華能新能源股份有限公司
Huaneng Renewables Corporation Limited *

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0958)

2012 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2012:

- Revenue amounted to RMB4,026.9 million, representing an increase of 26.0% compared to the previous year.
- Profit for the year amounted to RMB601.1 million, representing a decrease of 45.7% compared to the previous year.
- Profit attributable to shareholders of the Company amounted to RMB557.9 million, representing a decrease of 45.5% compared to the previous year.
- Earnings per share amounted to RMB0.0661, representing a decrease of 53.0% compared to the previous year.

The Board recommended the payment of a final dividend of RMB0.015 per ordinary share (tax inclusive) in cash.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Huaneng Renewables Corporation Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2012. The results were prepared based on the consolidated financial statements, which were prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance.

For the year ended 31 December 2012, the Group achieved revenue of RMB4,026.9 million, representing an increase of 26.0% compared to the previous year. The profit attributable to shareholders of the Company was RMB557.9 million, representing a decrease of 45.5% compared to the previous year. Earnings per share amounted to RMB0.0661.

The Board recommended the payment of a final dividend in cash of RMB0.015 per ordinary share (tax inclusive) to shareholders of the Company. All dividends will be paid after shareholders' approval is obtained at the Company's annual general meeting proposed to be held before the end of June 2013.

Details of the Group's operating results are set out in the financial information appended to this announcement.

2012 BUSINESS REVIEW

In 2012, China's economic growth slowed down with slower power consumption growth compared to the previous year. The first three quarters of 2012 saw slower power consumption growth while the fourth quarter of 2012 saw a general steady recovery. Grid congestion intensified in certain regions and carbon credit prices in international markets dropped significantly. Under such a complex and volatile business environment, the management and employees of the Company made joint and innovative efforts to maintain safety production, improve economic efficiency, optimize business distribution and strengthen management capabilities so as to ensure healthy, efficient, sustainable and rapid development of the Company.

1. Maintain safety production and consistent growth of power generation

In 2012, the Company conducted a thorough assessment of equipment-related potential risks, reassured the management of its wind power turbines beyond warranty period, and strived to improve its operation and management capabilities. The Company fully completed the low voltage ride-through upgrading of its wind farms, thereby increasing the safety and stability of its equipment through technical innovation. At the same time, the Company reinforced marketing efforts to improve analysis of the power market, communications and coordination with power grid operators, and conducted multi-level marketing initiatives to resolve bottleneck issues relating to grid congestion with the aim of increasing power generation and achieving a leading position in terms of utilization hours in each regional market.

In 2012, the gross power generation of the Company amounted to 8,402.3 GWh, representing an increase of 22.8% compared with the previous year. The increase in power generation was primarily attributable to the growth of installed capacity as well as consistent improvement in operation and management capabilities.

The gross power generation of the Company's wind farms by region in 2011 and 2012 is set out as follows:

	Gross power generation *(MWh)*		
Region	**2012**	2011	Change
Inner Mongolia	**1,892,559.6**	2,623,142.7	–27.9%
Liaoning	**1,916,520.4**	1,647,803.4	16.3%
Shandong	**1,403,213.3**	1,206,819.3	16.3%
Yunnan	**930,827.5**	468,761.9	98.6%
Shanxi	**563,596.0**	92,908.1	506.6%
Guizhou	**339,863.8**	56,704.1	499.4%
Guangdong	**390,126.8**	200,979.6	94.1%
Hebei	**399,778.4**	210,856.7	89.6%
Xinjiang	**341,275.7**	332,338.7	2.7%
Shanghai	**122,078.5**	3,300.0	3,599.3%
Jilin	**90,097.7**	770.5	11,593.4%
Shaanxi	**12,397.7**	—	—
Total	**8,402,335.4**	6,844,385.0	22.8%

The weighted average utilization hours of the Company's wind farms in 2012 was 1,774 hours, representing a decrease of 9.6% from 2011, which was primarily attributable to intensified grid congestion in some regions in 2012. The weighted average utilization hours of the Company's wind farms by region in 2011 and 2012 are set out as follows:

	Weighted average utilization hours ***(hour)***		
Region	**2012**	2011	Change
Inner Mongolia	**1,135**	1,710	–33.6%
Liaoning	**1,929**	2,104	–8.3%
Shandong	**1,936**	2,011	–3.7%
Yunnan	**2,758**	2,532	8.9%
Shanxi	**2,126**	1,491	42.6%
Guizhou	**2,335**	2,343	–0.3%
Guangdong	**2,359**	2,733	–13.7%
Hebei	**1,952**	1,699	14.9%
Xinjiang	**3,447**	3,357	2.7%
Shanghai	**2,044**	—	—
Jilin	**2,157**	—	—
Shaanxi	**2,421**	—	—
Total	**1,774**	1,962	–9.6%

Note: As of 31 December 2011, the projects located in Shanghai and Jilin province were still in commissioning period, therefore, they were not included in the calculation of weighted average utilization hours.

2. Gradual improvement of infrastructure management and further optimization of project layout

In 2012, the Company overhauled its infrastructure management capabilities and completed a number of high quality wind power projects by focusing on cost control and a thoroughly refined management process. The Huaneng Xinjiang Santanghu Wind Farm Phases I and II received quality construction awards of power industry, and the Huaneng Shandong Hekou Wind Farm Phases I to IV Project received national silver quality construction awards. With a focus on economic efficiency, the Company also rebalanced its wind power development and construction by focusing on regions with quality wind resources and favorable on-grid access conditions.

