	—	100	—	Operation of a power station
China Resources New Energy (Zoucheng) Wind Power Company Limited 華潤新能源風能(鄒城)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB69,929,930	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources New Energy (Rongxian) Wind Power Company Limited 華潤新能源(容縣)風能有限責任公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB139,000,000 Paid-up capital – RMB76,947,100	—	100	—	Operation of a power station
China Resources New Energy (Putian) Wind Power Company Limited 華潤新能源(莆田)風能有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB110,000,000 Paid-up capital – RMB0	—	100	—	Development of a power station
China Resources New Energy (Linyi) Wind Power Company Limited 華潤新能源(臨沂)有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB116,660,000	—	100	—	Operation of a power station
China Resources New Energy (Jinping) Wind Power Company Limited 華潤新能源(錦屏)風能有限責任公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB145,349,300 Paid-up capital – RMB41,893,430	—	100	—	Operation of a power station
Panjin Rundian Thermal Company Limited 盤錦潤電熱力有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB10,000,000	—	100	—	Operation of a heat and power co-gen station
China Resources Power (Tongshan) Co., Ltd. (Tongshan Power) (v) 銅山華潤電力有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB1,500,0000,000	—	54.5	45.5	Operation of a power station
China Resources Wind Power Development Company Limited 華潤電力(風能)開發有限公司	Hong Kong, Limited Liability Company	Share capital – HK$1,000	—	100	—	Investment holding
China Resources Power Hunan Co., Ltd. 華潤電力湖南有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital - RMB1,361,000,000	—	100	—	Operation of a power station

Notes to the Consolidated Financial Statements

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Power Henan Shouyangshan Co., Ltd. 河南華潤電力首陽山有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB1,237,500,000	—	85	15	Operation of a power station
China Resources Cangzhou Co-Generation Co., Ltd. 滄州華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB550,000,000	—	95	5	Operation of a heat and power co-gen station
China Resources Coal (Group) Co., Ltd. 華潤煤業(集團)有限公司	PRC, Limited Liability Company	Registered and paid-up capital – RMB200,000,000	—	100	—	Coal mining
China Resources New Energy (Mulan Weichang) Wind Power Limited (i) 華潤新能源(木蘭圍場)風能有限公司	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB421,798,700 Paid-up capital – RMB5,000,000	—	100	—	Operation of a power station
China Resources New Energy (Liping) Wind Power Limited Company 華潤新能源(黎平)風能有限責任公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB145,860,400 Paid-up capital – RMB77,746,040	—	100	—	Operation of a power station
China Resources New Energy (Jianhe) Wind Power Limited Company 華潤新能源(劍河)風能有限責任公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB149,626,300 Paid-up capital – RMB33,111,120	—	100	—	Operation of a power station
China Resources New Energy (Lin Fen) Wind Power Limited 華潤新能源(臨汾)風能有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB229,060,000 Paid-up capital – RMB0	—	100	—	Operation of a power station
China Resources New Energy (Xinzhou) Wind Power Limited 華潤新能源(忻州)風能有限責任公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB264,950,000 Paid-up capital – RMB20,000,000	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and form of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Wind Power (Zaoyang) Co., Ltd. 華潤風電(棗陽)有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB102,470,000 Paid-up capital – RMB79,268,200	—	100	—	Operation of a power station
China Resources Wind Power (Dean) Co., Ltd. 華潤風電(德安)有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB110,000,000 Paid-up capital – RMB8,703,400	—	100	—	Operation of a power station
China Resources Wind Power (Yicheng) Co., Ltd. 華潤風電(宜城)有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB116,771,500 Paid-up capital – RMB37,991,000	—	100	—	Operation of a power station
China Resources Wind Power (Guangshui) Co., Ltd. 華潤風電(廣水)有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB118,047,900 Paid-up capital – RMB38,794,500	—	100	—	Operation of a power station
China Resources Power (Ningwu) Co; Ltd. 華潤電力(寧武)有限公司(i)	PRC, Wholly foreign Owned Enterprise	Registered capital – RMB100,000,000 Paid-up capital – RMB18,000,000	—	100	—	Operation of a power station

(i) Established in 2014.

(ii) Although the Group owns less than half of the equity interests in Yanshi Transport, it holds 57.14% of the voting rights by virtue of an agreement with other investors. Consequently, the Group consolidates Yanshi Transport.

The above table lists the principal subsidiaries of the Group which in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Some of the subsidiaries' English names represent managements' translation of the Chinese names as they have not adopted formal English names.

The subsidiaries incorporated in the PRC are all limited liability companies.

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(b) Loans to subsidiaries

As at 31 Decmeber 2014, the amounts are unsecured, bear interest at rate from 5.3% to 5.76% (2013: zero to 3.49%) per annum, denominated in HK$1,410,000,000, US$50,000,000 and RMB4,075,000,000 respectively (2013: HK$2,080,000,000, US$305,000,000 and RMB4,375,000,000), and repayable in 2017.

As at 31 December 2014, the fair values of loans to subsidiaries approximate their carrying amounts. The fair values are based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair values are within level 2 of the fair value hierarchy.

(c) Loan from a subsidiary

As at 31 Decmeber 2014, the amount is unsecured, bears fixed interest rate at 7.25% (2013: 7.25%) per annum, denominated in US dollar and repayable on demand.

As at 31 December 2014, the fair value of loan from a subsidiary approximates its carrying amount. The fair value is based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair value is within level 2 of the fair value hierarchy.

(d) Material non-controlling interests

The total non-controlling interests loss for the year is HK$2,321,241,000 (2013: profit of HK$1,569,767,000), of which HK$4,703,990,000 loss (2013: HK$921,810,000 profit) is from Shanxi CR Liansheng. The non-controlling interests in other subsidiaries are not material.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Shanxi CR Liansheng:

Summarised balance sheet

	Shanxi CR Liansheng	
	2014 HK$'000	2013 HK$'000
Current		
Assets	**3,214,132**	2,947,480
Liabilities	**(7,922,914)**	(14,026,550)
Total current net liabilities	**(4,708,782)**	(11,079,070)
Non-current		
Assets	**13,310,866**	18,421,262
Liabilities	**(14,205,486)**	(3,697,979)
Total non-current net (liabilities)/assets	**(894,620)**	14,723,283
Net (liabilities)/assets	**(5,603,402)**	3,644,213

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(d) Material non-controlling interests *(continued)*

Summarised financial information on subsidiaries with material non-controlling interests *(continued)*

Summarised income statement and statement of comprehensive income

	Shanxi CR Liansheng	
	2014 HK$'000	2013 HK$'000
Revenue	**1,250,840**	1,905,355
Loss before income tax	**(9,305,138)**	(1,832,950)
Income tax expense	**(2,341)**	(28,868)
Post-tax loss from continuing operations	**(9,307,479)**	(1,861,818)
Other comprehensive income	**—**	—
Total comprehensive income	**(9,307,479)**	(1,861,818)
Total comprehensive income allocated to non-controlling interests	**(4,703,990)**	(921,810)
Dividends paid to non-controlling interests	**—**	—

Summarised cash flows

	Shanxi CR Liansheng	
	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Cash generated from operations	**(565,012)**	52,854
Income tax paid	**(116)**	(50,971)
Net cash generated from operating activities	**(565,128)**	1,883
Net cash (used in)/generated from investing activities	**(2,938,766)**	1,345,858
Net cash generated from/(used in) financing activities	**3,620,812**	(1,400,880)
Net increase/(decrease) in cash and cash equivalents	**116,918**	(53,139)
Cash and cash equivalents at beginning of year	**11,026**	58,306
Exchange gains on cash and cash equivalents	**441**	5,859
Cash and cash equivalents at end of year	**128,385**	11,026

The information above is the amount before inter-company eliminations.

(e) Significant restrictions

Cash and short-term deposits of HK$7,695,986,000 are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(a) Investments in associates

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At 1 January	**12,995,773**	19,060,119	**2,712,810**	2,712,810
Capital contributions to associates	**20,431**	481,430	—	—
Disposal of an associate (Note i)	**(295,419)**	(6,789,476)	—	—
Share of (losses)/profits	**(17,828)**	1,205,388	—	—
Dividends	**(1,456,501)**	(1,281,920)	—	—
Impairment charge	—	(46,723)	—	—
Other comprehensive income	**(11,954)**	195,710	—	—
Exchange differences	**(12,205)**	171,245	—	—
At 31 December	**11,222,297**	12,995,773	**2,712,810**	2,712,810

Note i: In January 2014, the Group disposed an associate, namely Zhangjiagang Shazhou Power Co., Ltd. and disposal gain amounting to HK$259,461,000 was credited to the consolidated income statement.

Included in the Group's cost of investment in associates is goodwill of HK$817,344,000 (2013: HK$817,344,000) arising on acquisition of certain associates.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

As at 31 December 2014, the investments in principal associates of the Group, all of which are unlisted, were as follows:

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope ") 廣東廣合電力有限公司 (Note i) (Sino-Foreign Co-operative Joint Venture)	PRC	Registered capital – US$391,600,000 Paid-up capital – US$241,600,000	—	35.08	Operation of a power station
Hebei Harv Power Generation Company Limited ("Hebei Harv Power ") 河北衡豐發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB777,000,000	—	25	Operation of a power station
Zhejiang Wenzhou Telluride Power Generating Company Limited ("Zhejiang Wenzhou Telluride ") 浙江溫州特魯萊發電有限責任公司 (Sino-Foreign Co-operative Joint Venture)	PRC	Registered and paid-up capital – RMB796,120,000	—	40	Operation of a power station
China Resources (Xuzhou) Electric Power Co., Ltd. ("CR Xuzhou Eletric Power") 徐州華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB863,110,000	—	42.65	Operation of a power station
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB475,000,000	—	25	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Henan Yonghua Energy Co., Ltd. ("Henan Yonghua Energy") 河南永華能源有限公司 (Limited Liability Company)	PRC	Registered and paid-up capital – RMB300,000,000	—	41.65	Exploration and sale of coal
Zhengzhou Huayuan Coal Mining Co., Ltd. 鄭州華轅煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB750,000,000	—	30.67	Exploration and sale of coal
Yangzhou No. 2 Power Generation Co.,Ltd. ("Yangzhou No. 2 Power ") 揚州第二發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB1,692,000,000	45	—	Operation of a power station
Guizhou Hualong Coal Mining Co., Ltd. 貴州華隆煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB800,000,000	49	—	Coal mining
Jiangsu Zhenjiang Power Generation Co., Ltd. ("Jiangsu Zhengjiang Power") 江蘇鎮江發電有限公司 (Limited Liability Company)	PRC	Registered and paid-up capital – RMB1,482,200,000	—	42.5	Operation of a power station
Guodian Changzhou Power Corporation("Guodian Changzhou Power") 國電常州發電有限公司 (Limited Liability Company)	PRC	Registered and paid-up capital – RMB1,000,000,000	—	25	Operation of a power station
Xuzhou Chacheng Electric Power Co., Ltd. 徐州垞城電力有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB360,000,000	—	31.82	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(continued)

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Taiyuan China Resources Coal Co., Ltd. ("Taiyuan China Resources Coal") 太原華潤煤業有限公司 (Limited Liability Company)	PRC	Registered and paid-up capital – RMB4,000,000,000	—	24.99	Coal mining
Hunan Taohuajiang Nuclear Power Co., Ltd. ("Hunan Taohuajiang Nuclear") 湖南桃花江核電有限公司 (Limited Liability Company)	PRC	Registered and RMB1,025,704,000 paid-up capital – RMB1,051,640,000	—	25	Operation of a power station
Shanxi Jinrun Coal and Power Co., Ltd. 山西晉潤煤電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB412,500,000	40	—	Operation of a power station
Chongqing Energy(Guizhou) Coal and Power Co., Ltd. 重慶能源(貴州)煤電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB100,000,000	—	49	Operation of a power station
China Resources Lanhua (Jincheng) pharmaceutical Co., Ltd. 華潤蘭花(晉城)藥業有限公司	PRC	Registered capital RMB50,000,000 Paid-up capital – RMB42,500,000	—	30	Purchase, plant and sale of Chinese medicine

Note i: One of the Company's subsidiaries entered into a joint venture contract and supplemental agreements with Guangdong Province Shajiao (Plant-C) Power Generation Corporation ('PRC partner') for the construction, operation and management of the Guangdong Province Shajiao C Power Station in Guangdong Province of the PRC, which are undertaken by Guangdong Guanghope, a co-operative joint venture company established in the PRC. The co-operation period commenced on 15 June 1992 and will expire in June 2016, which is 20 years after the completion date of construction of the power station in June 1996. Upon expiry of the co-operation period, all the remaining assets of Guangdong Guanghope will be handed over to the PRC partner without any compensation.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

The above table lists the associates of the Group which in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

Some of the associates' English names represent managements' translation of the Chinese names as they have not adopted formal English names.

