華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED

ANNUAL REPORT 2012

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

Stock Code: 00816

Contents

Chairman's Statement

Dear Shareholders,

During 2012, the global economic environment remained sluggish, the domestic economic regulations processed toughly, and various unfavorable factors combined complexly. Amidst such severe challenges, the group weathered this difficult period with the cooperation and diligence of our management and staff and delivered an outstanding results.

In 2012, the Group successfully completed its listing on the Main Board of the Hong Kong Stock Exchange and officially gained access to the international capital market, thereby opening a new chapter to its future development. In respect of operation and development, the Group took great advantage of its diversified assets, namely, gaining enormous profitability from hydropower, maintaining rapid growth in wind power, improving efficiency of coal-fired power and consolidating the leading position in distributed energy. The total assets of the Group as of 31 December 2012 amounted to RMB57,700.4 million, up 14.8% from the last year, the equity attributable to owners amounted to RMB12,446.8 million, representing an increase of 33.7% as compared to the previous year. Our accumulated consolidated installed capacity amounted to 7,898.9 MW, which was distributed in over twenty provinces, municipalities and autonomous regions in China. Our business has been expanded to hydropower, wind power, coal-fired power, distributed energy, biomass energy, solar energy, etc. We have laid down a solid foundation for a sustainable development through optimizing the assets structure, raising our operation standard, significantly improving the management capability and further strengthening our core competitiveness.

Currently, as China is undergoing rapid industrialization and urbanization, there will be enormous room for continuous increase in energy demand. The State has introduced energy development plans as well as specific plans for hydropower, wind power, solar energy and biomass energy respectively, and clearly advocated for a coordinated development between energy production and ecological environment. It is stressed that economic growth should be based on the sustainable resources and balanced ecological environment. The implementation of various important directives for the rational development of ecological civilization would be carried out gradually, therefore the impetus of developing clean energy would become stronger.

Chairman's Statement

With our outstanding achievements in the past, our business is set to have a promising future. The Group will continue to prioritise its clean energy business as the key direction of development, further seize the market opportunities, optimize its structure, realize its potentiality, increase its efficiency, put forth its best effort to improve the capabilities in development, profitability and management. We will focus on becoming a top-ranking clean energy company with advanced management mechanism, presenting outstanding results and maintaining an industry-leading position, to deliver higher investment returns to our shareholders.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to all shareholders and affiliates for their trust and support.

Huang Xianpei
Chairman

Dear Shareholders,

In 2012, with the concern and support from the community and under the proper guidance of the Board, we accomplished the Group's operational and development tasks with courage and diligence. The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, which demonstrates our excellence in scientific development.

Continuous improvement in operational effectiveness. Leveraging on our advantage of being the largest hydropower company in eastern China with diversified and complementary asset portfolio, we increased our on-grid power and got higher on-grid tariff. We increased our income by means of reducing production cost in tandem with our efforts gearing towards cost saving and ramping up productivity. During the year, we achieved 23,892.0 GWh of power generation, revenue amounted to RMB9,606.6 million and net profit was RMB1,303.0 million.

Continuous growth in installed capacity. We prioritized the construction of projects with strategic importance and outstanding effectiveness. We invested in projects which can obtain maximum return. As of the end of 2012, our accumulated consolidated installed capacity was 7,898.9 MW, amongst which, hydropower accounted for 2,223.4 MW, wind power accounted for 2,716.8 MW, coal-fired power accounted for 2,650.0 MW, distributed energy accounted for 156.0 MW, solar energy accounted for 127.4 MW and biomass energy accounted for 25.3 MW.

Fast progress in scientific development. The renovation and expansion of our hydropower projects went smoothly. As of the end of 2012, there was 546.0 MW newly-installed wind power capacity commenced operation, in addition to 801.5 MW which was under-construction. In respect of distributed energy, the approved capacity exceeded 480.0 MW and the capacity under construction was over 200.0 MW, which is in a leading position in the distributed energy industry of China. In 2012, we also achieved rapid progress in the solar energy business, which has expanded to a considerable scale. As scheduled, one high-efficiency coal-fired project was completed in 2012.

President's Statement

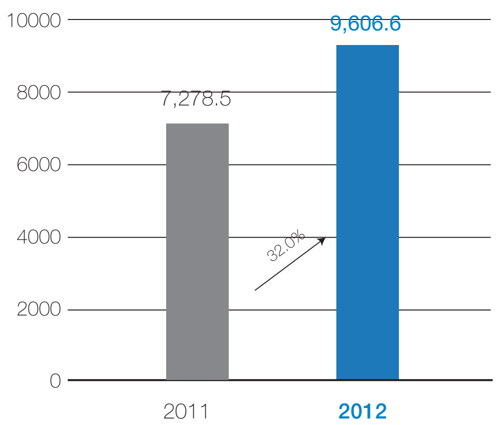
By contributing clean energies, we are set to build a bright future. In 2013, the economic growth of China is expected to remain strong. The development of clean energy is experiencing a pivotal period with strategic opportunities. Facing the new conditions under the present situation, the Group will adhere to our development strategy which is "prioritising the clean energy business as the key direction of development, achieving upstream and downstream expansion as well as diversifying development". With focuses on the themes of our development, operation and management, the Group will strive to implement further reforms, carry out innovative corporate governance and implement policies and measures in an effort to accomplish all targets and missions of the year, and thereby unveiling a new chapter for the development of the Company's business.

Lastly, on behalf of the management of the Group, I would like to express my gratitude to the shareholders, the Board and the Board of Supervisors for placing their trust and support on us. I would also like to express my respect to all staff members for their diligence and contributions. In this year, we will grasp opportunities and strive to build a top-ranking clean energy listed company.

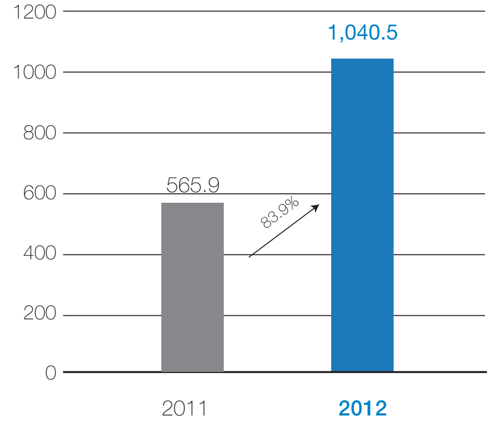
Fang Zheng
President

Key Operating and Financial Data

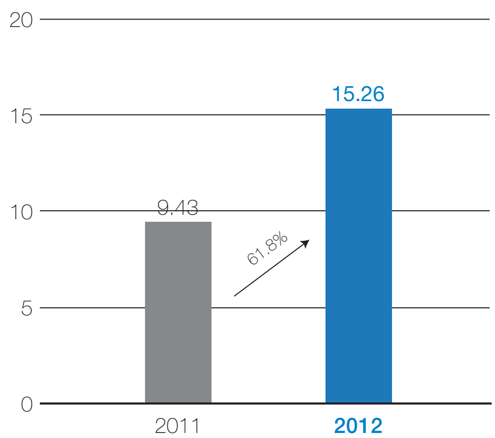
Revenue (RMB million)