As of 31 December 2012, the Company had 5,457.4 MW of installed capacity, representing an increase of 11.3% compared to the previous year. In particular, its installed capacity in economically efficient provinces such as Guizhou, Guangdong and Yunnan increased by 235.7%, 57.4% and 13.2%, respectively, compared to the previous year.

The Company's installed capacity by region as of 31 December 2011 and 2012 is set out as follows:

	Installed capacity *(MW)*		
Region	**2012**	2011	Change
Inner Mongolia	**1,716.2**	1,716.2	0.0%
Liaoning	**1,098.0**	1,048.5	4.7%
Shandong	**793.7**	694.7	14.3%
Yunnan	**424.5**	375.0	13.2%
Shanxi	**396.0**	346.5	14.3%
Guizhou	**282.0**	84.0	235.7%
Guangdong	**271.6**	172.6	57.4%
Hebei	**249.0**	249.0	0.0%
Xinjiang	**99.0**	99.0	0.0%
Shanghai	**60.0**	60.0	0.0%
Jilin	**49.5**	49.5	0.0%
Shaanxi	**18.0**	9.0	100.0%
Total	**5,457.4**	4,903.9	11.3%

3. Expanding the approach to project development and strengthening preliminary efforts

In 2012, the Company expanded its development mode by taking collaborative development opportunities with wind power equipment manufacturers to secure quality resources. The Company continued to enhance its efforts in securing resources and, in particular, preliminary market development in provinces where it had not previously secured any resources.

In 2012, the Company entered into new development agreements with a total capacity of 3,720 MW and received approvals for 31 new projects with a total capacity of 1,550 MW, of which wind power projects accounted for 1,470 MW and photovoltaic power projects accounted for 80 MW. Most development agreements signed and projects approved in 2012 were located in regions with quality wind resources and favorable on-grid access conditions. This has laid the foundation for the development of economically efficient wind power projects.

4. Mitigating CDM market risks and pushing forward in project registration

In 2012, carbon credit prices in international market dropped significantly as a result of the Euro debt crisis and other unfavorable factors. Despite such unfavorable market conditions, the Company was fully committed to its investors and adopted a solid Certified Emission Reductions ("**CERs**") revenue recognition approach. At the same time, the Company strived to ensure the quality and progress of the Clean Development Mechanism ("**CDM**") projects and gave priority to project registration. In 2012, the Company achieved a record number of newly-registered projects.

As of 31 December 2012, the Company had 128 CDM projects approved by the National Development and Reform Commission (the "**NDRC**"), all of which were successfully registered with the United Nations Clean Development Mechanism Executive Board as of 31 December 2012, among which 35 were newly approved and 77 were newly registered in 2012. As of 31 December 2012, the Company received an aggregate certified emission reduction of 3,057,171 tons, including 1,175,221 tons received in 2012.

5. **Enhanced financial control capabilities and effective reductions in financing costs**

In 2012, the Company improved budget management and diversified funding approaches to ensure funding availability and to reduce financing costs. In October 2012, the Company successfully issued RMB2 billion corporate bonds at a weighted average coupon rate of 4.92%, which was significantly lower than bank lending rates. The Company reduced financing costs effectively by various approaches such as adjustment of the interest rate, term and manner of its deposits or borrowings throughout the year.

6. **Breakthrough in the development of distributed power projects**

In 2012, the Company constructed and operated the first national distributed wind project, the Huaneng Shaanxi Dingbian Langergou Distributed Demonstration Wind Farm. The project signified that the Company had resolved difficulties like fluctuations in frequency and voltage, as well as coordination problems when integrating wind generating units into the distribution grid. The project explored the approach for distributed power projects development and formulated relevant guiding principles. The Company accumulated valuable experience for further development of distributed wind power projects.

2013 BUSINESS OUTLOOK

The PRC's "12th Five-year Plan Regarding Wind Power Development" sets out that national installed wind power capacity will reach 100 GW and wind power generation will account for more than 3% of the total power generation in the PRC by 2015. Pursuant to such plan, the PRC government is in the process of strengthening the construction of the power grid, expanding the distribution of wind power and promoting wind power consumption in the power market. The government is improving relevant laws and regulations, considering the establishment of a Renewable Portfolios Standard, facilitating the guaranteed output of wind power, optimizing the distribution of wind power development, and promoting local consumption of wind power. It is an exceptionally new and rare opportunity for the development of wind power industry. However, at the same time, the Company also faces certain challenges including improving the profitability of existing projects and optimizing our overall business layout. In 2013, facing opportunities and challenges, the Company is fully committed and will further enhance its risk awareness, assess market conditions accurately, take effective measures to respond to challenges and resolve pressing issues proactively. At the same time, the Company will seize opportunities and take full advantage of favorable conditions, and will strive to take development to a new level.