All the associates are limited liability companies and there are no quoted market prices available for their shares.

As at 31 December 2014, the Group provided guarantees amounting to HK$674,562,000, HK$167,910,000, and HK$39,905,000 (31 December 2013: Nil) to secure bank loans of three associates, being Guizhou Hualong Coal Mining Co., Ltd, Hunan Taohuajiang Nuclear and Henan Yonghua Energy, respectively (Note 50). Expiry dates of guarantees are disclosed in Note 3.1(c).

Summarised financial information for material associates

Set out below are the summarised financial information for Taiyuan China Resources Coal. Other associates are considered not to be material to the Group.

Summarised balance sheet

	Taiyuan China Resources Coal	
	2014 HK$'000	2013 HK$'000
Current		
Cash and cash equivalents	**110,787**	183,554
Other current assets (excluding cash)	**1,123,958**	1,272,056
Total current assets	**1,234,745**	1,455,610
Financial liabilities (excluding trade and other payables and provisions)	**(3,375,282)**	(5,769,515)
Other current liabilities (including trade and other payables and provisions)	**(4,899,206)**	(5,538,767)
Total current liabilities	**(8,274,488)**	(11,308,282)
Non-current		
Assets	**10,168,094**	14,074,935
Financial liabilities	**(5,495,569)**	(1,505,918)
Net (liabilities)/assets	**(2,367,218)**	2,716,345

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(continued)

(a) Investments in associates *(continued)*

Summarised income statement and statement of comprehensive income

	Taiyuan China Resources Coal	
	2014	2013
	HK$'000	HK$'000
Revenue	**844,271**	1,375,889
Depreciation and amortisation	**(214,934)**	(226,081)
Interest income	**1,870**	4,036
Interest expense	**(314,483)**	(140,567)
Loss before income tax	**(5,060,883)**	(955,586)
Income tax expense	**—**	—
Loss for the year	**(5,060,883)**	(955,586)
Other comprehensive income	**—**	—
Total comprehensive income	**(5,060,883)**	(955,586)
Dividends received from the associate	**—**	—

The information above reflects the amounts presented in the financial statements of Taiyuan China Resources Coal adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	Taiyuan China Resources Coal	
	2014	2013
	HK$'000	HK$'000
Opening net assets 1 January	**2,716,345**	3,563,729
Loss for the period	**(5,060,883)**	(955,586)
Exchange differences	**(22,680)**	108,202
Closing net assets	**(2,367,218)**	2,716,345
Interest in associates (49%)	**(1,159,937)**	1,331,009
Write-down of loans to the associate (Note 10(b) (i))	**1,159,937**	—
Carrying value	**—**	1,331,009

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Summarized financial information for other immaterial associates

Set out below are the summarized financial information for the immaterial associates which are accounted for using the equity method.

	2014 HK$'000	2013 HK$'000
Profit or loss from continuing operations	**1,302,068**	1,673,625
Other comprehensive income	**(11,954)**	195,710
Total comprehensive income	**1,290,114**	1,869,335

(b) Loans to associates

	Group	
	2014 HK$'000	2013 HK$'000
Non current (i)	**809,229**	—
Current (ii)	—	839,447
	809,229	839,447

(i) The loan was due from Taiyuan China Resources Coal, which has been written down by HK$1,159,937,000 to reflect the loss recognised in applying the equity method exceeding investment in the associate.

The loan is denominated in RMB, unsecured, with annual interest rate of 6.765% and repayable within three years.

As at 31 December 2014, the fair value of the loan to the associate approximates its carrying amount. The fair value is estimated based on discounted cash flow projections. The fair value is within level 3 of the fair value hierarchy.

(ii) As at 31 December 2013, loans to associates are all denominated in RMB, unsecured, with annual interest rates levied at a range of 5.60% to 5.85%. Loans to associates were fully repaid in 2014.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY

(a) Investments in joint ventures

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
At 1 January	**1,873,202**	1,728,980	**795,773**	777,874
Acquisition of a subsidiary (Note 47)	—	82,631	—	—
Capital contribution to joint ventures (note ii)	**219,763**	18,299	—	17,899
Share of profits	**467,461**	755,556	—	—
Dividends	**(73,129)**	(680,181)	—	—
Other comprehensive income	**(13,090)**	(7,645)	—	—
Exchange differences	**(1,629)**	(24,438)	—	—
At 31 December	**2,472,578**	1,873,202	**795,773**	795,773

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

As at 31 December 2014, investments in joint ventures of the Group, all of which are unlisted and were accounted for using equity method, were as follows:

Name of joint venture	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Indirectly	Principal activities
Tianjin Zhonghai China Resources Marine Shipping Company Limited (Note i) ("Tianjin Zhonghai CR Marine") 天津中海華潤航運有限公司	PRC	Registered and paid-up capital – RMB768,000,000	—	49	Provision of logistic services
Resources J Energy Investment Limited ("Recourses J") (Note 33(a)) 潤捷能源投資有限公司	HK	Share capital – US$266,599,544	50	—	Investment holding
China Resources Power (Hezhou) Co., Limited (Note 33) 華潤電力(賀州)有限公司	PRC	Registered capital – RMB1,724,000,000 Paid-up capital – RMB1,724,000,000	—	50	Operation of a power station
Yangcheng Asia-america Daning railway operation Co., Ltd. (iii) 陽城亞美大寧鐵路專線營運有限公司	PRC	Registered and paid-up capital – RMB151,600,000	—	22.44	Railway operation
Lanhua Daning Coal Mining Co., Ltd. (iii) 山西蘭花大寧煤炭有限公司	PRC	Registered and paid-up capital – RMB26,200,000	—	22.78	Coal Mining
Lanhua Daning Electric Power Co., Ltd. (iii) 山西蘭花大寧發電有限公司	PRC	Registered and paid-up capital – RMB90,000,000	—	24.99	Operation of a Power station
Fujian Hui'an Quanhui Power Co., Ltd. ("Hui'an Quanhui") 福建惠安泉惠發電有限責任公司(Note ii)	PRC	Registered and paid-up capital – RMB320,000,000	—	50	Operation of a Power station

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

Notes:

i. Under the shareholders' agreement and the Memorandum and Articles of Tianjin Zhonghai CR Marine, over two third of the board members' approval is required to decide on certain key financial and operating matters. The Group and the respective joint venture holder each hold 50% of the voting rights in the joint venture and hence the directors of the Company consider that the Group and the respective joint venture holder exercise joint control over Tianjin Zhonghai CR Marine.

ii. In January 2014, the Group and an independent third party entered into an investment agreement to establish Hui'an Quanhui. The Group holds 50% of its equity interests jointly controlled with the third party by virtue of contractual arrangements between the two parties, Hui'an Quanhui has been accounted for as a joint venture of the Group.

iii. One subsidiary of the Group, named Shanxi China Resources Daning directly holds 44%, 44.46% and 49% interests of three companies repectively. As the three companies are jointly controlled by the Group and the third parties, they have been accounted for as joint ventures of the Group.

Some of the joint ventures' English names represent managements' translation of the Chinese names as they have not adopted formal English names.

All the entities above are limited liability companies and there are no quoted market prices available for their shares.

The Group and a third party jointly provided guarantees amounting to HK$169,141,000 (31 December 2013: Nil) to secure financial leasing by Shanxi Lanhua Daning Electric Power Co., Ltd (Note 50). The guarantees will expire in 5 years.

According to the assessment of directors of the Company, as at 31 December 2014, no individual joint venture is material to the Group, therefore, no information on individual joint venture is disclosed.

Set out below are the summarized financial information for the immaterial joint ventures which are accounted for using the equity method.

	2014 HK$' 000	2013 HK$' 000
Profit or loss from continuing operations	**467,461**	755,556
Other comprehensive income	**(13,090)**	(7,645)
Total comprehensive income	**45,371**	747,911

(b) Loans to joint ventures

As at 31 December 2014, loans to joint ventures are unsecured and comprise amounts of RMB276,276,000 and RMB23,847,000, equivalent to approximately HK$341,345,000 and HK$30,230,000 (31 December 2013: HK$339,572,000 and HK$30,331,000) respectively due from two joint ventures of Shanxi China Resources Daning, with annual interest rates ranging from 6.37% to 8.02%. The amounts of HK$341,345,000 (31 December 2013: HK$339,572,000) are overdue.

As at 31 December 2014, the fair values of loans to joint ventures approximate their carrying amounts. The fair values are based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair values are within level 2 of the fair value hierarchy.

12 GOODWILL - GROUP

The movements in the carrying amount of goodwill during the years are as follows:

	Goodwill HK$'000
At 1 January 2013	
Cost	4,188,280
Accumulated impairment loss	(274,000)
Net book amount	3,914,280
Year ended 31 December 2013	
Opening net book amount	3,914,280
Impairment charge	(949,652)
Exchange differences	162,313
Closing net book amount	3,126,941
At 31 December 2013	
Cost	4,367,210
Accumulated impairment loss	(1,240,269)
Net book amount	3,126,941
Year ended 31 December 2014	
Opening net book amount	3,126,941
Exchange differences	(3,273)
Closing net book amount	**3,123,668**
At 31 December 2014	
Cost	4,363,770
Accumulated impairment loss	(1,240,102)
Net book amount	**3,123,668**

12 GOODWILL - GROUP *(continued)*

Impairment tests for goodwill:

Goodwill is allocated to the cash generating units ("CGUs") of the Company's subsidiaries within three segments, thermal power, renewable energy and coal mining, in different provinces in the PRC. The carrying amounts of major goodwill allocated to individual CGUs are as follows:

2014	**Opening HK$'000**	**Impairment HK$'000**	**Exchange difference HK$'000**	**Closing HK$'000**
Thermal power segment				
– Jinzhou Power Company	**881,423**	—	—	**881,423**
– Shenyang Power Company	**528,774**	—	—	**528,774**
– Other companies	**1,491,197**	—	**(3,192)**	**1,488,005**
Renewable energy segment	**30,746**	—	—	**30,746**
Coal mining segment	**194,801**	—	**(81)**	**194,720**
Total	**3,126,941**	—	**(3,273)**	**3,123,668**

2013	Opening HK$'000	Impairment HK$'000	Exchange difference HK$'000	Closing HK$'000
Thermal power segment				
– Jinzhou Power Company (Note i)	1,337,977	(500,000)	43,446	881,423
– Shenyang Power Company (Note i)	806,155	(300,000)	22,619	528,774
– Other companies	1,406,187	—	85,010	1,491,197
Renewable energy segment	29,812	—	934	30,746
Coal mining segment	334,149	(149,652)	10,304	194,801
Total	3,914,280	(949,652)	162,313	3,126,941

The recoverable amounts of each of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and operating expenses are based on past practices and expectations of future changes in the market.

12 GOODWILL - GROUP *(continued)*

As at 31 December 2014, the Group performed impairment review for goodwill based on pre-tax cash flow projection covering a period of shorter than the useful life of the property, plant and equipment and operation period of each of the CGU. The first 5 years derived from the most recent financial budgets approved by management, while the forecast beyond 5 years is compiled based on the financial budget and assumes no growth.

For each of the CGUs with significant amount of goodwill, the key assumptions and discount rate used in the value-in-use calculations in 2014 and 2013 are as follows:

Thermal power segment	2014
Gross margin	**9.7%-38.4%**
Growth rate	—
Pretax discount rate	**10.8%-14.4%**

Coal mining segment	2014
Gross margin	**26%**
Growth rate	—
Pretax discount rate	**10.08%**

At 31 December 2014, the recoverable amount calculated based on value in use exceeded carrying value by HK$2,061,711,000. A gross margin of 13% - 33.5%, or a rise in pretax discount rate to 11.3% - 22.5%, all changes taken in isolation, would remove the remaining headroom.

13 AVAILABLE-FOR-SALE INVESTMENTS AND LOANS TO AN AVAILABLE-FOR-SALE INVESTEE COMPANY - GROUP AND COMPANY

(a) Available-for-sale investments

Available-for-sale investments represent investments in unlisted equity of nine (2013: nine) limited liability entities registered in the PRC. Movement of available for sale investments is disclosed in Note 3.3(c).

Fair value of available-for-sale investment in Tanggang Railway has been determined using dividend discounted model. The key assumptions used for dividend discounted model calculations are as follows:

Real discount rate	12%
Average growth rate of dividends	3%

As at 31 December 2014, none of the carrying amounts of interests in each of the companies exceed 10% of total assets of the Group and the Company.