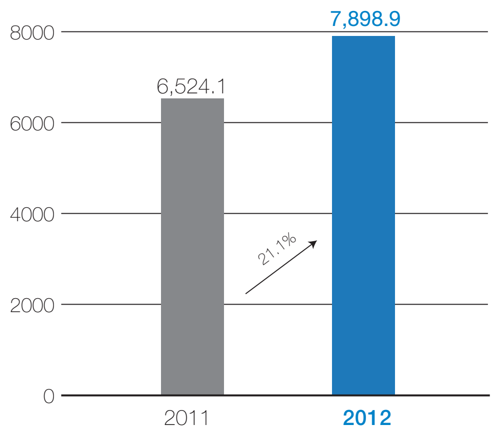
Profit attributable to equity owners of the Company (RMB million)



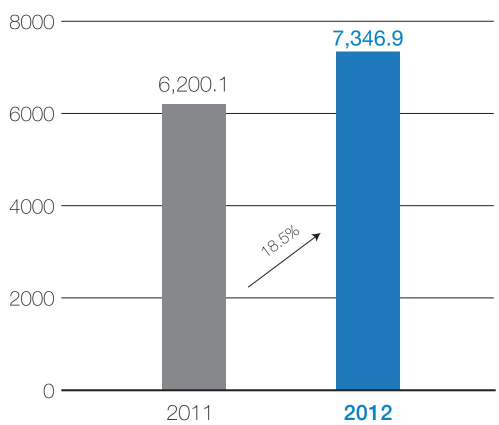
Basic and diluted earnings per share (RMB cents/share)



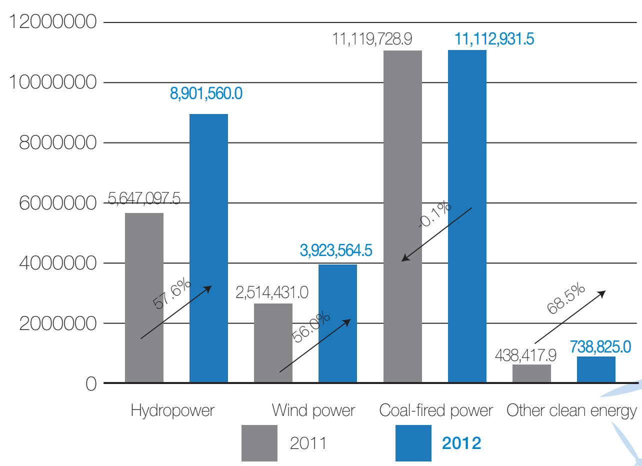
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



Electricity sales (MWh)



Corporate Profile

We are a leading diversified clean energy company in China with a registered capital of RMB7.62 billion. We possess a diversified portfolio of power generation business covering hydropower, wind power, coal-fired power, distributed energy, nuclear energy, biomass energy and solar energy.

The predecessor of the Company is Huadian Fujian Power Generation Co., Ltd., a wholly-owned subsidiary of Huadian established in Fujian in October 2004. In order to adapt to new situations and requirements, accelerate transformation of development mode, and adjust the structure, Huadian changed the name of Huadian Fujian Power Generation Co., Ltd. to Huadian Fuxin Energy Co., Ltd., and underwent asset restructuring and integration between Huadian Fujian Power Generation Co., Ltd. and Huadian New Energy Development Co. Ltd. in October 2010. Thus, the Company expanded from a regional company to a nationwide company with significant enhancement in corporate strength, and was converted into Huadian Fuxin Energy Corporation Limited on 19 August 2011.

As of 31 December 2012, our consolidated installed capacity amounted to 7,898.9 MW, consisting of 2,223.4 MW hydropower, 2,716.8 MW wind power, 2,650.0 MW coal-fired power and 308.7 MW other clean energy. Our assets are distributed in over twenty provinces and municipalities such as Fujian, Guangdong, Inner Mongolia, Gansu, Xinjiang. Our energy supply structure is characterized by the co-existence of hydropower, coal-fired power, wind power, and nuclear energy.

As of 31 December 2012, the Group was the largest hydropower operator in Fujian province. We own 7 large-scale reservoirs and 36 hydropower projects in operation with a consolidated installed capacity of 2,223.4 MW, which is 28.1% of our total consolidated installed capacity. In 2013, a hydropower expansion project of 80.0 MW installed capacity will be completed and commence operation, and a renovation and expansion hydropower project of approximately 110.0 MW installed capacity will start construction.

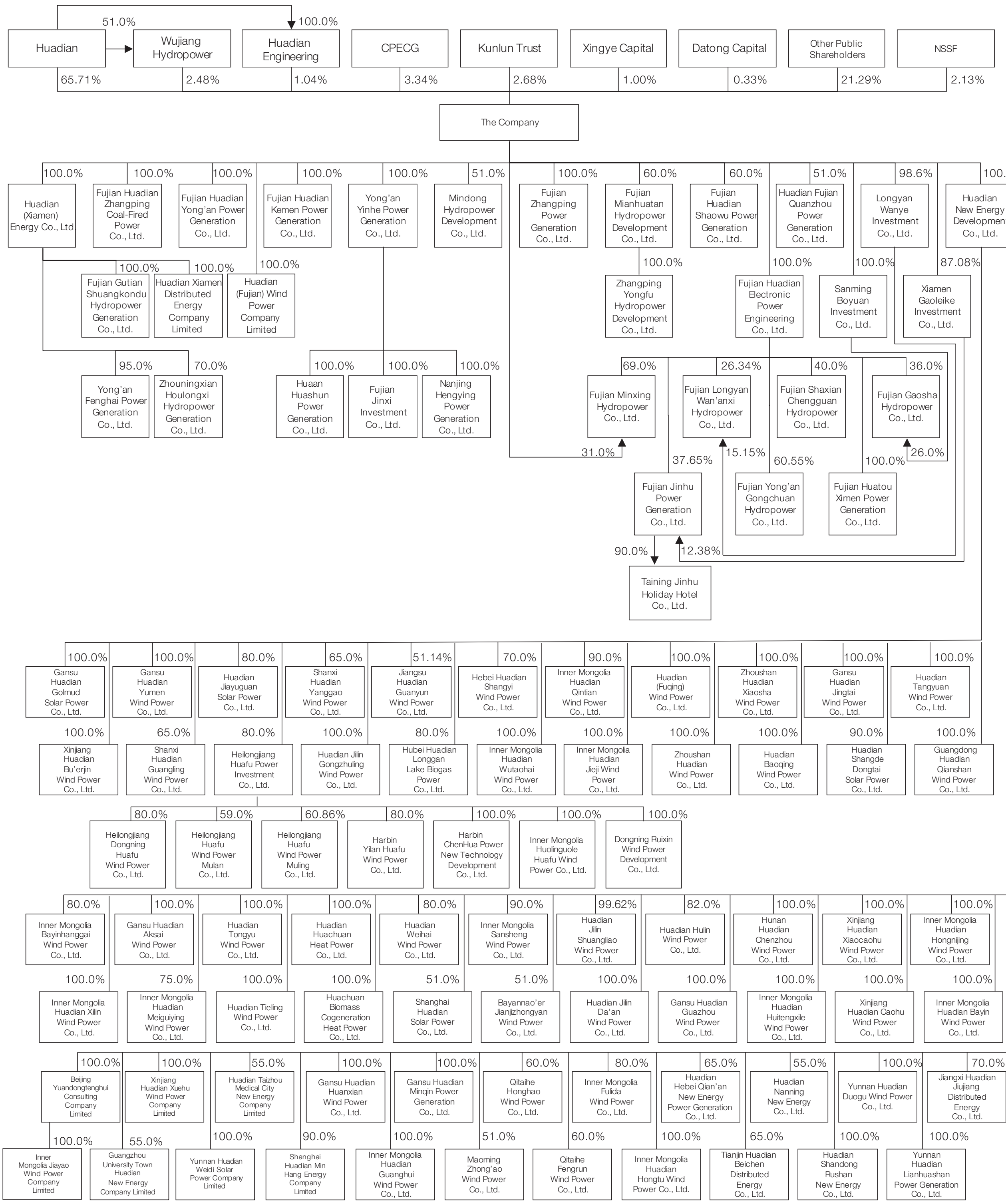
The Group's wind power business kept growing steadily. As of 31 December 2012, the Group possessed 46 wind power projects in operation with a consolidated installed capacity of 2,716.8 MW, accounting for 34.4% of the total consolidated installed capacity. Moreover, the installed capacity of other 16 wind power projects under construction amounted to 801.5 MW. In addition, we have abundant wind resource reserves, including 1,371.5 MW of advanced pipeline projects for which we have obtained development approvals, 1,945.5 MW of intermediate pipeline projects for which we have obtained approvals on commencing preliminary works, and approximately 40,192.7 MW of early pipeline projects for which we have entered into development agreements and started wind resource assessment.