In 2013, the Company will focus on performing the following tasks:

1. Persist in safe production and improve safety operation management

The Company will strengthen its overall management of equipment, further standardize the management of wind turbines beyond their respective warranty period and reinforce the centralized management of purchases of large components, generic materials and spare parts so as to reduce production costs. The Company will also take initiatives to explore and experiment with new technologies and methods in wind power, and will further formulate technical, production and management standards that are appropriate for the development of the Company.

2. Accelerate the optimization of business distribution to ensure effective development

The Company will further strengthen its preliminary development efforts through various ways including self-development and cooperative development, and will explore the potential to directly supply large customers as well as develop distributed power generation and wind-hydro synergized power generation. It will strive to optimize business distribution and effectively develop key areas with quality wind resources and favorable on-grid access conditions. The Company will endeavor to develop profitable power generation bases so as to gradually reduce its overall proportion of installed capacity in regions affected by grid congestion, and will effectively develop photovoltaic power and offshore wind power as and when appropriate.

3. Promote the scientific management of infrastructure to ensure an effective production ramp-up

The Company will further enhance the management of project construction by focusing on optimized design and cost control, improved control over the course of equipment installation and testing, and will further increase the reliability of operating units and the generating capability of newly-operated units. The Company will strive to develop advanced technological innovations and carry out further research on the development of distributed wind farms and actively develop low wind speed wind farm technologies.

4. Strengthen marketing efforts to improve profitability of existing assets

The Company will strengthen its analysis of the power market and closely follow policy trends regarding wind power grid connection and consumption, as well as policies regarding renewable energy subsidies. The Company will further explore the market, improve communications and coordination with relevant government agencies, power industry regulators and grid companies, actively participate in cross-regional power transactions, and reduce the percentage of wind power curtailment.

5. Further strengthen financial controls to effectively limit financial risk

The Company will ensure the availability of its capital, adopt a strategic cost management approach to strengthen cost management, and will formulate a cost-effective financial management strategy. The Company will also explore low-cost financing channels, enhance capital and budget management, further reduce funding costs, refine internal control mechanism and enhance its capability to manage and control financial risks.

6. Strengthen investor relations to improve the Company's transparency and popularity

In order to maintain a sustainable stable relationship with investors, the Company will improve communications with investors through various channels and approaches, and will continue to follow up on feedback from investors. The Company will also make accurate, true, complete and timely disclosure of the Company's information in strict compliance with regulatory requirements, keep investors duly informed of the business condition and performance of the Company to ensure that investors can accurately assess the growth potential and market value of the Company, and to improve market confidence and the reputation of the Company in the capital markets.

RESULTS OF OPERATIONS AND ANALYSIS

Overview

In 2012, the Group's profit for the year amounted to RMB601.1 million, representing a decrease of RMB505.7 million or 45.7% as compared with RMB1,106.8 million for 2011. Profit attributable to shareholders of the Company amounted to RMB557.9 million, representing a decrease of RMB465.1 million or 45.5% as compared with RMB1,023.0 million for 2011.

1. Operating Results

- **Revenue**

  In 2012, the revenue of the Group amounted to RMB4,026.9 million, representing an increase of RMB831.0 million or 26.0% as compared with RMB3,195.9 million for 2011. The increase in revenue was mainly attributable to the increase of revenue from the sale of wind power generated electricity. Revenue from the sale of wind power generated electricity was RMB4,025.5 million, representing an increase of RMB865.4 million or 27.4% as compared with RMB3,160.1 million for 2011, which was attributable to an increase of wind power generated electricity due to the expansion in operational capacity.

- **Other net income**

  In 2012, other net income of the Group amounted to RMB189.5 million, representing a decrease of RMB493.0 million or 72.2% as compared with RMB682.5 million for 2011. The decrease was primarily due to a substantial decrease of CERs income.

- **Operating expenses**

  In 2012, operating expenses of the Group amounted to RMB2,044.1 million, representing an increase of RMB517.1 million or 33.9% as compared with RMB1,527.0 million for 2011. The increase was primarily due to an increase in depreciation and amortisation expenses as a result of the expansion in operational capacity.

Depreciation and amortisation: In 2012, depreciation and amortisation expenses of the Group amounted to RMB1,612.0 million, representing an increase of RMB442.7 million or 37.9% as compared with RMB1,169.3 million for 2011. The increase was due to the expansion of operational capacity of wind power projects.

Personnel costs: In 2012, personnel costs of the Group amounted to RMB151.0 million, representing an increase of RMB33.0 million or 28.0% as compared with RMB118.0 million in 2011. The increase was primarily due to operational expansion, as well as commencement of operation of more projects which resulted in part of the personnel costs being recorded in profit or loss.

Administrative expenses and other operating expenses: In 2012, administrative expenses of the Group amounted to RMB126.8 million, representing an increase of RMB9.0 million or 7.7% as compared with RMB117.8 million for 2011. In 2012, other operating expenses of the Group amounted to RMB103.9 million, representing an increase of RMB11.8 million or 12.8% as compared with RMB92.1 million for 2011. The increase in other operating expenses was primarily due to the increased costs incurred from insurance premiums for properties and operational taxes and related expenses as a result of commencement of operations of more projects.

- **Operating profit**

In 2012, operating profit of the Group amounted to RMB2,172.4 million, representing a decrease of RMB179.1 million or 7.6% as compared with RMB2,351.5 million for 2011.