As at 31 December 2014, available-for sale investments are all denominated in RMB.

13 AVAILABLE-FOR-SALE INVESTMENTS AND LOANS TO AN AVAILABLE-FOR-SALE INVESTEE COMPANY - GROUP AND COMPANY *(continued)*

(b) Loans to an available-for-sale investee company

	Group	
	2014 HK$'000	2013 HK$'000
Non current	**181,698**	—
Current	**95,233**	277,860
	276,931	277,860

As at 31 December 2014, the loans to an available-for-sale investee company, are unsecured, denominated in RMB, bearing interests at the rate published by the People's Bank of China, and repayable in 2015 and 2016, respectively.

As at 31 December 2014, the fair values of the loans to an available-for-sale investee company approximate their carrying amounts. The fair values are based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair values are within level 2 of the fair value hierarchy.

14 PREPAYMENT FOR NON-CURRENT ASSETS - GROUP AND COMPANY

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Prepayments for acquisition of property, plant and equipment	**1,985,588**	5,477,140	**1,839**	1,845
Prepayments for acquisition of mining/exploration rights (i)	**1,478,068**	1,483,024	—	—
Prepayments for establishment of associates	**79,692**	48,051	**31,642**	31,642
Deposits paid for capital contribution for an available-for-sale investment	**33,347**	33,347	**33,347**	33,347
Prepayments for acquisition of intangible assets	**2,342**	24,825	—	—
	3,579,037	7,066,387	**66,828**	66,834

(i) In January 2008, the Group entered into an agreement with a local government authority in the PRC to acquire the exploration and resources right attached to an area of 21,000 hectares of a coal mine located in Inner Mongolia at a consideration amounted to RMB6,900,000,000 (equivalents to HK$8,746,716,000). Up to 31 December 2014, deposit amounting to RMB1,166,000,000 (equivalent to HK$1,478,068,000) (2013: RMB1,166,000,000, equivalent to HK$1,483,024,000) had been paid by the Group, with the remaining balance payable at approximately RMB5,734,000,000 (equivalent to HK$7,268,648,000) (2013: RMB5,734,000,000, equivalent to HK$7,293,017,000).

15 INVENTORIES - GROUP

	2014 HK$'000	2013 HK$'000
Coal	**2,185,632**	2,389,130
Spare parts and consumables	**1,062,645**	1,036,701
Fuel oil	**60,597**	56,007
	3,308,874	3,481,838

The cost of inventories recognised as operating expenses amounted to HK$32,081,397,000 (2013: HK$34,215,674,000).

The impairment charges related to inventories amounting to HK$33,413,000 (2013: HK$78,180,000) has been recorded in operating expenses. The movement on the provision for impairment of inventories of the Group is as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**82,380**	2,358
Exchange differences	**(2,781)**	3,654
Impairment charged to profit or loss	**33,413**	78,180
Disposal	**(62,118)**	(1,812)
At 31 December	**50,894**	82,380

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS - GROUP AND COMPANY

Trade and other receivables, and prepayments comprise the following:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade receivables				
– Accounts receivable	**10,051,035**	9,888,095	—	—
– Notes receivable	**1,164,204**	2,324,761	—	—
	11,215,239	12,212,856	—	—
Less: provision for impairment of trade receivables	**(93,730)**	(87,037)	—	—
Trade receivables – net	**11,121,509**	12,125,819	—	—
Input VAT and prepayment for income tax	**5,941,065**	3,197,329	—	—
Prepayments for coal and fuel	**278,062**	473,282	—	—
Advances to power grid companies	**23,775**	23,854	—	—
Dividends receivable from available-for-sale investee companies	**370,085**	165,549	—	—
Others	**2,094,350**	2,496,038	**116,824**	127,779
	8,707,337	6,356,052	**116,824**	127,779
Less: provision for impairment of other receivables	**(144,304)**	(136,892)	—	—
	19,684,542	18,344,979	**116,824**	127,779

All the trade and other receivables are denominated in RMB.

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

	Group	
	2014 HK$'000	2013 HK$'000
0 - 30 days	**8,598,987**	9,240,964
31 - 60 days	**374,018**	684,262
Over 60 days	**2,242,234**	2,287,630
	11,215,239	12,212,856

The Group usually grant about 60 days' credit period to customers from the end of the month in which the sales is made. As of 31 December 2014, trade receivables of HK$2,002,000,000 (2013: HK$2,072,070,000) were past due but not impaired. They relate to a number of independent customers for whom there had been no significant financial difficulty based on past trading experience.

As at 31 December 2014, included in trade receivables was an amount of HK$87,510,000 (2013: HK$239,086,000) which is trade receivables from fellow subsidiaries or associates and is aged within one year.

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS - GROUP AND COMPANY *(continued)*

Movements on the provision for impairment of trade receivables of the Group are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**87,037**	47,117
Provision for doubtful accounts	**14,243**	45,491
Receivables written off during the year as uncollectible	**(7,382)**	(6,918)
Exchange differences	**(168)**	1,347
At 31 December	**93,730**	87,037

Movements on the provision for impairment of other receivables of the Group are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At 1 January	**136,892**	89,139
Provision for doubtful accounts	**7,772**	48,172
Receivables written off during the year as uncollectible	—	(2,304)
Disposal of a subsidiary	—	(991)
Exchange differences	**(360)**	2,876
At 31 December	**144,304**	136,892

Management of the Group closely monitors the credit quality of trade and other receivables. The Group makes provision against impairment of trade and other receivables based on the assessment results of credit quality of the respective parties.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

As at 31 December 2014, the fair values of trade and other receivables approximate their carrying amounts.

17 AMOUNTS DUE FROM ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Dividends receivable from associates	**67,292**	230,811	**3,068**	3,079
Interests receivable from associates	**26,834**	21,999	**—**	—
Other amounts due from associates – non-trading	**11,899**	11,917	**8,503**	8,528
	106,025	264,727	**11,571**	11,607

Amounts due from associates are denominated in RMB, unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any allowance for amounts due from associates because the Group had not experienced any default history from associates. Management of the Group closely monitors the credit quality of amounts due from associates and considers that the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

As at 31 December 2014, the fair values of the amounts due from associates approximate their carrying amounts.

18 AMOUNTS DUE FROM/TO JOINT VENTURES - GROUP AND COMPANY

(a) Amounts due from joint ventures

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Dividends receivable from a joint venture	**—**	682,381	**—**	682,381
Interests receivable from joint ventures	**119,024**	95,324	**—**	—
Other amounts due from joint ventures	**1,157**	714	**650**	650
	120,181	778,419	**650**	683,031

The amounts due from joint ventures are all denominated in RMB, unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any impairment provision against amounts due from joint ventures because there was no default history experienced from the joint ventures. Management of the Group closely monitors the credit quality of amounts due from joint ventures and considers the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

As at 31 December 2014, the fair values of the amounts due from joint ventures approximate their carrying amounts.

18 AMOUNTS DUE FROM/TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(b) Amounts due to joint ventures

The amounts due to joint ventures are unsecured, non-interest bearing, and repayable on demand. They are all denominated in RMB.

As at 31 December 2014, the fair values of amounts due to joint ventures approximate their carrying amounts.

19 AMOUNTS DUE FROM OTHER RELATED COMPANIES/LOAN TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY - GROUP AND COMPANY

(a) Amounts due from other related companies

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Non-trading related:				
Amounts due from non-controlling shareholders of subsidiaries	**39,942**	40,076	—	—
Amounts due from fellow subsidiaries	**45,395**	1,253	—	—
Amounts due from subsidiaries	—	—	**31,416,010**	28,353,099
Loans to subsidiaries	—	—	**11,635,371**	8,653,911
	85,337	41,329	**43,051,381**	37,007,010

As at 31 Decmeber 2014, loans to subsidiries are unsecured, bear interest at rate from 0% to 5.76% per annum (2013: 0% to 5.53%).

As at 31 December 2014, the fair values of loans to subsidiaries approximate their carrying amounts. The fair values are based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair values are within level 2 of the fair value hierarchy.

The amounts due from other related parties of the Group are unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any impairment provision against amounts due from other related companies because there was no default history experienced from the related companies. Management of the Group closely monitors the credit quality of amounts due from other related companies and considers the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

The amounts due from other related parties of the Group are all denominated in RMB.

As at 31 December 2014, the fair values of the amounts due from other related parties approximate their carrying amounts.

19 AMOUNTS DUE FROM OTHER RELATED COMPANIES/LOAN TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY - GROUP AND COMPANY

(continued)

(b) Loan to a non-controlling shareholder of a subsidiary

As at 31 December 2014, loan to a non-controlling shareholder of a subsidiary is unsecured, denominated in RMB, with annual interest rates of 5% and repayable in 2016.

As at 31 December 2014, the fair value of loan to a non-controlling shareholder of a subsidiary approximates its carrying amount. The fair value is based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China. The fair value is within level 2 of the fair value hierarchy.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - GROUP

	2014 **HK$'000**	2013 HK$'000
Listed securities - held-for-trading		
– Equity securities – PRC (Note 3.3(a))	**5,217**	2,956

The amounts comprise equity investments in Bank of Communications as at 31 December 2014 and 2013 classified as trading securities.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains - net" in the consolidated income statement (Note 38).

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flow.

The fair value of all equity securities is based on their current bid prices in an active market.

21 PLEDGED AND RESTRICTED BANK DEPOSITS - GROUP

Pledged and restricted bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group and deposits restricted for special purpose. As at 31 December 2014, deposits amounting to HK$431,361,000 (2013: HK$598,003,000) had been pledged to secure bank acceptance bills. Deposits amounting to HK$276,530,000 (2013: nil) were restricted for environmental protection and industry transformation use with the approval of certain governments. Deposits amounting to HK$64,542,000 (2013: nil) were restricted by a PRC court order.

As at 31 December 2014, the pledged bank deposits are denominated in RMB and the fair values approximate their carrying amounts.

22 CASH AND CASH EQUIVALENTS - GROUP AND COMPANY

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Cash at bank and on hand	**8,266,120**	5,878,335	**1,268,405**	496,501
Term deposits (i)	**19,015**	156,711	**—**	—
	8,285,135	6,035,046	**1,268,405**	496,501

(i) The initial maturity of term deposits was three months to one year with deposit interest rate range from 1.6% to 3.3%. The term deposits can be withdrawn on demand.

As at 31 December 2014, included in cash and cash equivalents was an amount of HK$918,208,000 (2013: HK$200,034,000) which is deposited in China Resources Bank of Zhuhai Co., Ltd, a fellow subsidiary of the Group, with interest rates range from 0.385% to 1.265% (2013: 0.385% to 1.265%).

The cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
RMB	**7,043,448**	5,227,398	**110,396**	90,007
HK dollars	**601,508**	595,961	**586,870**	258,060
US dollars	**640,178**	211,683	**571,138**	148,430
Others	**1**	4	**1**	4
	8,285,135	6,035,046	**1,268,405**	496,501

As at 31 December 2014, the fair values of cash and cash equivalents approximate their carrying amounts.

23 SHARE CAPITAL AND OTHER STATUTORY CAPITAL RESERVES - GROUP AND COMPANY

	31 December 2014		31 December 2013	
	Number of shares ('000)	HK$'000	Number of shares ('000)	HK$'000
Authorised: (Note a)				
Ordinary shares of HK$1 each (Note b)	—	—	10,000,000	10,000,000

Ordinary shares, issued and fully paid:

	Number of shares '000	Share capital HK$'000
Balance at 1 January 2013	4,762,863	4,762,863
Issued upon exercise of share options	28,594	28,594
Balance at 31 December 2013	4,791,457	4,791,457
Balance at 1 January 2014	**4,791,457**	**4,791,457**
Issued upon exercise of share options	**5,887**	**5,887**
Transition to no-par value regime on 3 March 2014 (Note c)	—	**17,305,448**
Balance at 31 December 2014	**4,797,344**	**22,102,792**

(a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par nor nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the holders of the shares as a result of this transition.

(c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

24 SHARE OPTIONS

Pursuant to a resolution in writing passed on 6 October 2003 by the shareholders of the Company, a Pre-IPO Share Option Scheme and a Share Option Scheme were adopted by the Company.

(a) Pre-IPO Share Option Scheme

On 6 October 2003, the Company granted options to the grantees to subscribe for 167,395,000 shares in the Company at an exercise price of HK$2.80 per share, upon payment of HK$1 per each option grant. The options had a contractual option term of ten years and were therefore expired as at 31 December 2014. Options granted had a vesting period of five years and vested options were exercisable within the contractual option term.