The Group's coal-fired power projects have created synergies with hydropower projects in the same region, which enables an increase in power generation and guarantees profitability under unfavorable hydrological conditions. In this way, hydropower business and coal-fired power business proved to be complementary to each other. As of 31 December 2012, the consolidated installed capacity of four coal-fired power plants in operation amounted to 2,650.0 MW, making up 33.5% of the total consolidated installed capacity.

The Guangzhou University Town Distributed Energy Project, invested and developed by the Group, is the largest distributed energy project in China, which makes us a pioneer in the large-scale distributed energy industry. As of 31 December 2012, the consolidated installed capacity of distributed energy projects in operation of the Group amounted to 156.0 MW, and the consolidated installed capacity under construction of the same kind amounted to 207.0 MW. We had secured a strong project pipeline in various economically advanced coastal areas and inland provincial cities. The accumulated pipeline capacity of distributed energy projects amounted to 7,600.0 MW approximately, amongst which two projects located in Jiangsu and Wuhan respectively were recognised as “National Demonstration Project”.

As of 31 December 2012, we had 12 solar energy projects in operation, with a consolidated installed capacity of 127.4 MW. Moreover, the Group held 39% equity in Fuqing Nuclear Power Company Limited located in Fujian province. As the units commence operation, it is expected to bring high returns to shareholders.

Corporate Structure



Corporate Milestones in 2012

1. On 18 March, a delegation led by Ms. Sun Chunlan, Provincial Party Secretary of Fujian, visited our Mindong Hydropower Development Company Limited, and indicated that our developments in Fujian Province will be substantively supported.

2. On 20 March, witnessed by Mr. Wang Yong, the director, and Mr. Huang Danhua, the associate director, of the State-owned Assets Supervision and Administration Commission of the State Council, and Mr. Han Zheng, the mayor of Shanghai, our president, Mr. Fang Zheng signed a distributed energy strategic development agreement with the representative of Shanghai International Tourism and Resort Zone.

3. On 26 May, a delegation led by Mr. Lian Weiliang, the associate director of the NDRC, visited the Guangzhou University Town distributed energy project for researching purpose, whereby, the achievements of the Company in the area of distributed energy development was well recognised.

4. On 1 June, Hubei Wuhan Chuangyi Tiandi Distributed Energy Station and Taizhou Medical City Building-type Distributed Energy Station projects were among the "first batch of national model projects on natural gas distributed energy", which significantly fostered the development of natural gas distributed energy projects of the Company.

5. On 28 June, Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin", 00816.HK) successfully listed on the Main Board of the Hong Kong Stock Exchange with an issuance size of 1.5 billion shares, accounted for 20% of the enlarged share capital. The offer price was HKD1.65 per share and the total proceeds were HKD2.677 billion, the Company is the first listed company in Hong Kong market with relatively large scale of hydropower assets.

6. On 27 August, Huadian Fuxin convened the press conference on 2012 interim results in Hong Kong.

7. On 26 September, the Company convened the 9th meeting of the first session of the Board. The resolution on the merger with Huadian New Energy Development Company Limited through absorption was passed. It is resolved that Mr. Li Lixin and Mr. Huo Guangzhao were appointed as the vice presidents of the Company, and Ms. Yang Yi was appointed as the chief financial officer (Chief Accountant) of the Company.

8. On 28 September, the Company and Huadian Engineering and Jiangxi Geology and Mineral Exploration and Development Bureau jointly executed the strategic cooperation agreement in the exploration, assessment, development and utilization of shale gas in Jiangxi Province.

Directors' Report

The Board of the Company hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2012 (the "Financial Statements").

SHARE CAPITAL

As of 31 December 2012, the total issued share capital of the Company was RMB7,622,616,000 divided into 7,622,616,000 shares with a par value of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in note 34(c) to the Financial Statements.

APPLICATION OF INITIAL PUBLIC OFFERING PROCEEDS

The Company's shares were listed on the Hong Kong Stock Exchange on 28 June 2012. The net proceeds from the Company's listing after deducting relevant costs were approximately HKD2,600.2 million. As of 31 December 2012, HKD1,772.0 million had completed foreign exchange settlement and has been utilized as described in the section "Future Plans and Use of Proceeds" in our prospectus published on 14 June 2012. The remaining balance of the proceeds has been deposited with reputable banks.

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

The Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries purchased or sold any of its securities listed on the Hong Kong Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights for the Company under the Articles of Association or the PRC laws. As a result, the Company is not obliged to offer new shares to existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Group is principally engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. Details of major subsidiaries and associates and jointly controlled entities of the Company are set out in notes 18, 19 and 20 to the Financial Statements respectively.

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2012 and the financial position of the Company and its subsidiaries for the year ended 31 December 2012 are set out in the audited Financial Statements on pages 71 to 175.

A discussion and analysis of the Company's performance during the year and the material factors underlying its results and financial position are set out in the Management's Discussion and Analysis on pages 39 to 50 of this annual report.

PROFIT DISTRIBUTION

The Board recommended to distribute a final dividend of RMB0.289 per 10 shares (tax inclusive) in cash for the year ended 31 December 2012 to shareholders. All dividends will be paid upon the approval by shareholders in the annual general meeting of the Company.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in properties, plants and equipment of the Company and its subsidiaries during the year are set out in note 14 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in note 34(a) to the Financial Statements, details of reserves distributable to the shareholders are set out in note 34(e) to the Financial Statements.

TAX CONCESSION

The Company is not aware of any tax reduction or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2012 are set out in note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth information concerning the Directors, Supervisors and senior management of the Company for the year ended 31 December 2012.