- **Net finance expenses**

In 2012, net finance expenses of the Group amounted to RMB1,541.8 million, representing an increase of RMB329.4 million or 27.2% as compared with RMB1,212.4 million for 2011. The increase was primarily due to an increase in interests incurred from newly-operated projects that ceased capitalization of interest expenses and an increase in total borrowings.

- **Income tax**

  In 2012, the income tax of the Group amounted to RMB29.5 million, representing a decrease of RMB2.8 million or 8.5% as compared with RMB32.3 million for 2011. The decrease was mainly attributable to the decrease in profit before taxation.

2. Liquidity and capital resources

As of 31 December 2012, the total current assets of the Group amounted to RMB9,545.9 million, including cash at banks and on hand and restricted deposits of RMB5,677.7 million, trade debtors and bills receivable of RMB3,302.6 million, of which trade debtors included trade debtors in respect of sales of electricity of RMB3,214.0 million and CDM receivables of RMB81.9 million as well as prepayments and other current assets of RMB561.5 million (primarily consisted of CDM receivables). The total current liabilities of the Group amounted to RMB14,881.9 million mainly included short-term borrowing (including long-term borrowings due within one year) of RMB8,276.4 million and other payables of RMB6,213.6 million which primarily consisted of payables for equipment purchased from suppliers, construction, and retention deposits. As of 31 December 2012, the current ratio (the ratio of total current assets to total current liabilities) of the Company was 0.64, which remained stable as compared with that of 0.64 for 2011.

As of 31 December 2012, the outstanding borrowings of the Group amounted to RMB30,281.2 million, representing an increase of RMB4,265.3 million as compared with RMB26,015.9 million as of 31 December 2011. As of 31 December 2012, the outstanding borrowings together with short-term borrowings (including long-term borrowings due within one year) of the Group amounted to RMB8,276.4 million, and long-term borrowings (including corporate bonds) of the Group amount to RMB22,004.8 million. These borrowings were primarily denominated in Renminbi.

3. Capital expenditure

In 2012, the capital expenditure of the Group amounted to approximately RMB5.1 billion, representing a decrease of approximately RMB6.8 billion or 57.1% as compared with approximately RMB11.9 billion for 2011. Capital expenditures incurred from construction of wind power projects were approximately RMB4.9 billion, and other capital expenditures amounted to approximately RMB0.2 billion. The capital expenditure was mainly funded by internal resources, bank borrowings, and other financing sources.

4. Net gearing ratio

As of 31 December 2012, the net gearing ratio of the Group, which was calculated by dividing the net debt (total borrowings and obligations under finance leases minus cash and cash equivalents) by the net debt plus total equity, was 69.7%, representing an increase of 6.2 percentage points as compared with 63.5% as of 31 December 2011.

5. Material investment

The Group did not make any material investments in 2012.

6. Material acquisition and disposal

The Group did not conduct any material acquisitions or disposals in 2012.

7. Pledge of assets

The Group did not pledge any assets in 2012.

8. Contingent liabilities

The Group had no material contingent liabilities as of 31 December 2012.

RISK FACTORS AND RISK MANAGEMENT

1. Grid congestion risk

The wind power industry in the PRC experienced rapid growth during the past few years. At the same time, wind power generation is restricted because of a mismatch of power grid facilities in certain regions, and priority was given to co-generation units in northern areas in winter. These factors affected the Company's income from electricity sales. As such, the Company will optimize project distribution by refocusing project development on regions with favorable on-grid access conditions. The Company will also actively provide technical support to upgrade power grid facilities and strengthen its marketing efforts in regions affected by grid congestion so as to minimize the impact of power curtailment.

2. Climatic risk

Power generation of wind power projects depends on local climate conditions, particularly wind conditions. Wind resources are subject to the influences of general climate changes, seasonal changes and geographical location variations. Hence, the power generation of wind power projects may not meet expectations, and this may affect the Company's financial position and operating results. Additionally, extreme weather or uncertain climatic factors may hinder the construction of wind power projects. In view of the impact of such climatic uncertainties on wind power generation, the Company, on one hand, has designated a professional wind resource assessment team capitalising on advanced wind resource assessment technologies to improve the projection of wind resources. On the other hand, the Company has in place a professional team specialising in the maintenance and overhaul of wind turbines to ensure the availability of wind turbines that will, in turn, increase power generation. To address the impact of climate conditions on the construction progress of projects, the Company has drawn upon its extensive experience in the management of wind power project construction schedules. Through the stringent control of the project construction process, the Company will strive to complete its projects within a prescribed period of time so as to achieve targets set for the relevant projects.

3. Industry and competition risk

As competition for project resources has intensified in the industry, developing new projects has become more difficult for the Company. The PRC National Energy Administration (the "**NEA**") administers wind power construction projects through certain arrangements and has strengthened project approval management, which may impact the fast growth of the Company. As such, the Company will enhance its communications with the NEA to have more projects included in the NEA's approval plan. Meanwhile, it will take initiatives to develop wind power resources in regions where the Company has not previously secured any resources, and will improve the quality and efficiency of its projects.