Movements in the number of share options outstanding and their related exercise price under the Pre-IPO Share Option Scheme during the year ended 31 December 2014 are as follows:

		Number of options						
	Exercise price HK$	Outstanding as at 1 Jan 2013	Exercised during the year ended 31 Dec 2013	Lapsed during the period 31 Dec 2013	Outstanding as at 31 Dec 2013	Exercised during the year ended 31 Dec 2014	Lapsed during the period 31 Dec 2014	Outstanding as at 31 Dec 2014
A Director of the Company	2.75	–	–	–	–	–	–	–
Directors of CRH	2.75	1,180,880	(1,180,880)	–	–	–	–	–
Employees of the Group	2.75	652,204	(448,604)	(203,600)	–	–	–	–
Employees of CRH and its subsidiaries, other than the Group	2.75	10,671,102	(7,781,092)	(2,890,010)	–	–	–	–
		12,504,186	(9,410,576)	(3,093,610)	–	–	–	–
Exercisable at the end of the year		**12,504,186**	–	–	–	–	–	–

(b) Share Option Scheme

Pursuant to the Share Option Scheme approved by a resolution of the shareholders of the Company dated 6 October 2003, the Board may, at its absolute discretion, offer any employee, director, consultant or advisor of (i) CRH and its subsidiaries; and (ii) the Company, its subsidiaries and associated companies, options to subscribe for the Company's shares, for the promotion of success of the business of the Group. The exercise price of the share option will be determined at the highest of (1) the closing price of the Company's shares on the Stock Exchange on the date of grant of the option; (2) the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant; and (3) the nominal value of the shares.

Options granted are exercisable during the period from the vesting date to the last day of the ten-year period after grant date. The share options have vesting periods from one to five years and every 20% will be vested at the end of each year.

24 SHARE OPTIONS *(continued)*

(b) Share Option Scheme *(continued)*

Movements in the number of share options outstanding and their related exercise prices under the Share Option Scheme in 2013 and 2014 are as follows:

	Exercise price HK$	Date of grant	Number of options 1 Jan 2013	Exercised during the year ended 31 Dec 2013	Outstanding as at 31 Dec 2013	Reclassified during the year 31 Dec 2014	Exercised during the year ended 31 Dec 2014	Lapsed during the period 31 Dec 2014	Outstanding as at 31 Dec 2014
Directors of CRH and its subsidiaries	3.919	18 Mar 2005	1,079,080	(325,760)	753,320	–	(549,720)	–	203,600
Directors of the Company	3.919	18 Mar 2005	346,120	(346,120)	–	–	–	–	–
	4.641	18 Nov 2005	109,156	(109,156)	–	–	–	–	–
	12.21	30 Mar 2007	407,200	(203,600)	203,600	(203,600)	–	–	–
Employees of CRH and its subsidiaries, other than the Group	3.919	18 Mar 2005	2,199,960	–	2,199,960	–	(1,080)	–	2,198,880
Employees of the Group	4.175	1 Sep 2004	1,387,180	(745,840)	641,340	–	(254,500)	(386,840)	–
	3.919	18 Mar 2005	1,426,640	(875,480)	551,160	–	–	–	551,160
	4.641	18 Nov 2005	8,059,420	(3,282,580)	4,776,840	–	(831,780)	–	3,945,060
	6.925	5 Sep 2006	7,216,520	(3,603,000)	3,613,520	–	(1,013,400)	–	2,600,120
	12.21	30 Mar 2007	19,409,800	(9,691,860)	9,717,940	–	(3,236,640)	–	6,481,300
Other participants – Chen Jimin (Note 39(i)(d))	12.21	30 Mar 2007	–	–	–	203,600	–	–	203,600
			41,641,076	(19,183,396)	22,457,680	–	(5,887,120)	(386,840)	16,183,720
Exercisable at the end of the year			**41,641,076**	–	**22,457,680**	–	–	–	**16,183,720**
Weighted average exercise price			**8.54**	**8.90**	**8.23**	**12.21**	**9.11**	**4.18**	**8.00**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share option	Options 2014	Options 2013
31 August 2014	4.175	—	641,340
17 March 2015	3.919	**2,953,640**	3,504,440
17 November 2015	4.641	**3,945,060**	4,776,840
4 September 2016	6.925	**2,600,120**	3,613,520
29 March 2017	12.21	**6,684,900**	9,921,540
		16,183,720	22,457,680

In 2014 and 2013, there were no share option expense recognised in the consolidated income statement nor the Group's share option reserve.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$20.77 (2013: HK$20.38).

25 OTHER RESERVES - GROUP AND COMPANY

Group

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on pages 92 and 93.

General reserve is part of the shareholders' funds and comprises statutory surplus reserves, enterprise expansion funds and reserve funds of subsidiaries in the PRC. Pursuant to the provisions of their respective Articles of Association, certain of the Company's subsidiaries established in the PRC shall make appropriation from their profit after tax to the general reserves. The general reserves shall be used for making up losses, capitalisation into capital and expansion of the operations and production of the respective subsidiaries and associates.

The special reserves of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of subsidiaries acquired pursuant to a group reorganisation for the purpose of the preparation of the listing of the Company's share on the Stock Exchange of Hong Kong.

The movement of the capital reserve is as follows:

	As at	
	2014	2013
	HK$'000	HK$'000
Opening balance at 1 January	**168,376**	162,835
Share of other comprehensive income of investments accounted for using the equity method	**8,740**	4,740
Changes in fair values of available-for-sale investments, net of tax	**191,560**	—
Proceeds on sale of investment	—	41,458
Transfers (Note a)	**196,672**	238,659
Transfers upon utilisation (Note b)	**(139,188)**	(279,316)
Closing balance at 31 December	**426,160**	168,376

Notes:

(a) Pursuant to certain regulations in the PRC governing the mining industry, the Group is required to make an annual transfer to the capital reserve account an amount being calculated at the volume of coal ore extracted each year, mulitplied by the applicable rate per tonne of coal ore. Pursuant to the relevant provisions of the PRC Companies Law, the fund can only be used for future improvement of the mining facilities and enhancement of safety production environment. The fund is not available for distribution to either shareholders of the Company or equity owners of the related entities.

(b) During the year ended 31 December 2014, HK$139,188,000 (2013: HK$279,316,000) had been utilised for expenditures incurred in the relevant assets as stated in Note a, and therefore the corresponding amount was transferred out of the capital reserve account to retained earnings.

25 OTHER RESERVES - GROUP AND COMPANY *(continued)*

Company

	Merger reserve HK$'000	Hedging reserve HK$'000	Share-based compensation reserve HK$'000	Shares held for share award scheme HK$'000 (Note 27)	Total HK$'000
At 1 January 2013	82,309	(317,023)	185,705	(601,809)	(650,818)
Cash flow hedges	—	150,216	—	—	150,216
Total comprehensive income for the year	—	150,216	—	—	150,216
Transfer of share option reserve on exercise of share options	—	—	(99,469)	—	(99,469)
At 31 December 2013	82,309	(166,807)	86,236	(601,809)	(600,071)
Cash flow hedges	—	63,371	—	—	63,371
Total comprehensive income for the year	—	63,371	—	—	63,371
Transfer of share option reserve on exercise of share options	—	—	(25,525)	—	(25,525)
Vesting of shares under medium to long-term performance evaluation incentive plan	—	—	—	27,282	27,282
At 31 December 2014	**82,309**	**(103,436)**	**60,711**	**(574,527)**	**(534,943)**

The merger reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation and the nominal amount of the Company's shares issued for the acquisition.

26 RETAINED EARNINGS – GROUP AND THE COMPANY

	Group HK$'000	Company HK$'000
At 1 January 2013	23,979,441	2,272,503
Profit for the year	11,015,526	5,659,287
Dividends paid to owners of the Company (Note 44)	(2,514,884)	(2,514,884)
Profit appropriation to reserves	(1,823,431)	—
Transfers	(238,659)	—
Transfers upon utilization	279,316	—
At 31 December 2013	30,697,309	5,416,906
At 1 January 2014	**30,697,309**	**5,416,906**
Profit for the year	**9,214,858**	**2,798,731**
Dividends paid to owners of the Company (Note 44)	**(3,567,009)**	**(3,567,009)**
Profit appropriation to reserves	**(2,306,096)**	—
Transfers	**(196,672)**	—
Transfers upon utilization	**139,188**	—
At 31 December 2014	**33,981,578**	**4,648,628**

In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained earnings of the Company which was HK$4,648,628,000 as at 31 December 2014 (2013: HK$5,416,906,000).

27 SHARES HELD FOR SHARE AWARD SCHEME

On 25 April 2008 (the "Adoption Date"), a Medium to Long-term Performance Evaluation Incentive Plan (the "Scheme") was adopted by the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date.

Pursuant to the rules of the Scheme, the Company has set up a trust, and BOCI - Prudential Trustee Limited ("Trustee") acts as the trustee. The Company's shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the qualified employees until such shares are vested with the qualified employees in accordance with the provisions of the Scheme.

During the year ended 31 December 2014, a total number of 1,706,000 shares (2013: nil) were vested. The proceeds of sales of the vested shares have been transferred to the relevant directors and employees in accordance with the Scheme. The awarded sum amounting to HK$27,282,000 (2013: Nil) was determined using the market price of the ordinary shares at the date of vest and recognised as an expense in the consolidated income statement.

27 SHARES HELD FOR SHARE AWARD SCHEME *(continued)*

Under the Scheme, there were total unvested shares of 36,294,698 (2013: 38,001,475) amounting to HK$574,527,000 (2013: HK$601,809,000) held by the Trustee at 31 December 2014. The movement of the shares held for the Scheme is as follows:

	2014		2013	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
At 1 January	**38,001**	**601,809**	38,001	601,809
Granted and vested during the year	**(1,706)**	**(27,282)**	—	—
At 31 December	**36,295**	**574,527**	38,001	601,809

28 PERPETUAL CAPITAL SECURITIES - GROUP

On 11 May 2011, China Resources Power East Foundation Co., Ltd., a subsidiary of the Group, issued US$750,000,000 (equivalent to HK$5,835,750,000) 7.25% Guaranteed Perpetual Capital Securities ("Perpetual Capital Securities") at an issue price of 100 per cent which is guaranteed by the Company. The Perpetual Capital Securities were issued for general corporate funding purposes. Coupon payments of 7.25% per annum on the Perpetual Capital Securities are paid semi-annually in arrears from 9 November 2011 and can be deferred at the discretion of the Group. The Perpetual Capital Securities have no fixed maturity and are redeemable at the discretion of the Group on or after 9 May 2016 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Group undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

29 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS - GROUP AND COMPANY

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Trade payables (i)	**10,464,048**	10,439,512	—	—
Other payables and accruals (ii)	**21,496,609**	19,517,309	**264,102**	243,438
	31,960,657	29,956,821	**264,102**	243,438

29 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS - GROUP AND COMPANY *(continued)*

(i) Ageing analysis of trade payables is as follows:

	Group	
	2014	2013
	HK$' 000	HK$' 000
0 - 30 days	**7,111,508**	5,730,765
31 - 90 days	**1,795,255**	1,829,807
Over 90 days	**1,557,285**	2,878,940
	10,464,048	10,439,512

The average credit term for purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit terms.

(ii) Other payables and accruals include:

	Group		Company	
	2014	2013	**2014**	2013
	HK$' 000	HK$' 000	**HK$' 000**	HK$' 000
Payables in respect of purchase of non-current assets	**13,129,500**	12,494,575	—	—
Accrued purchases of fuel	**662,287**	762,704	—	—
Other tax payables	**2,678,134**	1,337,599	**23,368**	37,072
Accrued wages	**1,265,072**	1,278,364	**1,566**	850
Interests payable	**643,594**	631,475	**187,038**	154,516
Deferred consideration payables	**279,360**	549,600	—	—
Payable in respect of employee settlement costs of a subsidiary	**530,084**	561,380	—	—
Retirement and other long-term employee benefits obligations – current (Note 40 (iii))	**103,092**	94,814	—	—
Others	**2,205,486**	1,806,798	**52,130**	51,000
	21,496,609	19,517,309	**264,102**	243,438

Trade and other payables are unsecured, interest free, and repayable on demand. They are mainly denominated in RMB. As at 31 December 2014, the fair values of trade and other payables of the Group and Company approximate their carrying amounts.

30 AMOUNTS DUE TO ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Loan from an associate (i)	—	531,044	—	—
Amounts due to associates (ii)	**730,760**	438,453	—	99
	730,760	969,497	—	99

(i) As at 31 December 2013, loan from an associate was unsecured, with interest at the rate of 2.85% per annum and payable on demand. As at 31 December 2014, the loan from the associate had been fully paid in cash.