Name	Age	Position	Date of Appointment
Mr. Huang Xianpei (黃憲培)	58	Chairman of the Board and Executive Director	29 October 2010
Mr. Fang Zheng (方正)	48	Executive Director and President	29 October 2010
Mr. Huang Shaoxiong (黃少雄)	50	Executive Director	29 October 2010
Mr. Mao Xishu (毛錫書)	60	Non-executive Director	29 October 2010
Mr. Wang Xuxiang (王緒祥)	45	Non-executive Director	29 October 2010
Mr. Zong Xiaolei (宗孝磊)	47	Non-executive Director	18 August 2011
Mr. Zhou Xiaoqian (周小謙)	71	Independent non-executive Director	26 October 2011
Mr. Yeung Pak Sing (楊佰成)	63	Independent non-executive Director	26 October 2011
Mr. Zhang Bai (張白)	52	Independent non-executive Director	26 October 2011
Mr. Li Changxu (李長旭)	50	Chairman of the board of Supervisors	29 October 2010
Mr. Yao Fei (姚飛)	45	Supervisor	29 December 2010
Mr. Huang Chunqi (黃春齊)	58	Employee Representative Supervisor	29 October 2010
Mr. Huang Yuanhong (黃源紅)	46	Supervisor	18 August 2011
Ms. Hu Xiaohong (胡曉紅)	42	Supervisor	29 October 2010
Mr. Xu Jin (許進)	46	Employee Representative Supervisor	29 October 2010

Name	Age	Position	Date of Appointment
Mr. Li Lixin (李立新)	46	Vice President	29 September 2012
Mr. Huo Guangzhao (霍廣釗)	51	Vice President	29 September 2012
Ms. Yang Yi (楊藝)	49	Chief Financial Officer	29 September 2012
Mr. Liu Lei (劉雷)	39	Vice President Board Secretary Joint Company Secretary	1 June 2012 29 October 2010 14 December 2011

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to 3.13 of the Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 30 to 37 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the executive Directors and non-executive Directors has entered into a service contract with our Company on 14 December 2011. The principal particulars of these service contracts are (a) for a term of three years commencing from the Listing Date and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules or regulations.

Each of the Supervisors had entered into a contract in respect of, among others, compliance of relevant laws and regulations, observation of the Articles of Association and provisions on arbitration with our Company on 14 December 2011.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to has a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the remuneration of the Company's Directors and Supervisors are set out in note 9 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year 2012 or at any time during the year, there was no contract of significance to the Group's business in which the Company or its subsidiaries was a party, and in which a Director or Supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2012, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

On 31 December 2012, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2012, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above interest in the shares or underlying shares of the Company and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huadian[1]	Domestic Shares	Beneficial owner/ Interest of corporation controlled by the substantial shareholder	5,276,907,638 (Long position)	90.39%	69.23%
Sinovel Wind Group Co., Ltd	H Shares	Beneficial owner	276,508,000 (Long position)	15.49%	3.63%
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited	H Shares	Beneficial owner	235,126,000 (Long position)	13.17%	3.08%
NSSF	H Shares	Beneficial owner	162,261,600 (Long position)	9.09%	2.13%

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huaneng Renewables (Hong Kong) Limited	H Shares	Beneficial owner	141,076,000 (Long position)	7.90%	1.85%
Shanxi Lu'An Mining Industry Group Co., Ltd.	H Shares	Beneficial owner	141,076,000 (Long position)	7.90%	1.85%
State Grid International Development Limited	H Shares	Beneficial owner	141,076,000 (Long position)	7.90%	1.85%
China Guodian Corporation(2)	H Shares	Interest of corporation controlled by the substantial shareholder	141,062,000 (Long position)	7.90%	1.85%
China Ming Yang Wind Power Group Limited(3)	H Shares	Interest of corporation controlled by the substantial shareholder	141,062,000 (Long position)	7.90%	1.85%

Notes:

(1) Huadian had an interest in the domestic shares of the Company, all of which 5,008,785,336 domestic shares (long position) were held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, all of which 268,122,302 domestic shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

(2) China Guodian Corporation, through various subsidiaries, had an interest in the H shares of the Company, all of which 141,062,000 H shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

(3) China Ming Yang Wind Power Group Limited, through its subsidiary, Ming Yang Wind Power (International) Co., Limited (明陽風電(國際)有限公司), had an interest in the H shares of the Company, all of which 141,062,000 H shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor any such contract subsisted at any time during 2012.

CONNECTED TRANSACTIONS

Major connected transactions of the Group during 2012 are as follows:

(I) Non-exempt One-off Connected Transactions

The Company has entered into certain non-exempt one-off connected transactions during the year.

(A) Equity Transfer Agreement

On 28 September 2012, Huandian New Energy and Huandian entered into an equity transfer agreement, pursuant to which, Huadian New Energy agreed to acquire, and Huadian agreed to transfer 12% of the equity interest in Guangzhou University Town at a consideration of RMB41,157,800.0 (equivalent to approximately HKD50,315,158.9), which was determined after arm's length negotiations between the parties with reference to the appraised net asset value of Guangzhou University Town of RMB342,981,800.0 as at 30 June 2012 as appraised by Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司). The consideration is payable in cash within ten days from the effective date of the equity transfer agreement. The consideration payable by Huadian New Energy was financed by the internal resources of the Group.

According to the Listing Rules, Huadian is the controlling shareholder and a connected person (as defined under the Listing Rules) of the Company. It is holding 51% of equity interest in Huadian Nujiang, and therefore, Huadian Nujiang, a subsidiary of Huadian, is also a connected person of the Company. Therefore, the transactions contemplated under the Equity Acquisition Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(B) Asset Acquisition Agreement

On 28 September 2012, Huandian New Energy and Huandian Nujiang entered into an asset acquisition agreement, pursuant to which, Huadian New Energy agreed to acquire, and Huadian Nujiang agreed to dispose of the entire assets and liabilities of Huadian Nujiang Wind Power Projects at a consideration of RMB8,800,000.0 (equivalent to approximately HKD10,757,946.2), which was determined after arm's length negotiations between the parties with reference to the appraised net asset value of Huadian Nujiang Wind Power Projects of RMB8,836,200.0 as at 30 June 2012 as appraised by Kunming Huaxin Assets Appraisal Co., Ltd. (昆明華信資產評估有限公司). The consideration is payable in cash within ten days from the effective date of the asset acquisition agreement. It is expected that the consideration payable by Huadian New Energy will be financed by the internal resources of the Group.

According to the Listing Rules, Huadian is the controlling shareholder and a connected person (as defined under the Listing Rules) of the Company. It is holding 51% of equity interest in Huadian Nujiang, and therefore Huadian Nujiang, a subsidiary of Huadian, is also a connected person of the Company. Therefore, the transactions contemplated under the Asset Acquisition Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(C) *Formation of Joint Venture*

On 28 September 2012, the JV Shareholders entered into a shareholders agreement, pursuant to which, the parties agreed to establish Jiangxi Shale Gas with a registered capital of RMB500.0 million. Upon completion of the transaction under the shareholders agreement, the registered capital of Jiangxi Shale Gas will be owned as to 10% by Huadian New Energy, 34% by Huadian Engineering, 46% by Jiangxi Coal Group and 10% by Jiangxi GME Institution. The principal terms of the shareholders agreement are as follows:

- Subject to the registration with the relevant Administration for Industry and Commerce Bureau, the scope of business of Jiangxi Shale Gas shall mainly include the exploration, development and sale of shale gas and the construction of piping network.

- The term of Jiangxi Shale Gas is twenty years from the issuance date of its business license. The term may be extended provided that the JV Shareholders agree with the extension and the requisite approvals in relation to the extension of the term from relevant regulatory authorities are obtained.

- In the event that any of the JV Shareholders wishes to transfer its equity interest in Jiangxi Shale Gas to a third party (save for transfer to its parent company, the subsidiaries of its parent company and its own subsidiaries), the transfer will be subject to the customary right of first refusal by the other shareholders. In addition, the transferee must be a state-owned or state-controlled company and the transferee must undertake that it agrees to comply with all provisions under the shareholders agreement and the articles of association of Jiangxi Shale Gas.

- Profit of Jiangxi Shale Gas will be distributed in proportion to their shareholdings of each of the JV Shareholders in Jiangxi Shale Gas.