4. Financial risk

The business of the Company is located solely in the PRC where the majority of its revenue and expenses are denominated in Renminbi, except for sales of CERs which are denominated in Euros. The Company has a portion of foreign borrowings and deposits (denominated in Hong Kong dollars, U.S. dollars and Euros), and most foreign deposits comprise proceeds received from the Company's initial public offering. Therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains in transactions denominated in foreign currencies. To strengthen the management of exchange rate risks, the Company has closely monitored and analysed the fluctuations in foreign exchange rates and adopted various management approaches to manage such risks.

Any changes in interest rate would affect the Company's financing costs. The Company has acquired sufficient credit facilities from banks to ensure a sufficient amount of capital. Additionally, financing costs could be further reduced by means of low-cost financing. The Company will keep abreast of changes in the economic environment, analyze trends in bank interest rates and reinforce the management of its debt portfolio to adjust its debt structure in a timely manner.

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

During the period between 1 January 2012 and 31 December 2012 (the "**Reporting Period**"), neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.015 per ordinary share (tax inclusive) in cash to shareholders of the Company. All dividends will be paid after shareholders' approval is obtained at the Company's annual general meeting.

MAJOR EVENTS

On 23 February 2012, Mr. LIN Gang was appointed by the Board as a substitute executive Director and the President of the Company, and was appointed as an executive Director of the Company at the annual general meeting on 26 June 2012. For details, please refer to the Company's announcements dated 23 February 2012 and 26 June 2012, respectively.

On 21 February 2013, the Company, through its wholly-owned subsidiary, disposed of 108,050,000 shares in Guodian Technology & Environment Group Corporation Limited through a placing agent for aggregate gross sale proceeds of HK$275,527,500. For details, please refer to the announcement of the Company dated 22 February 2013.

On 19 March 2013, Mr. NIU Dongchun resigned as an executive Director and a member of the Remuneration Committee under the Board as he has reached the age of retirement. Mr. LIN Gang, executive Director, was appointed by the Board as a member of the Remuneration Committee with effect from 19 March 2013. For details, please refer to the Company's announcement dated 19 March 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND THE CORPORATE GOVERNANCE CODE

The Stock Exchange of Hong Kong Limited has made various amendments to the Code on Corporate Governance Practices (the "**Former Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and the revised code, namely Corporate Governance Code (the "**Revised Code**"), became effective on 1 April 2012. The Company has complied with all the applicable code provisions of the Former Code from 1 January 2012 to 31 March 2012. The Company has also complied with all the code provisions of the Revised Code from 1 April 2012 to 31 December 2012 except for the following deviations. Mr. CAO Peixi (non-executive Director, chairman of the Board and chairman of the nomination committee), Mr QIN Haiyan (independent non-executive Director, chairman of the remuneration committee and member of the nomination committee) and Mr. ZHOU Shaopeng (independent non-executive Director, chairman of the audit committee and member of the nomination committee) did not attend the annual general meeting of the Company held on 26 June 2012 due to work commitment. This constitutes deviations from code provisions A.6.7 and E.1.2 of the Revised Code regarding requirements on attendance of general meetings and other relevant matters.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding all directors' and supervisors' dealings in the Company's securities. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

AUDITORS

KPMG were appointed as auditors for the financial statements prepared in accordance with IFRSs for the year ended 31 December 2012. The 2012 financial statements of the Company prepared in accordance with IFRSs have been audited by KPMG. The Company has retained the services of KPMG since the date of its listing. A resolution to re-appoint KPMG as the Company's auditors will be proposed at the Company's annual general meeting.

AUDIT COMMITTEE

The 2012 annual results of the Company and the financial statements for the year ended 31 December 2012 prepared in accordance with IFRSs have been reviewed by the audit committee of the Company.

EMPLOYMENT AND REMUNERATION POLICY

As of 31 December 2012, the Company had a total of 1,224 full-time employees. Remuneration of the Company's employees is determined based on the complexity involved with the position and the responsibilities to be performed by the employees, as well as by reference to work performance.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2012 annual general meeting is proposed to be held before the end of June 2013. Details of the resolutions to be considered and approved at the meeting, the book closure period of the Company's H Share register and the date of the annual general meeting will be set out in the notice of 2012 annual general meeting to be issued by the Company in due course.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited and the website of the Company at http://www.hkexnews.hk and http://www.hnr.com.cn, respectively.

The Company's 2012 annual report containing all the information required under the Listing Rules will be despatched to the relevant shareholders and will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
Huaneng Renewables Corporation Limited
CAO Peixi
Chairman

Beijing, the PRC, 19 March 2013

As at the date of this announcement, the Company's non-executive Directors are Mr. CAO Peixi, Mr. ZHANG Tingke and Mr. ZHAO Keyu; executive Directors are Mr. LIN Gang, Ms. YANG Qing and Mr. HE Yan; and independent non-executive Directors are Mr. QIN Haiyan, Ms. DAI Huizhu, Mr. ZHOU Shaopeng and Mr. WAN Kam To.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(Expressed in Renminbi unless otherwise stated)