(ii) Amounts due to associates as at 31 December 2014 are unsecured, non-interest bearing, and repayable on demand.

The amounts due to associates are mainly denominated in RMB.

As at 31 December 2014, the fair values of amounts due to associates approximate their carrying amounts.

31 AMOUNTS DUE TO OTHER RELATED COMPANIES - GROUP AND COMPANY

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Loan from an intermediate holding company (i)	—	4,286,807	—	4,286,807
Amounts due to non-controlling shareholders of subsidiaries	**920,473**	666,445	—	—
Amounts due to subsidiaries	—	—	**1,618,301**	1,573,744
Amounts due to fellow subsidiaries	**2,218**	1,270	—	7,423
Amounts due to holding company	**35,768**	35,768	**35,768**	35,768
Amounts due to an intermediate holding company	**774**	6,911	—	48
	959,233	4,997,201	**1,654,069**	5,903,790

(i) As at 29 November 2013, the Company entered into a loan agreement with CRH, the principal of the loan was approximately HK$4,286,807,000, bearing interest at HIBOR plus 1.4% per annum. As at 31 December 2014, the loan had been fully repaid.

Amounts due to other related companies are unsecured, non-interest bearing, and repayable on demand. They are mainly denominated in RMB.

As at 31 December 2014, the fair values of amounts due to other related companies approximate their carrying amounts.

32 BORROWINGS - GROUP AND COMPANY

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Non-current				
Bank loans				
– Secured	**5,425,444**	4,732,596	**—**	—
– Unsecured	**63,607,866**	51,092,038	**36,587,480**	30,523,409
Corporate bonds and notes (i)	**10,502,397**	17,613,712	**—**	5,149,190
	79,535,707	73,438,346	**36,587,480**	35,672,599
Current				
Bank loans				
– Secured	**967,855**	792,417	**—**	—
– Unsecured	**12,800,775**	13,520,843	**6,033,255**	2,274,085
Corporate bonds and notes (i)	**7,128,523**	—	**5,145,970**	—
	20,897,153	14,313,260	**11,179,225**	2,274,085
Total borrowings	**100,432,860**	87,751,606	**47,766,705**	37,946,684

As at 31 December 2014, included in borrowings was an secured amount of HK$63,382,000 (2013: nil) which was due to China Resources Bank of Zhuhai Co., Ltd, a fellow subsidiary of the Group, with an interest rate of 6% per annum.

At 31 December 2014, the borrowings were repayable as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Within 1 year	**20,897,153**	14,313,260	**11,179,225**	2,274,085
Between 1 and 2 years	**18,638,320**	19,234,939	**8,791,343**	12,015,378
Between 2 and 5 years	**45,690,298**	41,369,840	**27,796,137**	23,657,221
Over 5 years	**15,207,089**	12,833,567	**—**	—
	100,432,860	87,751,606	**47,766,705**	37,946,684

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Wholly repayable within 5 years	**79,622,204**	74,590,469	**47,766,705**	37,946,684
Wholly repayable after 5 years	**20,810,656**	13,161,137	**—**	—
	100,432,860	87,751,606	**47,766,705**	37,946,684

32 BORROWINGS - GROUP AND COMPANY *(continued)*

As at 31 December 2014, the fair values of borrowings approximate their carrying amounts. The fair values are based on cash flows discounted using a rate based on benchmark lending rate of People's Bank of China or LIBOR rate. The fair values are within level 2 of the fair value hierarchy.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
RMB	**60,071,111**	54,412,672	**7,450,640**	4,629,680
HK$	**33,531,577**	26,927,214	**33,603,569**	26,927,214
US$	**6,815,438**	6,389,790	**6,712,496**	6,389,790
Euro	**14,734**	21,930	**—**	—
	100,432,860	87,751,606	**47,766,705**	37,946,684

As at 31 December 2014, the secured bank loans of the Group were secured by:

	Group	
	2014 HK$'000	2013 HK$'000
Buildings and equipment (Note 6)	**5,123,992**	4,541,285
Prepaid lease payments (Note 7)	**43,354**	40,942
	5,167,346	4,582,227

As at 31 December 2014, the Group had the following undrawn borrowing facilities:

	Group	
	2014 HK$'000	2013 HK$'000
Expiring within one year	**92,026,495**	60,413,605
Expiring beyond one year	**43,371,732**	114,924,009
	138,427,886	175,337,614

At 31 December 2014, the interest rate risk of the Group and the Company's borrowings of HK$8,002,000,000 (2013: HK$8,002,000,000) was hedged using interest rate swaps (floating to fixed interest swaps) (see Note 33 for details).

During the year ended 31 December 2014, bank borrowings bear average annual interest rate at 4.22% (2013: 4.90%).

32 BORROWINGS - GROUP AND COMPANY *(continued)*

(i) Corporate bonds and notes are fixed rate bonds and notes issued by the Group as follows:

(a) issued by China Resources Power Investment Company Limited, a wholly-owned subsidiary of the Company, in the PRC:

(1) RMB4,000,000,000 (equivalent to HK$5,070,560,000) - 5.6% due November 2018 (issued in November 2011).

(2) RMB3,300,000,000 (equivalent to HK$4,183,212,000) - 4.70% due January 2020 (issued in January 2010) and RMB500,000,000 (equivalent to HK$633,820,000) - 4.95% due January 2020 (issued in January 2010).

The maturity of the corporate bonds is 10 years from the date of issue, subject to the right of sale-back described below. The corporate bonds are divided into two tranches, amounting to RMB3,300,000,000 (equivalent to HK$4,183,212,000) ("Tranche 1") and RMB500,000,000 (equivalent to HK$633,820,000) ("Tranche 2"), and carry coupon rates of 4.70% and 4.95% for Tranche 1 and Tranche 2, respectively. At the end of the fifth and seventh year from the issue of corporate bonds for Tranche 1 and Tranche 2, respectively, the issuer has the right to adjust the coupon rate ("New Coupon Rate") and the corporate bonds holders have the right to sell the corporate bonds held by them, in whole or in part, to China Resources Power Investment Company Limited at a total consideration equivalent to the total face value of the corresponding corporate bonds to be sold within 5 business days after the announcement of the New Coupon Rate.

(3) RMB2,000,000,000 (equivalent to HK$2,535,280,000) - 5.05% due May 2019 (issued in May 2012).

(b) issued by the Company and listed on the Stock Exchange of Hong Kong:

US$500,000,000 (equivalent to HK$3,878,330,000) - 3.75% due August 2015 (issued in August 2010).

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such Note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present value of the interest payable for the year from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date of redemption, upon a change of controlling shareholder with respect to the Company.

32 BORROWINGS - GROUP AND COMPANY *(continued)*

(i) Corporate bonds and notes are fixed rate bonds and notes issued by the Group as follows: *(continued)*

(c) issued by the Company in Hong Kong:

At 31 December 2014, the corporate bond RMB1,000,000,000 (equivalent to HK$1,267,640,000) - 3.75% due November 2015 (issued in November 2010).

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

33 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP AND COMPANY

Derivatives financial instruments are analysed as follows:

	As at	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Assets:		
Call option (Note a)		
– Non-current	**575,898**	—
Liabilities:		
Cash flow hedges - Interest rate swaps (Note b)		
– Current	**19,966**	—
– Non-current	**72,276**	173,652
	92,242	173,652

(a) In 2010, the Group and an independent third party (the "Joint Venturer") entered into a share subscription agreement ("Share Subscription Agreement") and pursuant to which formed a company, namely Resources J Energy Investment Limited ("Resources J").

Pursuant to a Call Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Joint Venturer granted the Group a call option at a consideration of HK$1 to acquire 16% equity interest ("Call Option Shares") in Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by the Joint Venturer attributable for the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by the dividend received by the Joint Venturer in respect of the Call Option Shares, and the interest on dividend received by the Joint Venturer in respect of the Call Option Shares. The call option can be exercised on any business day within the period from 17 December 2015 to 1 January 2016 ("Call Option Period").

33 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP AND COMPANY *(continued)*

(a) *(continued)*

This call option is categorised as derivate financial instrument and the fair value changes should be recognised in profit and loss in subsequent periods. During the year ended 31 December 2014, HK$575,898,000 was recognised arising from the assessed fair value change of the call option. The fair value of this call option is determined based on the intrinsic value and time value of the options, using the dividend discount model. The fair value change has been recognised as "other gains - net" in the consolidated income statement.

The real discount rate used to compute the underlying value is 11%. Should the discount rate had been 1% higher/lower while holding other variables constant, the impact on profit or loss would have been decreased/increased by approximately HK$46,119,000 and HK$52,598,000, respectively. The higher the discount rate, the lower the assessed fair value.

In addition, pursuant to Put Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Group granted the Joint Venturer two put options at a consideration of HK$1. The first put option is to sell the 16% equity interest ("First Put Option Shares") in Resources J at a predetermined consideration. The first put option may be exercised on any business day within the period of 15 business days starting on the date that the Call Option Period expires, from 2 January 2016 to 17 January 2016. The second put option is to sell the 34% equity interest ("Second Put Option Shares") in Resources J at a pre-determined consideration. The second put option may only be exercised on any business day within a period of 15 business days starting on the 5th anniversary date of the commencement of the commercial operation of China Resources Power (Hezhou) Co., Limited ("CRP Hezhou"), when the first and the second power plants of CRP Hezhou having passed the 168-hours reliability test, as supported by certain document(s) issued by Southern Electricity Grid or its authorised branch, or any other competent authority in the PRC after the test is passed.

The consideration is pre-determined based on the capital contributed by the Joint Venture attributable for First/Second Put Options Shares plus the interest at a compound annual interest at 5.5%, reduced by the dividend received by the Joint Venture in respect of the First/Second Put Option Shares and the interest on dividend received by the Joint Venture in respect of the First/Second Put Option Shares. In the opinion of the directors of the Company, the fair value of the two put options was assessed not to be significant to the Group as at 31 December 2014.

33 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP AND COMPANY *(continued)*

(b) The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of certain of its floating-rate Hong Kong Dollars/United States Dollars denominated bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered most of the interest rate swaps are highly effective hedging instruments.

The fair value of a hedging derivative is classified as a non-current liability if the remaining maturity of the hedged item is more than 12 months and, as a current liability, if the maturity of the hedged item is less than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2014 were HK$8,002,000,000 (2013: HK$8,002,000,000). As at 31 December 2014, the fixed interest rates were contracted at a range from 1.12% to 2.325% (2013: 1.12% to 2.325%), and the main floating rates are HIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2014 will be continuously released to the consolidated income statement until the repayment of the bank borrowings (Note 32).

The movements in the carrying amount of cash flow hedges during the years are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January	**173,652**	322,344
Cash flow hedges – Effective portion:		
– Charged to other comprehensive income	**(63,371)**	(150,216)
Cash flow hedges – Ineffective portion:		
– Fair value losses/(gains)	**(18,039)**	1,524
At 31 December	**92,242**	173,652

The above derivatives are measured at fair value by making reference to the market value provided by the counterparty financial institutions.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative in the balance sheet.