- After the establishment of Jiangxi Shale Gas, the shareholders agreement may be terminated by the written notice of any JV Shareholder if Jiangxi Shale Gas is unable to obtain the exploration right of the shale gas necessary for its operation.

- Under the same circumstances, Huadian New Energy has the right of first refusal to purchase the shale gas exploited by Jiangxi Shale Gas, while Jiangxi GME Institution has the right of pre-emption to undertake the exploration work for Jiangxi Shale Gas.

According to the Listing Rules, Huadian is the controlling shareholder of the Company, and therefore Huadian Engineering, a subsidiary of Huadian, is a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the shareholders agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(II) Non-exempt Continuing Connected Transactions

The Company has entered into certain non-exempt continuing connected transactions during the year.

In respect of the non-exempt continuing connected transactions (A) to (F) as set out below, upon the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of these types of continuing connected transactions and granted a waiver to the Company from compliance with the announcement and independent shareholders' approval requirements.

The table below sets out the annual caps and the actual transaction amounts for 2012 of the connected transactions:

Connected Transaction		Connected Person	Annual Cap for 2012 (RMB)	Actual Transaction Amount for 2012 (RMB)
(A)	Property leasing	Huadian Group	14,200,000.0	13,927,000.0
(B)	Substituting generation purchase framework agreement	Huadian Group	335,000,000.0	282,132,000.0
(C)	Coal shipping service framework agreement	Huadian Group	76,000,000.0	75,685,000.0
(D)	CDM services framework agreement	Huadian Group	18,700,000.0	0.0
(E)	Project contracting and equipment purchase framework agreement	Huadian Group	824,100,000.0	800,368,000.0
(F)	Assets lease agreement	Huadian Group	48,900,000.0	48,900,000.0

(A) *Property Leasing*

We entered into a property leasing framework agreement (the "Property Leasing Framework Agreement") on 4 June 2012, with Huadian, pursuant to which, our Group may rent properties from Huadian Group. The principal terms of the Property Leasing Framework Agreement are as follows:

- the rents (including property management fee) payable under the Property Leasing Framework Agreement shall be agreed based on arm's-length negotiations between the relevant parties with reference to market rates at the relevant location, but the annual rent per sq. m. shall not exceed 115.0% of that of the previous year;

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant leased properties according to the principles, and within the parameters, provided for under the Property Leasing Framework Agreement;

- we are entitled to lease the available properties owned by members of Huadian Group during the term of the Property Leasing Framework Agreement;

- either party may, at any time before the Property Leasing Framework Agreement expires, by giving not less than six months' written notice, to terminate any lease made pursuant to and contemplated under such agreement, and the rents will accordingly be reduced; and

- the term of the Property Leasing Framework Agreement is no more than three years commencing on the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2012 was RMB14,200,000.0 and the actual rent paid to Huadian Group is RMB13,927,000.0.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Property Leasing Framework Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(B) Substituting Generation Purchase Framework Agreement

In the ordinary course of business, Shaowu Power Plant entered into a substituting generation purchase framework agreement dated 4 June 2012, with Kemen II (the "Substituting Generation Purchase Framework Agreement") pursuant to which, Kemen II will provide substituting generation to Shaowu Power Plant. The principal terms of the Substituting Generation Purchase Framework Agreement are as follows:

- the purchase price of the annual substituting generation will be determined through the open market competition process organized by the local government;
- Shaowu Power Plant and Kemen II shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of substituting generation according to the principles, and within the parameters, provided for under the Substituting Generation Purchase Framework Agreement; and
- the term of the Substituting Generation Purchase Framework Agreement is three years commencing from the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2012 was RMB335,000,000.0 and the actual fees paid by us to Kemen II is RMB282,132,000.0.

Our Company is the controlling shareholder of Shaowu Power Plant. Kemen II formed part of Kemen plant prior to January 2011 and became a wholly-owned subsidiary of Huadian following the completion of the equity transfer in January 2011. According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Substituting Generation Purchase Framework Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(C) *Coal Shipping Service Framework Agreement*

In the ordinary course of business, we entered into a framework coal shipping service agreement, dated 4 June 2012, with Huadian (the "Coal Shipping Service Framework Agreement"), pursuant to which Huadian Group (for the purpose of the Coal Shipping Service Framework Agreement, including its associates) will provide coal shipping services to us. The principal terms of the Coal Shipping Service Framework Agreement are as follows:

- the service fees shall be agreed on arm's-length negotiations between the relevant parties with reference to the price, which an independent third party will charge for such coal shipping services in the ordinary course of business; and where the aforementioned pricing mechanism is not applicable, the price shall be agreed on arm's-length negotiations between the relevant parties, based on the calculation of "the actual cost and expense incurred in providing such coal shipping services plus reasonable profits";

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant coal shipping according to the principles and within the parameters provided for under the Coal Shipping Service Framework Agreement; and

- the term of the Coal Shipping Service Framework Agreement is no more than three years commencing on the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2012 was RMB76,000,000.0 and the fees paid by us to Huadian Group for the coal shipping is RMB75,685,000.0.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Coal Shipping Service Framework Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(D) *CDM Services Framework Agreement*

In the ordinary course of business, we entered into a CDM services framework agreement dated 4 June 2012, with Huadian (the "CDM Services Framework Agreement"), pursuant to which we will provide CDM services to Huadian Group (for the purpose of the CDM Services Framework Agreement, including its associates). Our CDM services provided to Huadian Group mainly include consulting and management service, such as assistance in looking for and evaluating potential cooperative parties of the CDM projects, arrangement of the execution of cooperation agreements, registration of the managed CDM projects with Chinese governmental authority and the United Nations, and assistance in looking for an independent appraiser of the CDM projects.

The principal terms of the CDM Services Framework Agreement are as follows:

- the fees shall be agreed between the relevant parties with reference to the price, which an independent third party will charge for such CDM services in the ordinary course of business and the revenue generated by the CDM project, for which the CDM services are provided;

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of CDM service according to the principles and within the parameters provided for under the CDM Services Framework Agreement; and

- the term of the CDM Services Framework Agreement is no more than three years commencing on the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2012 was RMB18,700,000.0 and the income received by us for the year ended 31 December 2012 is RMB0.0.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the CDM Services Framework Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(E) Project Contracting and Equipment Purchase Framework Agreement

In the ordinary course of business, we have entered into a project contracting and equipment purchase framework agreement with Huadian on 4 June 2012 (the "Project Contracting and Equipment Purchase Framework Agreement"). Pursuant to the Project Contracting and Equipment Purchase Framework Agreement, Huadian Group agreed that it would undertake general contracting service (such as design, construction, installation and other relevant services) for the power generating projects of our Group and would sell power generation equipment to us. The principal terms of the Project Contracting and Equipment Purchase Framework Agreement are as follows:

- the project contracting fees together with the prices of the equipment shall be determined through a bidding process and in compliance with applicable bidding laws, regulations and rules;

- where the aforementioned pricing mechanism is not applicable, the project contracting fees together with the prices of the equipment shall be agreed on the basis of arm's-length negotiation between the relevant parties, taking into account the principle of "actual cost and expense plus reasonable profits";

- we and members of Huadian Group shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant project contracting and equipment purchase according to the principles and within the parameters provided for under the Project Contracting and Equipment Purchase Framework Agreement; and

- the term of the Project Contracting and Equipment Purchase Framework Agreement is no more than three years commencing on the 28 June 2012 and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2012 was RMB824,100,000.0 and the fees paid/payable to Huadian is RMB800,368,000.0.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Project Contracting and Equipment Purchase Framework Agreement constitute connected transactions under Chapter 14A of the Listing Rules.