	Note	2012 RMB'000	2011 RMB'000
Revenue	3	**4,026,904**	3,195,932
Other net income	4	**189,542**	682,522
Operating expenses			
Depreciation and amortisation		**(1,612,031)**	(1,169,281)
Personnel costs		**(151,002)**	(117,950)
Repairs and maintenance		**(50,355)**	(29,925)
Administration expenses		**(126,793)**	(117,765)
Other operating expenses		**(103,880)**	(92,076)
		(2,044,061)	(1,526,997)
Operating profit		**2,172,385**	2,351,457
Finance income		**98,749**	47,765
Finance expenses		**(1,640,527)**	(1,260,124)
Net finance expenses	5	**(1,541,778)**	(1,212,359)
Profit before taxation	6	**630,607**	1,139,098
Income tax	7	**(29,523)**	(32,277)
Profit for the year		**601,084**	1,106,821

	Note	**2012**	2011
		RMB'000	*RMB'000*
Other comprehensive income for the year, net of tax	8		
Available-for-sale securities:			
net movement in the fair value reserve		**(69,989)**	—
Exchange difference on translation of financial statements of an overseas subsidiary		**572**	(785)
		(69,417)	(785)
Total comprehensive income for the year		**531,667**	1,106,036
Profit attributable to:			
Shareholders of the Company		**557,940**	1,023,027
Non-controlling interests		**43,144**	83,794
Profit for the year		**601,084**	1,106,821
Total comprehensive income attributable to:			
Shareholders of the Company		**488,523**	1,022,242
Non-controlling interests		**43,144**	83,794
Total comprehensive income for the year		**531,667**	1,106,036
Basic and diluted earnings per share *(RMB cents)*	9	**6.61**	14.06

CONSOLIDATED BALANCE SHEET

At 31 December 2012

(Expressed in Renminbi unless otherwise stated)

	Note	**2012**	2011
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**39,859,069**	36,956,402
Lease prepayments		**121,625**	102,159
Intangible assets		**363,511**	381,390
Investment in a jointly controlled entity		**85,100**	85,100
Other non-current assets		**3,717,288**	3,824,175
Deferred tax assets		**6,382**	7,149
Total non-current assets		**44,152,975**	41,356,375
Current assets			
Inventories		**4,070**	2,086
Trade debtors and bills receivable	10	**3,302,640**	2,010,495
Prepayments and other current assets		**561,532**	584,276
Tax recoverable		**—**	9
Restricted deposits		**208,979**	59,467
Cash at bank and on hand		**5,468,725**	7,517,988
Total current assets		**9,545,946**	10,174,321

	Note	2012 RMB'000	2011 RMB'000
Current liabilities			
Borrowings	11	**8,276,387**	6,758,833
Obligations under finance leases		**361,407**	283,067
Other payables	12	**6,213,566**	8,838,884
Tax payable		**30,584**	17,993
Total current liabilities		**14,881,944**	15,898,777
Net current liabilities		**(5,335,998)**	(5,724,456)
Total assets less current liabilities		**38,816,977**	35,631,919
Non-current liabilities			
Borrowings	11	**22,004,758**	19,257,069
Obligations under finance leases		**2,256,964**	2,384,147
Retention payables		**1,572,369**	1,546,593
Deferred income		**273,297**	257,826
Deferred tax liabilities		**18,290**	26,843
Total non-current liabilities		**26,125,678**	23,472,478
NET ASSETS		**12,691,299**	12,159,441
CAPITAL AND RESERVES			
Share capital		**8,446,898**	8,446,898
Reserves		**3,373,144**	2,884,621
Total equity attributable to the shareholders of the Company		**11,820,042**	11,331,519
Non-controlling interests		**871,257**	827,922
TOTAL EQUITY		**12,691,299**	12,159,441

NOTES

1. STATEMENT OF COMPLIANCE

The Group's financial statements included in the annual report have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods are reflected in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2012 comprise the Group and the Group's interest in a jointly controlled entity.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2012 amounting to RMB5,335,998,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the financial instruments classified as available-for-sale or as trading securities are stated at their fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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

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

3. REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
Sales of electricity	**4,025,472**	3,160,089
Rendering of repair and maintenance services	**—**	32,383
Others	**1,432**	3,460
	4,026,904	3,195,932

The Group has a single reportable segment which is the wind power segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented. Revenue from PRC government controlled power grid companies amounted to RMB4,025,472,000 for the year ended 31 December 2012 (2011: RMB3,160,089,000).

4. OTHER NET INCOME

	2012	2011
	RMB'000	*RMB'000*
CERs income	**105,044**	483,569
Government grants	**83,844**	109,025
Net (loss)/gain on disposal of property, plant and equipment	**(23)**	11
Others	**677**	89,917
	189,542	682,522

5. FINANCE INCOME AND EXPENSES

	2012	2011
	RMB'000	*RMB'000*
Interest income on financial assets	**92,214**	43,023
Foreign exchange gains	**2,535**	1,742
Dividend income from other investment	**4,000**	3,000
Finance income	**98,749**	47,765
Interest on bank and other borrowings wholly repayable within five years	**565,011**	342,052
Interest on others loans and finance charges on obligations under finance leases	**1,500,001**	1,153,545
Less: interest expenses capitalised into property, plant and equipment	**444,680**	436,625
	1,620,332	1,058,972
Foreign exchange losses	**14,201**	195,324
Bank charges and others	**5,994**	5,828
Finance expenses	**1,640,527**	1,260,124
Net finance expenses recognised in profit or loss	**(1,541,778)**	(1,212,359)

The borrowing costs have been capitalised at rates of 5.74% to 7.00% for the year ended 31 December 2012 (2011: 5.01% to 7.36%).