34 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY

(a) Group

31 December 2014	Loans and receivables HK$'000	Assets at fair value through the profit &loss HK$'000	Derivative financial instruments HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet					
Available-for-sale investments	—	—	—	1,656,455	1,656,455
Derivative financial instruments	—	—	575,898	—	575,898
Loans to associates	809,229	—	—	—	809,229
Loans to joint ventures	371,575	—	—	—	371,575
Loan to a non-controlling shareholder of a subsidiary	17,113	—	—	—	17,113
Loan to an available-for-sale investee company	276,931	—	—	—	276,931
Amounts due from associates	106,025	—	—	—	106,025
Amounts due from joint ventures	120,181	—	—	—	120,181
Amounts due from other related companies	85,337	—	—	—	85,337
Trade and other receivables excluding prepayments	19,406,480	—	—	—	19,406,480
Financial assets at fair value through profit or loss	—	5,217	—	—	5,217
Cash and cash equivalents, and pledged bank deposits	9,057,568	—	—	—	9,057,568
Total	30,250,439	5,217	575,898	1,656,455	32,488,009

31 December 2014	Derivative financial instruments HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	100,432,860	100,432,860
Derivative financial instruments	92,242	—	92,242
Trade and other payables excluding non-financial liabilities	—	26,442,628	26,442,628
Amounts due to associates	—	730,760	730,760
Amounts due to joint ventures	—	1,881	1,881
Amounts due to other related companies	—	959,233	959,233
Total	92,242	128,567,362	128,659,604

34 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(a) Group *(continued)*

31 December 2013	Loans and receivables HK$'000	Assets at fair value through the profit &loss HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	—	1,375,876	1,375,876
Loans to associates	839,447	—	—	839,447
Loans to joint ventures	369,903	—	—	369,903
Loan to a non-controlling shareholder of a subsidiary	17,171	—	—	17,171
Loan to an available-for-sale investee company	277,860	—	—	277,860
Amounts due from associates	264,727	—	—	264,727
Amounts due from joint ventures	778,419	—	—	778,419
Amounts due from other related companies	41,329	—	—	41,329
Trade and other receivables excluding prepayments	17,398,415	—	—	17,398,415
Financial assets at fair value through profit or loss	—	2,956	—	2,956
Cash and cash equivalents, and pledged bank deposits	6,633,049	—	—	6,633,049
Total	26,620,320	2,956	1,375,876	27,999,152

31 December 2013	Derivative financial instruments HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	87,751,606	87,751,606
Derivative financial instruments	173,652	—	173,652
Trade and other payables excluding non-financial liabilities	—	25,372,360	25,372,360
Amounts due to associates	—	969,497	969,497
Amounts due to joint ventures	—	397,203	397,203
Amounts due to other related companies	—	4,997,201	4,997,201
Total	173,652	119,487,867	119,661,519

34 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company

31 December 2014	Loans and receivables HK$'000	Available-for-sale HK$'000	Derivative financial instruments HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	108,358	—	108,358
Derivative financial instruments	—	—	575,898	575,898
Loans to subsidiaries	6,963,466	—	—	6,963,466
Amounts due from associates	11,571	—	—	11,571
Amounts due from joint ventures	650	—	—	650
Amounts due from other related companies	43,051,381	—	—	43,051,381
Trade and other receivables excluding prepayments	116,824	—	—	116,824
Cash and cash equivalents	1,268,405	—	—	1,268,405
Total	51,412,297	108,358	575,898	52,096,553

31 December 2014	Derivative financial instruments HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	47,766,705	47,766,705
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to joint ventures	—	634	634
Amounts due to other related companies	—	1,654,069	1,654,069
Derivative financial instruments	92,242	—	92,242
Trade and other payables excluding non-financial liabilities	—	239,168	239,168
Total	92,242	55,496,326	55,588,568

34 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company *(continued)*

31 December 2013	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet			
Available-for-sale investments	—	108,358	108,358
Loans to subsidiaries	10,009,672	—	10,009,672
Amounts due from associates	11,607	—	11,607
Amounts due from other related companies	683,031	—	683,031
Amounts due from other related companies	37,007,010	—	37,007,010
Trade and other receivables excluding prepayments	125,121	—	125,121
Cash and cash equivalents	496,501	—	496,501
Total	48,332,942	108,358	48,441,300

31 December 2013	Derivative financial instruments HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	37,946,684	37,946,684
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to associates	—	99	99
Amounts due to other related companies	—	5,903,790	5,903,790
Derivative financial instruments	173,652	—	173,652
Trade and other payables excluding non-financial liabilities	—	184,139	184,139
Total	173,652	49,870,462	50,044,114

35 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP

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

	2014 HK$'000	2013 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	596,257	328,018
– Deferred income tax assets to be recovered within 12 months	142,856	166,475
	739,113	494,493
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(2,591,039)	(2,524,384)
– Deferred taxation liabilities to be settled within 12 months	(44,002)	(45,189)
	(2,635,041)	(2,569,573)
Deferred income tax liabilities (net)	(1,895,928)	(2,075,080)

The gross movement on the deferred income tax accounts is as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	(2,075,080)	(309,585)
Exchange differences	(12,702)	(21,774)
Relating to acquisition of subsidiaries (Note 47)	—	(1,813,894)
Credited to profit or loss (Note 42)	262,802	70,173
Charged to other comprehensive income (Note 42)	(70,948)	—
At 31 December	(1,895,928)	(2,075,080)

Notes to the Consolidated Financial Statements

35 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP *(continued)*

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

Deferred income tax assets	Accural expenses	Retirement benefit obligations	Impairment and provision	Government grant	Others	Total
As at 1 January 2013	84,186	68,336	35,699	63,496	22,885	274,602
Exchange differences	3,879	2,327	2,577	2,042	2,307	13,132
Relating to acquisition of subsidiaries (Note 47)	—	—	48,083	—	95,202	143,285
Credited/(charged) to profit or loss	78,410	11,783	43,978	3,418	(60,199)	77,390
As at 31 December 2013	166,475	82,446	130,337	68,956	60,195	508,409
Exchange differences	**(150)**	**(201)**	**(204)**	**(88)**	**(93)**	**(736)**
(Charged to)/credited to profit or loss	**(23,469)**	**140,769**	**56,435**	**12,768**	**57,958**	**244,461**
As at 31 December 2014	**142,856**	**223,014**	**186,568**	**81,636**	**118,060**	**752,134**

Deferred income tax liabilities	Accelerated tax depreciation	Fair value of mining rights	Fair value of prepaid lease payments	Fair value of property plant and equipment	Fair value changes of available for sale	Distributable profits of PRC subsidiaries, associates and ioint ventures	Mining fund (Note i)	Others	Total
As at 1 January 2013	(152,047)	(41,377)	(66,164)	(175,743)	—	(54,269)	(83,644)	(10,943)	(584,187)
Exchange differences	(5,535)	(1,446)	(1,706)	(19,909)	—	—	(5,119)	(1,191)	(34,906)
Relating to acquisition of subsidiaries (Note 47)	—	(1,795,238)	(11,220)	(150,721)	—	—	—	—	(1,957,179)
(Charged to)/credited to profit or loss	(13,958)	78,178	7,349	66,287	—	(50,070)	(76,997)	(18,006)	(7,217)
As at 31 December 2013	(171,540)	(1,759,883)	(71,741)	(280,086)	—	(104,339)	(165,760)	(30,140)	(2,583,489)
Exchange differences	**(992)**	**(8,357)**	**(336)**	**(1,300)**	—	—	**(843)**	**(138)**	**(11,966)**
(Charged to)/credited to profit or loss	**(14,197)**	**36,986**	**4,034**	**29,032**	—	**(41,393)**	**2,456**	**1,423**	**18,341**
Charged to other comprehensive income	—	—	—	—	**(70,948)**	—	—	—	**(70,948)**
As at 31 December 2014	**(186,729)**	**(1,731,254)**	**(68,043)**	**(252,354)**	**(70,948)**	**(145,732)**	**(164,147)**	**(28,855)**	**(2,648,062)**

Note i:

Pursuant to certain regulations in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital reserve account and such fund is not available for distribution to shareholders (see Note 25(a) for details). Such amounts are deductible for tax purposes when they are set aside but are expensed for accounting purposes only when they are utilised. Therefore, a deferred tax liability is recorded for such temporary differences.

At 31 December 2014, the Group did not recognise deferred income tax assets in respect of losses amounting to HK$3,224,956,000 (2013: HK$1,741,446,000) and deductible temporary differences amounting to HK$6,840,830,000 (2013: HK$987,784,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2014 are losses of approximately HK$2,781,851,000 (2013: HK$1,298,341,000) that will expire within 5 years from the year of originating, in or before 2018. Other losses may be carried forward indefinitely.

35 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP *(continued)*

Under the Enterprise Income Tax ("EIT") Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. The directors of the Company believe that the Group has sufficient funds in the overseas companies within the Group and therefore the Company will not require certain PRC subsidiaries to declare dividends in the foreseeable future out of their profits earned from 1 January 2008 onwards to 31 December 2014. Accordingly, the Group did not recognise withholding tax liabilities for profits retained by certain PRC subsidiaries amounting to HK$28,661,019,000 (2013: HK$29,572,362,000) for the years from 2008 to 2014.

36 DEFERRED INCOME

Deferred income mainly represents subsidies granted by certain PRC governmental departments (Note 37(i)). As at 31 December 2014, government grants of HK$43,956,000 (31 December 2013: HK$21,636,000) was charged to the consolidated income statement.

37 OTHER INCOME

	2014 HK$'000	2013 HK$'000
Sales of scrap materials	**736,810**	645,222
Government grant (i)	**319,490**	356,758
Interest income	**230,629**	196,198
Dividend income from available-for-sale investments (ii)	**235,930**	199,845
Service income	**217,703**	160,229
Management fee income	**103,652**	87,555
Others	**213,674**	202,844
	2,057,888	1,848,651

(i) During the year ended 31 December 2014, the Group received grants from certain PRC governmental departments to subsidize supply of heat at high operating costs amounting to HK$151,780,000 (2013: HK$120,889,000). There were no ongoing obligations or conditions attached with these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2014, the Group received grants amounting to HK$80,862,000 (2013: HK$151,983,000), from the PRC government, which were used for encouraging the operations of certain PRC subsidiaries to their increase in supply of electricity and grants for encouraging the development of environmental friendly electricity generation, amounting to HK$20,566,000 (2013: HK$31,730,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2014, the Group received grants from certain PRC governmental departments to compernsate the high operating costs incurred by the Group amounting to HK$22,326,000 (2013: HK$30,520,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2014, the government grants relating to assets are credited to other income amounting to HK$43,956,000 (2013: HK$21,636,000).

(ii) During the year ended 31 December 2014, all dividend income was derived from unlisted investments.

38 OTHER GAINS - NET

	2014 HK$'000	2013 HK$'000
Net exchange (losses)/gains	**(113,991)**	893,411
Fair value changes on derivative financial instruments	**593,936**	(1,524)
Fair value changes on financial assets at fair value through profit or loss	**2,269**	(844)
Net gains/(losses) on disposal of property, plant and equipment	**12,674**	(107,768)
Net gains on disposal of prepaid lease payments	**101,792**	8,163
Net gains/(losses) on disposal of equity investments	**275,868**	(20,067)
Others	**40,395**	89,968
	912,943	861,339

39 EMPLOYEE BENEFIT EXPENSES

	2014 HK$'000	2013 HK$'000
Wages, salaries and bonus	**4,060,208**	3,696,410
Pension costs - retirement benefit schemes (Note 40(i)& (ii))	**727,653**	657,544
Termination benefit costs (Note 40(iii))	**426,296**	430,382
	5,214,157	4,784,336

(i) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year ended 31 December 2014 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Jun Qing (a)	—	5,690	281	—	5,971
Wang Yu Jun (b)	—	1,303	51	—	1,354
Zhang Shen Wen	—	4,030	77	—	4,107
Wang Xiao Bin	—	3,435	77	—	3,512
Anthony H. Adams (c)	165	—	—	—	165
Chen Ji Min (d)	134	—	—	—	134
Ma Chiu Cheung, Andrew	300	—	—	—	300
Leung Oi-sie	300	—	—	—	300
Ch'ien Kuo Fung	300	—	—	—	300
Huang Daoguo (f)	43	—	—	—	43
Chen Ying	70	—	—	—	70
So Chak Kwong (e)	167	—	—	—	167
Wang Yan (g)	27	—	—	—	27
	1,506	14,458	486	—	16,450

(a) Ms. Zhou Jun Qing is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

(b) Mr Wang Yu Jun resigned from his position as an Executive Director and the chief excecutive of the Group on 22 September 2014.

(c) Mr Adams resigned from his position as a Non-Executive Director on 18 July 2014.

(d) Mr Chen Ji Min resigned from his position as a Non-Executive Director on 11 June 2014.

(e) Mr So Chak Kwong was appointed as a Non-Executive Director on 11 June 2014.

(f) Mr Huang Daoguo resigned from his position as a Non-Executive Director on 13 August 2014.

(g) Ms Wang Yan was appointed as Non-Executive Director on 13 August 2014.

39 EMPLOYEE BENEFIT EXPENSES *(continued)*

(i) Directors' and chief executive's emoluments *(continued)*

The remuneration of each director and the chief executive for the year ended 31 December 2013 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Jun Qing	—	5,218	281	—	5,499
Wang Yu Jun**	—	4,037	65	—	4,102
Zhang Shen Wen	—	4,344	75	—	4,419
Wang Xiao Bin	—	4,256	75	—	4,331
Anthony H. Adams	217	—	—	—	217
Chen Ji Min	217	—	—	—	217
Ma Chiu Cheung, Andrew	217	—	—	—	217
Leung Oi-sie	217	—	—	—	217
Ch'ien Kuo Fung	217	—	—	—	217
Huang Daoguo	70	—	—	—	70
Chen Ying	70	—	—	—	70
	1,225	17,855	496	—	19,576

** Mr. Wang Yu Jun is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

During the year, no remuneration has been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

No directors have waived any remuneration during the year.