(F) *Assets Lease Agreement*

Fujian Huadian Kemen Power Generation Co., Ltd., a wholly-owned subsidiary of our Company, entered into an assets lease agreement on 29 January 2011, with Kemen II, a wholly-owned subsidiary of Huadian, according to which, Kemen II may rent certain assets from Fujian Huadian Kemen Power Generation Co., Ltd., including transmission projects, ferries, coal transportation system, public system, ash yards, offices and apartments. The principal terms of the assets lease agreement are as follows:

- the rent shall be calculated based on: original value of the asset x 12.0% (asset lease ratio) x 50.0% (power generation ratio);
- the annual fee, which Kemen II will pay to Fujian Huadian Kemen Power Generation Co., Ltd. under the assets lease agreement shall be no more than RMB48.9 million;
- the term of the assets lease agreement is no more than three years commencing on 29 January 2011 and ending on 31 December 2013, subject to renewal; and
- to renew the assets lease agreement, Kemen II should notify Fujian Huadian Kemen Power Generation Co., Ltd. in writing, within one (1) month prior to the expiry date of the assets lease agreement. Fujian Huadian Kemen Power Generation Co., Ltd. should make a written response on whether it will renew the assets lease agreement within 15 days after receiving Kemen II's notification.

The annual cap of the transaction for the year ended 31 December 2012 was RMB48,900,000.0 and the actual transaction amount is RMB48,900,000.0.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the the assets lease agreement constitute connected transactions under Chapter 14A of the Listing Rules.

The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2012 and confirmed that:

(a) the transactions have been entered into by the Group in the ordinary and usual course of its business;

(b) the transactions have been entered into either (i) on normal commercial terms or (ii) (where there are not sufficient comparable transactions to judge whether they are on normal commercial terms) on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) the transactions have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the auditor of the Company, KPMG, has been appointed by the Board and reported on the connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor letter has been provided by the Company to the Hong Kong Stock Exchange.

The related party transactions in 2012 that constitute "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Listing Rules were disclosed in this section and Note 38 to the Financial Statements. The Company and all Directors had reviewed all connected transactions and confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

We entered into the Non-Competition Agreement with Huadian on 4 June 2012, under which Huadian agreed not to, and to procure its unlisted subsidiaries not to, compete with us in the clean energy businesses and granted to us options for new business opportunities, options for acquisitions, and preemptive rights.

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to take up a new business opportunity referred to us by Huadian and/or its subsidiaries, to exercise the option for an acquisition or to exercise our pre-emptive rights.

During the year, the independent non-executive Directors of the Company have reviewed the implementation of the Non-Competition Agreement and have confirmed that Huadian has been in full compliance with the agreement and there was no breach by Huadian.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2012, the purchase from the Group's five largest coal suppliers in aggregate contributed 82.6% of the Group's total purchase of coal for the year, among which, the total purchase from the largest coal supplier contributed 54.9% of the Group's total purchase of coal for the year.

For the year ended 31 December 2012, the purchase from the Group's five largest equipment suppliers in aggregate contributed 23.7% of the Group's total purchase of equipment for the year, among which, the total purchase from the largest equipment supplier contributed 9.0% of the Group's total purchase of equipment for the year.

For the year ended 31 December 2012, the sales to the Group's five largest customers in aggregate contributed 84.7% of the Group's total sales for the year, among which, the sales to the largest customer contributed 67.4% of the Group's total sales for the year.

So far as the Directors are aware, Huadian, our controlling shareholder, holds 51.065% and 80.65% of equity interests in two of our top five equipment suppliers, Guodian Nanjing Automation Co., Ltd. and Huadian Heavy Industries Co., Ltd., respectively.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 39 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND REPORT

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and complies with the code provisions as set out in the Corporate Governance Code and Report in Appendix 14 to the Listing Rules. The Company has complied with all the code provisions as set out in Appendix 14 of the Listing Rules for the period from 28 June 2012 to 31 December 2012.

The audit committee of the Company has reviewed the annual consolidated financial statements for the year ended 31 December 2012, and is of the view that the Group's consolidated financial statements for the year ended 31 December 2012 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2012 as set out in the preliminary announcement have been agreed by the Group's auditors, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

Please refer to the Corporate Governance Report as set out on pages 53 to 66 of this annual report for details.

PUBLIC FLOAT

Based on the information publicly available to the Company and so far as the Directors are aware, not less than 22% of the issued share capital of the Company was held by the public as at the Latest Practicable Date, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

As at 31 December 2012, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claim are pending or threatened against the Company.

AUDIT COMMITTEE

The 2012 annual results of the Group and the Financial Statements for the year ended 31 December 2012 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

AUDITORS

KPMG (畢馬威會計師事務所) was appointed as the auditor for the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2012. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has retained the services of KPMG since the date of preparation of its listing.

Yours faithfully,
By order of the Board
Huadian Fuxin Energy Corporation Limited
HUANG Xianpei
Chairman of the Board

Beijing, the PRC, 26 March 2013

Subsequent Events

After the end of the Reporting Period, the Board proposed a final dividend. Details are set out in note 34(b) to the Financial Statements.

On 25 March 2013, the Company issued corporate bonds and will list them on the Shanghai Stock Exchange of the PRC. The bonds were issued at a total amount of RMB2,000,000,000, with maturity periods of 5 and 10 years and interests rates of 5.00% and 5.30% per annum, respectively.

Mr. Yao Fei and Mr. Huang Yuanhong, the Supervisors of the Company, have resigned as Supervisors of the Company with effect from 25 March 2013 due to the Group's redeployment of human resources.

On 11 April 2013, the Company entered into an equity transfer agreement with Huadian, the controlling Shareholder of the Company, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II at a consideration of RMB413,101,200.00 (equivalent to approximately HKD517,500,135.26). In addition, for the period from the 31 December 2012 to the completion day of the transaction, Huadian is entitled to retain or bear the profits or losses associated with the 100% equity interest held by Huadian in Kemen II. Please refer to the announcement published by the Company on 11 April 2013 for further information.

Due to the Group's redeployment of human resources (1) Mr. Huang Xianpei has resigned as an executive Director the Company, the chairman of the Board and a member of the nomination committee; (2) Mr. Huang Shaoxiong has resigned as an executive Director the Company and a member of the remuneration and assessment committee; (3) Mr. Mao Xishu has resigned as a non-executive Director of the Company and a member of the strategic committee; and (4) Mr. Wang Xuxiang has resigned as a non-executive Director of the Company; and their resignations have taken effect from 18 April 2013.

Mr. Fang Zheng, formerly the executive Director and president of the Company, has relinquished his role as the president and has been re-designated to the position of the chairman of the Board and executive Director and Mr. Jiang Bingsi has been appointed as the president of the Company with effect from 18 April 2013. For particulars of Mr. Jiang Bingsi, please refer to the announcement published by the Company on 19 April 2013.

I. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Huang Xianpei, aged 58, has been the Chairman of the Board and an executive Director of our Company since October 2010. Mr. Huang previously served in various positions in Huadian Fujian from February 2003 to December 2010, including secretary of the party committee, president and chairman of the Board of Directors. He served as the assistant general manager of Huadian since January 2010. Currently, Mr. Huang is the chairman of the board of directors of Kemen, Fujian Huadian Zhangping Coal-fired Power Co., Ltd. (福建華電漳平火電有限公司), Fujian Zhangping Power Generation Co., Ltd. (福建漳平發電有限公司), Fujian Huadian Yong'an Generation Co., Ltd. (福建華電永安發電有限公司), Fujian Mianhuatan Hydropower Development Co., Ltd. (福建棉花灘水電開發有限公司), Mindong Hydropower Development Co., Ltd. (閩東水電開發有限公司) and Fujian Huadian Electric Power Engineering Co., Ltd. (福建華電電力工程有限公司) and the vice chairman of the board of Fujian Fuqing Nuclear Power Co., Ltd. (福建福清核電有限公司). He has been the assistant to general manager of Huadian and the secretary of the party committee of Fujian branch of Huadian. He also served as the vice president of Fujian Electric Power Company Limited (福建省電力有限公司), the assistant to director of the Electric Power Industry Bureau of Fujian province, and the deputy chief engineer and the general manager of Shuikou Hydropower Plant Construction Company (水口水電站工程建設公司). He began to work in the power industry in 1975. Mr. Huang obtained his bachelor's degree in power equipment of hydropower station from East China University of Water Resources (currently named Hohai University) and his master's degree in hydropower generating project from Hohai University. Mr. Huang is a senior engineer granted by the Electric Power Industry Bureau of Fujian province in November 1993.

Mr. Fang Zheng, aged 48, has been an executive Director and the President of our Company since October 2010. Mr. Fang has served in various positions in Huadian New Energy since August 2007, including director, president and member of the party committee. Currently, Mr. Fang is the chairman of the board of directors of Guangdong Huadian Qianshan Wind Power Co., Ltd. (廣東華電前山風力發電有限公司), Heilongjiang Huafu Power Investment Co., Ltd. (黑龍江省華富電力投資有限公司), Maoming Zhong'ao Wind Power Co., Ltd. (茂名市中坳風力發電有限公司) and Guangzhou University Town Huadian New Energy Co., Ltd. (廣州大學城華電新能源有限公司), respectively. He was the chairman of the board of directors of Inner Mongolia Huadian Meiguiying Wind Power Co., Ltd. (內蒙古華電玫瑰營風力發電有限公司) and Inner Mongolia Huadian Huitengxile Wind Power Co., Ltd. (內蒙古華電輝騰錫勒風力發電有限公司). Mr. Fang served as the head of the strategic planning office and the deputy director of the planning and development department of Huadian, the vice president of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司), chief engineer of China Power Construction Engineering Consulting Corporation, dean of the mechanical department of Electrical Planning and Design Institute (電力規劃設計總院) and the head, general design engineer, deputy dean and deputy chief engineer of Southwest Electric Power Design Institute (西南電力設計院). Mr. Fang obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University and is a professor grade senior engineer granted by China Power Engineering Consulting Group Corporation (中國電力工程顧問集團公司).

Mr. Huang Shaoxiong, aged 50, has been an executive Director of our Company since October 2010. Mr. Huang previously served various positions in Huadian Fujian from October 2004 to December 2010, including head of discipline inspection group, vice president, president and secretary of the party committee. Currently, Mr. Huang is also a director of Huadian Coal, Kemen, Fujian Mianhuatan Hydropower Development Co., Ltd. and Fujian Fuqing Nuclear Power Co., Ltd., the vice chairman of the board of directors of CNOOC Gas Power Co., Ltd. (中海福建燃氣發電有限公司), Fujian Kemen Port Logistics Co., Ltd. (福建可門港物流有限責任公司), Fujian Longyan Power Generation Co., Ltd. (福建省龍岩發電有限公司) and Xiamen Yongchang Power Co., Ltd. (廈門永昌電力有限公司), the chairman of the board of directors of Fujian Minxing Hydropower Co., Ltd. (福建閩興水電有限公司), Fujian Shaxian Chengguan Hydropower Co., Ltd. (福建省沙縣城關水電有限公司) and Fujian Yong'an Gongchuan Hydropower Plant Co., Ltd. (福建省永安貢川水電站有限責任公司). He has been the president of Fujian branch of our Company and the president and member of the party committee of Fujian branch of Huadian. He also served as the chairman of the board of directors of Fujian Youxi Basin Hydropower Development Co., Ltd. (福建省尤溪流域水電開發有限公司), the president of Fujian Shuikou Hydropower Plant Construction Corporation (福建省水口水電站工程建設公司), the president and the secretary of the party committee of Fujian Shuikou Power Generation Company (福建省水口發電有限公司), the plant director and the secretary of the party committee of Fujian Shuikou Hydropower Plant (福建水口水電廠) and the plant director and the secretary of the party committee of Fujian Shaxikou Hydropower Plant (福建沙溪口水電廠). Mr. Huang previously held various positions in Fujian Ansha Hydropower Plant (福建安砂水電廠), including technician, director of the electrics branch, plant director and secretary of the party committee. Mr. Huang obtained his bachelor's degree in power plant and power systems from Fuzhou University and his master's degree in business administration (MBA) from The University of North Virginia. Mr. Huang is a senior engineer granted by the Electric Power Industry Bureau of Fujian province.

Non-executive Directors

Mr. Mao Xishu, aged 60, has been a non-executive Director of our Company since October 2010. Mr. Mao has been the director of planning and development department of Huadian since March 2008. Mr. Mao served as the president of Shanghai Company of Huadian, the president of Shanghai Huadian Power Development Co., Ltd. (上海華電電力發展有限公司), the plant director of Huadian Wangting Power Plant (華電望亭發電廠) and the general manager of Wangting Natural Gas Generation Co., Ltd. (望亭天然氣發電公司), the plant director of Laicheng Power Plant of Huadian, the secretary of the party committee of Shandong Jining Canal Generation Co., Ltd. (山東濟寧運河發電有限責任公司), the secretary of the party committee and the head of the preparatory department of Shandong Rizhao Power Plant (山東日照發電廠) and the deputy plant director of Shandong Huangdao Power Plant (山東黃島發電廠). Mr. Mao completed the correspondence course on thermal engineering at North China Electric Power University and obtained his master's degree in thermal engineering from North China Electric Power University. Mr. Mao is a senior engineer granted by State Power Corporation of China (國家電力公司).

Mr. Wang Xuxiang, aged 45, has been a non-executive Director of our Company since October 2010. Mr. Wang has served various positions in Huadian since March 2004, including deputy director of the clearing center, deputy director of the finance and assets department, director of the assets department and director of the capital operation and property management department. Mr. Wang served successively as the deputy head of the preparatory group and the vice president of China Huadian Finance Corporation Limited. He held various positions in Jinan Yingda International Trust Co., LTD (濟南英大國際信託投資有限公司) and the Electric Power Industry Bureau of Shandong province. Mr. Wang obtained his master's degree in finance from Tianjin University of Finance and Economics. A mid-level economics certificate was granted to Mr. Wang by the Ministry of Personnel of China. Mr. Wang currently serves as a director of Shenyang Jinshan, which is listed on Shanghai Stock Exchange (600396.SH) and a director of Huadian Energy, which is listed on Shanghai Stock Exchange (600726.SH).

Mr. Zong Xiaolei, aged 47, has been a non-executive Director of our Company since August 2011. Mr. Zong has served various positions in China Power Engineering Consulting Group Corporation since May 2004, including head, deputy director and deputy chief engineer and president of the Technology Development Company. He served as the deputy director and the director of China Power Construction Engineering Consulting Corporation and held various positions in Electrical Planning and Design Institute. Mr. Zong obtained his bachelor's degree in thermal engineering of power plant from Northeast Dianli College and his master's degree in management science and engineering from Wuhan University of Hydraulic and Electrical Engineering. Mr. Zong is a senior engineer granted by China Power Engineering Consulting Group Corporation.