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2012	2011
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**134,441**	107,264
Contributions to defined contribution retirement plan	**16,561**	10,686
	151,002	117,950

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 16% to 20% of the salaries of the employees. The local government authorities are responsible for the pension obligations to retired employees. In addition, the Group and its staff participate in a retirement plan managed by China Huaneng Group ("Huaneng Group") to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and supplementary retirement plan other than the annual contributions described above.

(b) Other items

	2012	2011
	RMB'000	*RMB'000*
Amortisation		
— lease prepayments	**2,732**	1,898
— intangible assets	**18,312**	17,854
Depreciation		
— property, plant and equipment	**1,590,987**	1,149,529
Auditors' remuneration		
— audit services	**10,900**	9,900
— other services	**4,650**	3,100
Operating lease charges: minimum lease payments		
— hire of properties	**15,193**	11,708
Cost of inventories	**12,343**	31,225

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of comprehensive income represents:

	2012	2011
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**47,710**	31,820
— PRC *(note (i))*	**47,710**	31,511
— Hong Kong profits tax *(note (ii))*	**—**	309
(Over)/under-provision in respect of prior years	**(10,401)**	2,328
	37,309	34,148
Deferred tax		
Origination and reversal of temporary differences	**(7,786)**	(1,871)
	29,523	32,277

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2012 and 2011.

(ii) Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group incorporated in Hong Kong in 2011, is subject to Hong Kong profits tax which is calculated at 16.5% of its estimated assessable profit for the year.

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

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	**630,607**	1,139,098
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**157,652**	284,775
Tax effect of non-deductible expenses	**1,510**	2,031
Tax effect of non-taxable income	**(1,000)**	(750)
Effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(242,762)**	(303,418)
Tax effect of unused tax losses not recognised	**125,622**	43,421
Tax credits for purchase of domestic equipment	**—**	197
(Over)/under-provision in respect of prior years	**(10,401)**	2,328
Others	**(1,098)**	3,693
Income tax	**29,523**	32,277

Note:

(i) Pursuant to CaiShui [2008] No.46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (《財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》), certain wind power projects of the Group, which are approved after 1 January 2008, are entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income was derived (the "3+3 tax holiday").

In addition, pursuant to Caishui [2012] No.10 Notice on the Implementation of Public Infrastructure Projects and Projects of Environmental Protection, Energy Saving and Water Conservation Entitled for Preferential Tax Treatment (《財政部、國家稅務總局關於公共基礎設施項目和環境保護節能節水項目企業所得稅優惠政策問題的通知》), certain wind power projects of the Group, which are approved before 31 December 2007, are also entitled to the 3+3 tax holiday commencing from the year in which the first operating income was derived but could only enjoy those tax benefits subsequent to 1 January 2008.

8. OTHER COMPREHENSIVE INCOME

	2012	2011
	RMB'000	*RMB'000*
Available-for-sale securities:		
Net movement in fair value reserve		
— Before tax amount		
Changes in fair value recognised during the year	**(69,989)**	—
— Tax expense	**—**	—
Net of tax amount	**(69,989)**	—
Exchange difference on translation of financial statements of an overseas subsidiary		
— Before and net of tax amount	**572**	(785)
Other comprehensive income	**(69,417)**	(785)

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the shareholders of the Company for the year ended 31 December 2012 of RMB557,940,000 (2011: RMB1,023,027,000) and the weighted average number of shares in issue during the year ended 31 December 2012 of 8,446,898,000 (2011: 7,274,690,000).

The weighted average number of shares for the year ended 31 December 2011 reflects the issuance of 2,646,898,000 shares in June and July 2011 in connection with the Company's initial public offering. The weighted average number of shares in issue is set out below:

	2012	2011
	Thousands shares	*Thousands* shares
Issued ordinary shares at 1 January	**8,446,898**	—
Shares issued to shareholders of the Company upon formation of the Company	**—**	5,800,000
Effect of shares issued in 2011	**—**	1,474,690
	8,446,898	7,274,690

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

10. TRADE DEBTORS AND BILLS RECEIVABLE

	2012	*2011*
	RMB'000	RMB'000
Amounts due from third parties	**3,301,840**	2,009,995
Amounts due from fellow subsidiaries	**800**	500
	3,302,640	2,010,495
Less: allowance for doubtful debts	**—**	—
	3,302,640	2,010,495

The ageing analysis of trade debtors and bills receivable of the Group is as follows:

	2012	2011
	RMB'000	*RMB'000*
Current	**3,302,640**	2,010,495
Past due	**—**	—
	3,302,640	2,010,495
Less: allowance for doubtful debts	**—**	—
	3,302,640	2,010,495

The Group's trade receivables are mainly wind power electricity sales receivables from local grid companies. Generally, the receivables are due within 15 – 30 days from the date of billing, except for the tariff premium, representing 30% to 60% of total electricity sales, collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local gird companies, which consequently takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardized procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2012, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and these trade and bills receivable from tariff premium are fully recoverable considering there are no bad debt experiences with the grid companies in the past and the tariff premium is funded by the PRC government.

Trade receivables that were neither past due nor impaired mainly represented the electricity sales receivable from local grid companies for whom there was no recent history of default.