39 EMPLOYEE BENEFIT EXPENSES *(continued)*

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company and its subsidiaries for the year include two (2013: four) directors whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining three (2013: one) individuals during the year are as follows.

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**5,546**	1,836
Bonus	**5,695**	2,701
Post-employment benefits	**210**	75
	11,451	4,612

Emoluments of these three (2013: one) individuals are within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$3,500,001 to HK$4,000,000	**2**	—
HK$4,000,001 to HK$4,500,000	**1**	—
HK$4,500,001 to HK$5,000,000	—	1

40 RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS SCHEMES

	2014 HK$'000	2013 HK$'000
Retirement benefit schemes - Hong Kong (i)	**3,297**	2,746
Retirement benefit schemes - PRC (ii)	**724,356**	654,798
Termination benefit (iii)	**426,296**	430,382
	1,153,949	1,087,926

(i) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(ii) PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The amounts charged to the consolidated income statement and capitalised in the construction in progress are HK$724,356,000 (2013: HK$654,798,000) and HK$65,340,000 (2013: HK$12,278,000), respectively.

40 RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS SCHEMES

(continued)

(iii) Termination benefit

(a) For certain selected employees of Jinzhou Power Company, Hunan Liyujiang, Shenyang Power Company, Hunan CR Coal, and China Resources Power Maintenance Henan employed by the vendors of the businesses as at respective acquisition dates (the "Pre-acquisition Employees"), the Group has offered early retirement packages to those who met certain specified criteria and accepted voluntary redundancy. Such arrangement required specific approval granted by management of the Group. The Group is obliged to pay such termination benefits to those early retired employees (i.e. retired before their statutory retirement age), who had been working for more than 30 years or in accordance with the respective entities' early retirement policy. These early retired employees are entitled to certain monthly benefits up to their statutory retirement age.

These obligations were provided for by the Group at the present value of the total expected benefit payments. Where the obligation does not fall due within twelve months, the obligation payable has been discounted using a pre-tax rate that reflects management's current market assessment of the time value of money and risk specific to the obligation (the discount rate was determined with reference to market yields at the balance sheet date on treasury bonds in the PRC). The amount of these obligations charged to the consolidated income statement for the year ended 31 December 2014 is HK$87,275,000 (2013: HK$72,134,000).

As at 31 December 2014, the carrying amount of these termination benefit payable in current and the non-current portion are approximately HK$17,730,000 (2013: HK$55,574,000) (Note 29(ii)) and HK$86,177,000 (2013: HK$67,789,000), respectively.

(b) Separate from above arrangements with the Pre-acquisition Employees, in 2013, Jinzhou Power Company performed a restructure and offered a termination benefit package to those employees who have accepted voluntary redundancy. These employees are entitled to certain monthly benefits up to their statutory retirement age. These obligations were provided for by the Group at the present value of the total expected benefit payments. Where the obligation does not fall due within twelve months, the obligation payable has been discounted using a pre-tax rate that reflects management's current market assessment of the time value of money and risk specific to the obligation (the discount rate was determined with reference to market yields at the balance sheet date on treasury bonds in the PRC). The amount of these obligations charged to the consolidated income statement for the year ended 31 December 2014 is HK$339,021,000 (2013: HK$358,248,000).

As at 31 December 2014, the carrying amount of these termination benefit payable in current and the non-current portion are approximately HK$85,362,000 (2013: HK$39,240,000) (Note 29(ii)) and HK$540,220,000 (2013: HK$319,008,000), respectively.

41 FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interests on bank and other borrowings		
– wholly repayable within five years	**2,583,727**	2,938,563
– not wholly repayable within five years	**878,440**	118,296
Interests on corporate bonds		
– wholly repayable within five years	**693,311**	498,546
– not wholly repayable within five years	**136,785**	356,059
Interests on loans from related parites		
– wholly repayable within five years	**15,451**	86,000
Others	**109,667**	101,738
	4,417,381	4,099,202
Less: Interests capitalised in property, plant and equipment	**(1,091,894)**	(770,986)
	3,325,487	3,328,216

Borrowing costs capitalised during the year arose on funds borrowed specifically for the purpose of obtaining qualifying assets and on the general borrowing pool which are calculated by applying a capitalisation rate of 5.88% (2013: 5.30%) per annum to expenditures incurred on qualifying assets.

42 INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Current income tax		
– PRC enterprise income tax	**4,553,590**	3,622,109
Deferred income tax (Note 35)	**(262,802)**	(70,173)
	4,290,788	3,551,936

No provision for Hong Kong profits tax has been made as the Group had no taxable profit in Hong Kong or incurred tax losses for both years.

PRC enterprise income tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to certain subsidiaries in the PRC.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain wind power plant projects of the Group, which were set up after 1 January 2008, are entitled to a tax holiday of a three-year full exemption, followed by a three-year 50% exemption of enterprise income tax, commencing from their first turnover-making year.

42 INCOME TAX EXPENSE *(continued)*

Pursuant to CaiShui [2011] No. 58 Notice on Tax Policy Issues concerning Further Implementing the Western China Development Strategy, certain entities of the Company's PRC subsidiaries, which are located in the western regions of the PRC, are entitled to a tax holiday of a two-year full PRC enterprise income tax exemption, followed by a three-year 50% exemption commencing from their first year of reporting turnover and can enjoy a preferential income tax rate of 15% after the tax holiday.

In addition, certain of the Company's PRC subsidiaries are entitled to certain tax credit ("Tax Credit") against its assessable EIT, which is calculated as 10% of the current year's purchases and use of specific environmental friendly, water and energy-saving, safety-enhanced equipment in the Group's electricity generation business. The portion of Tax Credit that has not been utilised in the current period can be carried forward for future tax credit over a period of not more than five years.

The reconciliation of the effective income tax rate from the statutory income tax rate is as follows:

	2014 HK$'000	2013 HK$'000
Profit before income tax	**11,184,405**	16,137,229
Calculated at a tax rate of 25% (2013: 25%)	**2,796,101**	4,034,307
Income not subject to tax	**(116,924)**	(540,197)
Expenses not deductible for tax purposes	**457,905**	426,725
Tax exemptions and concessions granted to PRC subsidiaries	**(359,307)**	(310,748)
Reduction of tax in respect of tax credit	**(380,069)**	(792,770)
Unrecognised deductible temporary differences	**1,364,695**	246,946
Unrecognised tax losses	**472,923**	263,880
Utilisation of previously unrecognised tax losses	**(102,046)**	(12,933)
Withholding tax on the earnings remitted/anticipated to be remitted by certain subsidiaries/associates	**157,510**	236,726
	4,290,788	3,551,936

Tax rate of 25% (2013: 25%) is adopted for the taxation reconciliation as such tax rate is applicable to most of the Group's operations in the PRC for the year.

42 INCOME TAX EXPENSE *(continued)*

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2014 Before tax HK$'000	2014 Tax (charge)/ credit HK$'000	2014 After tax HK$'000	2013 Before tax HK$'000	2013 Tax (charge)/ credit HK$'000	2013 After tax HK$'000
Exchange differences	**(198,087)**	**—**	**(198,087)**	2,217,253	—	2,217,253
Share of other comprehensive income of investments accounted for using equity method	**(23,937)**	**—**	**(23,937)**	188,065	—	188,065
Cash flow hedge	**63,371**	**—**	**63,371**	150,216	—	150,216
Fair changes of available for sale investments	**283,792**	**(70,948)**	**212,844**	—	—	—
Other comprehensive income	**125,139**	**(70,948)**	**54,191**	2,555,534	—	2,555,534
Current tax		**—**			—	
Deffered tax		**(70,948)**			—	
		(70,948)			—	

43 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 excluding ordinary shares purchased by the Company and held as treasury shares (Note 27).

	2014 HK$'000	2013 HK$'000
Profit attributable to owners of the Company	**9,214,858**	11,015,526
Weighted average number of ordinary shares in issue (thousands)	**4,756,556**	4,742,484

(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. For the 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 number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

43 EARNINGS PER SHARE *(continued)*

	2014 HK$'000	2013 HK$'000
Earnings		
Profit attributable to owners of the Company	**9,214,858**	11,015,526
Weighted average number of ordinary shares in issue (thousands)	**4,756,556**	4,742,484
Adjustments for:		
– Share options (thousands)	**11,815**	20,840
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**4,768,371**	4,763,324

44 DIVIDENDS

The dividends paid in 2014 and 2013 were HK$3,567,009,000 and HK$2,514,884,000 respectively. A final dividend in respect of the year ended 31 December 2014 of HK$0.7 per share, amounting to a total dividend of HK$3,332,997,000 is to be proposed at the annual general meeting on 8 June 2015. These financial statements do not reflect this dividend payable.

	2014 HK$'000	2013 HK$'000
Dividend recognised as distribution during the year (i):		
Final dividend for 2013 of HK$0.67 (2013: for 2012 of HK$0.45) per share on 4,755,696,000 (2012: 4,744,311,000) shares	**3,186,316**	2,134,940
Interim dividend for 2014 of HK$0.08 (2013: HK$0.08) per share on 4,758,663,000 (2013: 4,749,296,000) shares	**380,693**	379,944
	3,567,009	2,514,884
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2014 of HK$0.7 (2013: HK$0.67) per share	**3,332,997**	3,184,988
	6,900,006	5,699,872

(i) During the year ended 31 December 2014, dividends recognised as distributions amounted to HK$3,567,009,000 (2013: HK$2,514,884,000). They were stated after elimination of HK$28,501,000 (2013: HK$20,141,000) paid for shares held by the Medium to Long-term Performance Evaluation Incentive Plan, which is a share award scheme of the Group (Note 27).

The aggregate amounts of the dividends paid and proposed have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

45 CASH GENERATED FROM OPERATIONS

	2014 **HK$'000**	2013 HK$'000
Profit before income tax	**11,184,405**	16,137,229
Adjustments for:		
Depreciation for property, plant and equipment (Note 6)	**8,256,297**	6,915,411
Amortisation of mining rights (Note 8(a))	**282,680**	389,339
Amortisation of prepaid lease payments (Note 7)	**60,566**	66,718
Impairment charges on property, plant and equipment (Note 6) *	**3,096,692**	801,220
Impairment charges on prepaid lease payments (Note 7) *	**16,422**	—
Impairment charges on mining rights (Note 8(a)) *	**2,925,850**	27,619
Impairment charges on goodwill (Note 12) *	**—**	949,652
Impairment charges on investments in associates (Note 10) *	**—**	46,723
Impairment charges on inventories (Note 15) *	**33,413**	78,180
Provision for impairment of doubtful accounts (Note 16) *	**22,015**	93,663
Exchange losses/(gains) (Note 38)	**113,991**	(893,411)
Interest expense (Note 41)	**3,273,007**	3,328,216
Interest income (Note 37)	**(230,629)**	(196,198)
Fair value changes on financial assets at fair value through profit or loss (Note 38)	**(2,269)**	844
Fair value changes on derivative financial instruments (Note 38)	**(593,936)**	1,524
Share of results of associates	**1,177,765**	(1,205,388)
Share of results of joint ventures	**(467,461)**	(755,556)
Dividends received from available-for-sale investments (Note 37)	**(235,930)**	(199,845)
Net (gains)/losses on disposal of property, plant and equipment (Note 38)	**(12,674)**	107,768
Net gains on disposal of prepaid lease payments (Note 38)	**(101,792)**	(8,163)
Net (gains)/losses on disposal of equity investments (Note 38)	**(275,868)**	20,067
Changes in working capital:		
Decrease in inventories	**86,649**	22,641
Increase in trade receivables, other receivables and prepayments	**(1,094,571)**	(2,284,891)
Increase in trade payables, other payables and accruals	**3,162,598**	2,810,749
Increase in retirement and other long-term employee benefits obligations	**247,878**	316,140
Cash generated from operations	**30,925,098**	26,570,251

* Total impairment provisions charged to the consolidated income statement for the year ended 31 December 2014 is HK$6,094,392,000 (2013: HK$1,997,057,000).