All trade debtors and bills receivable are expected to be recovered within one year.

11 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	2012	2011
	RMB'000	*RMB'000*
Bank and other loans		
— Secured	**1,883,810**	2,133,179
— Unsecured	**21,034,998**	19,517,723
Other borrowings *(note 11(e))*		
— Unsecured	**1,982,337**	—
	24,901,145	21,650,902
Less: Current portion of long-term borrowings		
— Bank and other loans	**2,896,387**	2,393,833
	22,004,758	19,257,069

As at 31 December 2012, the Group's bank loans guaranteed by Huaneng Group amounted to RMB22,810,000 (2011: RMB24,300,000).

(b) The short-term interest-bearing borrowings comprise:

	2012	2011
	RMB'000	*RMB'000*
Bank and other loans *(unsecured)*	**5,380,000**	4,365,000
Current portion of long-term borrowings		
— Bank and other loans	**2,896,387**	2,393,833
	8,276,387	6,758,833

(c) The effective interest rates per annum on borrowings are as follows:

	2012	2011
	RMB'000	*RMB'000*
Long-term *(including current portion)*		
Bank and other loans	**1%** *(note (i)),* **5.54%~7.40%**	1% *(note (i)),* 4.86%~7.40%
Other borrowings *(note 11(e))*	**5.14%, 5.31%**	n/a
Short-term (excluding current portion of long-term borrowings)		
Bank and other loans	**5.40%~6.56%**	5.90%~7.87%

Note:

(i) A subsidiary of the Company, Huaneng Shantou Nan'ao Wind Power Company Limited ("Nan'ao Power"), obtained a foreign government loan through China Construction Bank Guangdong Branch on 29 November 1999. This loan is funded by Spanish government via China Construction Bank Guangdong Branch. According to the terms of the loan, Nan'ao Power is obligated to use the loan proceeds to purchase goods and services only from entities in Spain. The total loan amount was US$8,586,809, of which US$4,317,319 was export credit loan with annual interest rate of 5.78% and a loan term of seven years due on 22 January 2008. The export credit loan was fully settled and repaid in 2008. The remaining US$4,269,490 has an annual interest rate of 1%. Nan'ao Power is required to make semi-annual installment payments starting 15 June 2010. The loan is to be paid off by 15 December 2029.

(d) The long-term borrowings (including current portion) are repayable as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year or on demand	**2,896,387**	2,393,833
After 1 year but within 2 years	**1,905,071**	2,593,391
After 2 years but within 5 years	**9,788,548**	5,859,736
After 5 years	**10,311,139**	10,803,942
	24,901,145	21,650,902

(e) Significant terms of other borrowings:

	2012	2011
	RMB'000	*RMB'000*
Long-term		
Corporate bonds *(note (i))*	**1,982,337**	—

Note:

(i) On 29 October 2012, the Company issued a three-year unsecured corporate bond of RMB1,140 million at par with a coupon rate of 4.80% per annum and a five-year unsecured corporate bond of RMB860 million at par with a coupon rate of 5.09% per annum. The effective interest rates of above bonds are 5.14% and 5.31% per annum respectively.

12. OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment and intangible assets	**3,833,923**	4,864,547
Retention payable *(note (i))*	**1,467,686**	1,187,787
Bills payable	**635,730**	2,228,289
Dividends payable	**43,951**	330,259
Amounts due to *(note (ii))*		
— fellow subsidiaries	**15,065**	25,855
— jointly controlled entity	**30,000**	22,500
Payables for staff related costs	**29,809**	32,074
Payables for other taxes	**34,734**	46,887
Interest payable	**80,526**	59,854
Other accruals and payables	**42,142**	40,832
	6,213,566	8,838,884

Notes:

(i) Retention payable represents the retention payables due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

(ii) Amounts due to fellow subsidiaries and jointly controlled entity are all unsecured, interest-free and have no fixed terms of repayment.

All of the other payables are expected to be settled within one year or are repayable on demand.

13. DIVIDENDS

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

	2012	2011
	RMB	*RMB*
Final dividend proposed after the end of the reporting period of RMB0.015 per share (2011: nil)	**126,703,470**	—

The directors resolved on 19 March 2013 that RMB0.015 per share is to be distributed to the shareholders for 2012, subject to approval of the shareholders at the coming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Special distribution to Huaneng Group

Pursuant to the board resolution of the Company on 23 November 2010, the Company was to make a distribution to Huaneng Group representing an amount equal to the net profit attributable to the equity owner of the Company generated during the period from 1 January 2010 (the date immediately after the date of the Reorganisation) to 5 August 2010 (the "Special Distribution").

Pursuant to the board resolution of the Company on 29 April 2011, the directors resolved to pay the Special Distribution to Huaneng Group amounting to RMB316.2 million. With consent from Huaneng Group, the Company decided to postpone the payment of Special Distribution to Huaneng Group for no more than 12 months commencing from 10 December 2011. The amount has been paid in December 2012.

14. NON-ADJUSTING SUBSEQUENT EVENT

On 21 February 2013, the Group disposed of its available-for-sale securities in Guodian Technology and Environment Group Corporation Limited with gross proceeds of HKD275,527,500, resulting in a gain on disposal of approximately HKD33 million.