45 CASH GENERATED FROM OPERATIONS *(continued)*

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2014 HK$'000	2013 HK$'000
Net book amount (Note 6)	**445,959**	156,247
Net gains/(losses) on disposal of property, plant and equipment (Note 38)	**12,674**	(107,768)
Proceeds from disposal of property, plant and equipment	**458,633**	48,479

In the statement of cash flows, proceeds from sale of prepaid lease payments comprise:

	2014 HK$'000	2013 HK$'000
Net book amount (Note 7)	**29,152**	1,886
Net gains on disposal of prepaid lease payments (Note 38)	**101,792**	8,163
Proceeds from disposal of prepaid lease payaments	**130,944**	10,049

46 COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group		**Company**	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Contracted for but not provided in the financial statements				
– Capital expenditure in respect of the additions of property, plant and equipment	**17,798,130**	22,687,076	—	—
– Capital expenditure in respect of the acquisition of mining/exploration rights	**7,268,648**	7,293,017	—	—
– Capital expenditure in respect of the acquisition of intangible assets	**61,976**	—	—	—
– Unpaid capital contribution to subsidiaries	—	—	**555,253**	3,687,256
	25,128,754	29,980,093	**555,253**	3,687,256

46 COMMITMENTS *(continued)*

(ii) Operating lease commitments - Group and Company as lessee

The Group and the Company have various land and buildings, office premises and other assets under non-cancellable operating lease agreements. The lease terms of the Group's and Company's agreement are between one to ten years and three years, respectively.

Total future minimum lease payments under non-cancelable operating leases are as follows:

Group	**2014** Land and buildings HK$'000	**2014** Others HK$'000	2013 Land and buildings HK$'000	2013 Others HK$'000
No later than 1 year	**51,609**	**144,774**	22,497	44,135
Later than 1 year and no later than 5 years	**73,524**	**286,876**	37,355	82,838
Later than 5 years	**41,779**	**105,983**	—	96,409
	166,912	**537,633**	59,852	223,382

Company	**2014** Land and buildings HK$'000	2013 Land and buildings HK$'000
No later than 1 year	**4,903**	7,478
Later than 1 year and no later than 5 years	—	13,087
	4,903	20,565

47 BUSINESS COMBINATION

(a) On 30 May 2013, the Group acquired the entire equity interests of Elite Wing Limited and its subsidiaries ("the Wind Farm Group") from a fellow subsidiary, Thriving Choice Limited, at a total cash consideration of approximately HK$4,286.8 million, together with interest expenses that would accrue thereon the amount from completion of the acquisition until payment is made. The Wind Farm Group mainly comprises 30 wind power generation companies, which are engaged in the development and operations of wind farms in ten provinces of the PRC.

The acquired business contributed revenue of approximately HK$602,978,000 and net profit of approximately HK$239,341,000 to the Group for the period from 31 May 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, consolidated revenue and net profit of the Group for the year ended 31 December 2013 would have been HK$69,959,739,000 and HK$12,845,865,000 respectively.

The following table summarises the consideration payable for the acquisition of Wind Farm Group, and the fair value of the assets acquired and liabilities assumed recognised at the acquisition date.

47 BUSINESS COMBINATION *(continued)*

	HK$'000
Purchase consideration:	
– Cash payable to an intermediate holding company (Note 31)	4,286,807

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$'000
Property, plant and equipment	8,139,278
Prepaid lease payment	58,665
Prepayments for non-current assets	430,577
Deferred income tax assets	2,095
Trade and other receivables	269,628
Cash and cash equivalents	325,933
Borrowings	(3,502,699)
Other long-term liabilities	(103,015)
Trade and other payables	(1,333,655)
Total identifiable net assets	4,286,807
Goodwill	—

(b) On 5 March 2013, AACI SAADEC (HK) Holdings Limited ("AACI(HK)"), a wholly-owned subsidiary of the Company, entered into an Equity Interest Transfer Agreement with Shanxi Lanhua Science and Technology Company Ltd. (山西蘭花科技創業股份有限公司) ("the Purchaser"), one of the equity owners of Shanxi China Resources-Daning (the "TargetCo"), a then associate of the Group. Pursuant to which, the Purchaser agreed to purchase 5% equity interest of the TargetCo from AACI (HK) for a total consideration of RMB384,525,669 (approximately HK$474,339,000), in which included the retained earnings in respect of the 5% equity interest of the TargetCo as of 31 March 2011 in the amount of RMB109,730,267 (approximately HK$135,360,000). The Purchaser also confirmed that AACI(HK) was entitled to the retained earnings in respect of the 5% equity interest of the TargetCo from 1 April 2011 to 30 June 2012 in the amount of RMB46,553,808 (approximately HK$57,427,000). Prior to the acquisition date, AACI(HK) held 56% equity interest of the TargetCo. After the transaction, AACI(HK) holds 51% equity interest of the TargetCo.

On the same date, the Purchaser also entered into an Acting in Concert Undertaking with AACI(HK), which mandates the director representatives sent/to be sent by Purchaser to the TargetCo should vote in board resolutions and meetings according to the directions of AACI(HK). As a result, the board of directors of the Company assess that control of the TargetCo had been transferred to the Group and the TargetCo became a subsidiary of the Group from that date onwards.

The acquired business contributed revenue of approximately HK$2,385,620,000 and net profit of approximately HK$790,906,000 to the Group for the period from 6 March 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, consolidated revenue and net profit of the Group for the year ended 31 December 2013 would have been HK$70,035,480,000 and HK$12,645,106,000 respectively.

47 BUSINESS COMBINATION *(continued)*

The following table summarises the consideration for the acquisition of 51% equity interest in the TargetCo, and the fair value of the assets acquired, liabilities assumed and non-controlling interest recognised at the acquisition date.

	HK$'000
Purchase consideration:	
– Fair value of 51% equity interest in the TargetCo held by the Group at the acquisition date	6,181,946
– Fair value of 5% equity interest in the TargetCo held by the Group at the acquisition date	545,466
Less: total consideration received on disposal of 5% equity interest	(531,766)
Total consideration	6,195,646

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$'000
Property, plant and equipment	1,788,101
Prepaid lease payments	32,038
Mining rights	7,073,012
Investments in joint ventures	82,631
Deferred income tax assets	141,190
Other non-current assets	1,210
Inventories	188,482
Trade and other receivables	859,892
Loans to joint ventures	355,253
Cash and cash equivalents	4,681,565
Deferred income tax liabilities	(1,957,179)
Trade and other payables	(544,439)
Current income tax liabilities	(615,064)
Total identifiable net assets	12,086,692
Less: Non-controlling interest	(5,891,046)
Total identifiable net assets attributable to owners of the Company	6,195,646
Goodwill	—

Outflow of cash to acquire business, net of cash acquired

	The Wind Farm Group HK$'000	Shanxi China Resources-Daning HK$'000
– Cash consideration paid in 2013	—	—
– Cash and cash equivalents balance acquired	**325,933**	**4,681,565**
– Net cash flow on acquisition	**325,933**	**4,681,565**

48 AUDITORS' REMUNERATION

Auditors' remuneration for the year ended 31 December 2014 was approximately HK$10,211,000 (2013: HK$8,267,000).

49 RELATED PARTY TRANSACTIONS

(a) The Company entered into two trademark licence agreements dated 17 October 2003 with CRNC and CRH, respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of a nominal amount of HK$1 each.

(b) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2014 HK$'000	2013 HK$'000
Salaries and other short-term employee benefits	44,515	44,960
Post-employment benefits	916	881
	45,431	45,841

(c) Other than disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties during the year:

Name of related company	Relationship	Nature of transactions	2014 HK$'000	2013 HK$'000
China Resources Co., Ltd. ("CRC")	Intermediate holding company	Interest expense	6,362	—
		Disposal of a subsidiary	39,393	—
CRH	Intermediate holding company	Interest expense (Note 31)	8,973	42,553
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense	8,416	5,152
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense	10,750	7,686
Taiyuan China Resources Coal	Associate	Interest income (Note 10(b))	66,127	37,636
		Sales of coal	163	386,232
		Purchase of coal	—	145,532
Shanxi Jinrun Coal and Power Co., Ltd.	Associate	Interest expense (Note 30 (i))	15,437	—

49 RELATED PARTY TRANSACTIONS *(continued)*

(c) Other than disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties during the year: *(continued)*

Name of related company	Relationship	Nature of transactions	2014 HK$'000	2013 HK$'000
Certain subsidiaries of China Resources Cement Holdings Limited	Fellow subsidiaries	Sales of de-sulphur gypsum	**2,952**	3,596
		Sales of ash and slag	**9,797**	15,878
		Purchase of limestone powder	**2,631**	3,329
		Sales of carbon emission permit	**12,976**	—
		Sales of coal	**3,300**	—
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	**60,486**	30,000
Jiangsu Zhenjiang Power Generation	Associate	Sales of coal	**528,862**	1,744,129
		Sales of power	**9,301**	62,798
		Interest income (Note 10(b))	**18,978**	10,140
		Providing agency service fee	**21,274**	7,795
		Purchase of power volume quota	**60,234**	—
CR Xuzhou Electric Power	Associate	Sales of coal	**31,870**	169,084
		Sales of power	**186,706**	107,509
		Providing agency service fee	**21,182**	21,412
		Interest income (Note 10(b))	**19,155**	15,510
		Providing maintenance service	**20,498**	7,183
Thriving Choice Limited	Fellow subsidiary	Interest expense	**6,478**	43,447
Nanjing Yanjiang Heating Power Co.,Ltd.	Associate	Sales of heat	**92,633**	16,990

49 RELATED PARTY TRANSACTIONS *(continued)*

(c) Other than disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties during the year: *(continued)*

Name of related company	Relationship	Nature of transactions	2014 HK$'000	2013 HK$'000
China Resouces Power Hezhou Co., Ltd.	Joint venture	Management fee income	**48,262**	14,337
		Interest expense	**3,714**	1,350
		Providing maintenance service	**24,113**	11,620
Yangcheng Asia-america Daling Railway operation Co., Ltd.	Joint venture	Interest income (Note 11(b))	**23,919**	23,941
Shanxi Lanhua Daning Electric Power Co., Ltd.	Joint venture	Interest income (Note 11(b))	**1,978**	956
Chongqing Energy (Guizhou) Coal and Power Co., Ltd.	Associate	Interest income (Note 10(b))	—	4,836
China Resources Energy Service Co., Ltd.	Fellow subsidiary	Contract environment management fee, contract energy management fee and exclusive operation fee	**69,834**	—
China Resources Bank of Zhuhai Company Limited	Fellow subsidiary	Interest expense paid (Note 32)	**4,166**	—
		Interest income received (Note 22)	**6,565**	4,343
Tianjin Zhonghai CR Marine	Joint venture	Purchase of coal transportation service	**16,818**	—

49 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions/balances with other state-controlled entities

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the Chinese government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under CRNC, ultimate holding company of the Company, which is controlled by the Chinese State government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with other state-controlled entities during the ordinary course of its business. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

The Group operates power plants in the PRC and sells all its electricity to the power grid companies which are state-controlled entities in the PRC. The Group also purchases/sells significant amounts of coal from/to certain state-controlled entities. Furthermore, the Group has certain borrowings and deposits with certain banks which are state-controlled entities in its ordinary course of business. The Group has also entered into various transactions, including other operating expenses with other state-controlled entities which individually and collectively were insignificant during the period.

50 CONTINGENCY

As at 31 December 2014, the Group provided certain guarantees amounting to HK$1,051,518,000 to its related parties (Notes 10 and 11).

In addition, there were certain pending litigations and claims against the Group as of 31 December 2014. After consulting the legal counsels, the directors are of view that the likelihood of any material financial impact to the Group is remote, therefore, no provisions have been made in light of such litigations and claims.

51 EVENTS AFTER THE BALANCE SHEET DATE

Other than disclosed elsewhere in the financial statements, the Group had no other significant subsequent event.

Corporate Information

Chairman & President	Zhou Junqing
Executive Directors	Zhou Junqing Zhang Shen Wen Wang Xiao Bin
Non-executive Directors	Du Wen Min Wei Bin Chen Ying Wang Yan
Independent Non-executive Directors	Andrew Ma Chiu Cheung Elsie Leung Oi-Sie Raymond K.F. Ch'ien Jack So Chak Kwong
Company Secretary	Wang Xiao Bin
Auditors	Pricewaterhouse Coopers
Legal Advisor	Morrison & Foerster
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
Registered Office	Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, General Line: (852) 2593 7530 Facsimile: (852) 2593 7531

Informational for Investors

SHARE LISTING AND STOCK CODE

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

FINANCIAL DIARY

Financial year end	31 December 2014
Announcement of final results	19 March 2015
Last day to register for final dividend	15 June 2015
Book close	3 June 2015 to 8 June 2015
Payment of final dividend	on or about 23 June 2015

SHAREHOLDER ENQUIRIES

For enquires about share transfer and registration, please contact the Company's Share Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
Telephone: (852) 2862 8628
Facsimile: (852) 2865 0990

For enquires from investors and securities analysts, please contact:

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OUR WEBSITE

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