Independent Non-executive Directors

Mr. Zhou Xiaoqian, aged 71, is an independent non-executive Director of our Company. Mr. Zhou is the vice chairman of the Fifth Council of China Energy Research Society and the chairman of the Second Council of China Power Development Promotion Committee. Currently, he is an independent non-executive director of the following companies, namely, TBEA Co., Ltd. (600089.SH), Dalian Heavy Industry Corporation (002487.SZ) and China Sunergy Co., Ltd. (NASDAQ:CSUN). He also served as an independent non-executive Director of XJ Electric Co., Ltd. (000400.SZ), the assistant to general manager in State Power Corporation of China and the member of party committee of State Power Corporation of China. He was the general manager of China Power Grid Construction Corporation, and director of China Southern Power Affiliated Company. He was also appointed as the director of Fuel Power Industry Projects Agency of State Development Planning Commission and deputy head of infrastructure department of Ministry of Hydropower. In 1983, he was one of the heads of the Electric Power Industry Bureau of Henan province, in charge of the Infrastructure Department and Electric Power Design Institute. Mr. Zhou graduated from Zhejiang University majoring in thermal power equipment. He is a professor-level senior engineer granted by the Ministry of Energy of China.

Mr. Yeung Pak Sing, aged 63, is an independent non-executive Director of our Company. Mr. Yeung is a member of the Hong Kong Institution of Engineers and the Institution of Engineering and Technology, honorary fellow of the University of Hong Kong, Nanping municipal committee member of the Chinese People's Political Consultative Conference in Fujian and an individual director of Hong Kong Ideas Centre Limited. He served as an independent non-executive director of Vertex Group Limited (currently known as "National Arts Holdings Limited") (008228.HK), the director and general manager of World Power Investment Ltd. and World Power Management Consultancy Ltd., the engineer on production and head of factory engineering department of Coronet Industrial Ltd., the engineer of Control Data Corporation and served in China Light and Power Company Limited. Mr. Yeung obtained his bachelor's degree in engineering and master's degree in engineering from the University of Hong Kong. He is a chartered engineer granted by the Institution of Engineering and Technology.

Mr. Zhang Bai, aged 52, is an independent non-executive Director of our Company, executive director of the Sixth Council of Fujian Auditing Society, chairman of the Fourth Council of Fujian Business Accounting Society. Currently, Mr. Zhang is an independent non-executive director of Fujian Fynex Textile Science & Technology Co., Ltd. (600493.SH), Thaihot Group Co., Ltd. (000732.SZ), Fujian Yong'an Forestry (Group) Joint Stock Co Ltd. (000663.SZ), Citychamp Dartong Co., Ltd. (600067.SH) and Zhongfu Industries Co., Ltd. (000592.SZ). Mr. Zhang has been a teacher, head of department and vice dean of Fuzhou University successively, and served as the dean and a Certified Public Accountant of Minxing Accountants Firm of Fuzhou University. He obtained his bachelor's degree in accounting from Xiamen University and his master's degree in business administration (MBA) from the Open University of Hong Kong. He is a professor granted by the Personnel Department of Fujian province.

Supervisors

Mr. Li Changxu, aged 51, has been the Chairman of the board of Supervisors of our Company since October 2010. Currently, Mr. Li is the chairman of the board of supervisors of Guodian Nanjing Automation Co., Ltd. (國電南京自動化股份有限公司). Mr. Li has served successively as the deputy director of the supervision and audit department, deputy director and director of audit department of Huadian. He also served successively as the deputy director of the production audit department, deputy director of division II of the audit department and the director of the integration division of the audit department of State Power Corporation of China, a principal staff member of division I and the deputy director of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局), a principal staff member of the branch of China National Audit office in Ministry of Energy (國家審計署駐能源部審計局) , auditor of the audit office of the Ministry of Water Resources and Power (水利電力部審計局) and an accountant of Parts Company of the Ministry of Hydropower (水電部配件公司). Mr. Li obtained his bachelor's degree in finance and accounting through the adult higher education department from Renmin University of China. Mr. Li is a senior accountant granted by the Ministry of Electric Power Industry of China.

Mr. Yao Fei, aged 45, has been a Supervisor of our Company since December 2010. Currently, Mr. Yao is the vice president of Kunlun Trust. He has served successively as the manager of the general management and finance department and the vice president of CNPC Assets Management Co., Ltd. (中油資產管理有限公司). Mr. Yao held various positions in Daqing Petroleum Administration Bureau (大慶石油管理局), including assistant engineer of the methyl alcohol plant and a cadre of the industrial corporation, deputy director of international trade office of the institute for economic research, cadre of the integration division and deputy head of office of the enterprise management department, head of the equity interest management division of the operations management department, assistant to manager of the finance and assets department, deputy head of the preparatory group of the investment management department, deputy manager of the capital operations department, deputy manager of the finance and assets department and the office manager of the internal control system construction committee. Mr. Yao obtained his bachelor's degree in technological economy from Jilin Institute of Technology and his master's degree in technological economy from Dalian University of Technology. Mr. Yao is a senior economist granted by China National Petroleum Corporation (中國石油天然氣集團公司).

Mr. Huang Chunqi, aged 58, has been a Supervisor of our Company since October 2010. Mr. Huang has been the chairman of the board of directors and executive director of Huadian Tieling Wind Power Co., Ltd. and the secretary of the party committee of Huadian New Energy. He served as the head of the discipline inspection group and vice president successively of Huadian Engineering, member of party committee and head of the discipline inspection group of China Huadian Power Plant Equipment (Group) Corporation (中國華電電站裝備工程（集團）總公司), head of division III and division II of the inspection office of State Power Corporation of China, the inspector and deputy director of division I of the supervision bureau of the Ministry of Electric Power Industry of China, cadre and inspector of division I of the supervision bureau of the Ministry of Energy of China, secretary of office of the Ministry of Hydropower of China, secretary of the Ministry of Electric Power of China (電力部). Mr. Huang studied the undergraduate course of economic management in the correspondence school of the Party School of the CPC committee (中央黨校). Mr. Huang is a senior administration engineer (政工師) granted by Ministry of Electric Power Industry.

Mr. Huang Yuanhong, aged 46, has been a Supervisor of our Company since August 2011. Mr. Huang has served various positions in Huadian Engineering since October 2001, including the deputy manager and manager of the material conveying department, assistant to the president and vice president of the company. He served as the president and secretary of the party committee of Huadian Heavy Equipment Co., Ltd. (華電重工裝備有限公司), the deputy manager of the material conveying department and the manager of the market development department of China Huadian Power Plant Equipment (Group) Corporation. Mr. Huang worked as a technician and an engineer of technical supervision office of the Institute for Product Quality Standard of Ministry of Electric Power (電力部產品質量標準研究所). Mr. Huang obtained his bachelor's degree in machinery manufacture and equipment from North China Electric Power College and an executive master of business administration (EMBA) from Cheung Kong Graduate School of Business. He is a professor-level senior engineer granted by China Power Engineering Consulting Group Corporation in December 2008.

Ms. Hu Xiaohong, aged 42, has been a Supervisor of our Company since October 2010. Ms. Hu has served as the deputy director of the assets management department of Wujiang Hydropower. She previously held various positions in Wujiangdu Hydropower Plant of Wujiang Hydropower, including accountant of the finance department, chief accountant of the construction management department of the machinery expansion project, deputy director and director of the finance office of the construction management department of the machinery expansion project and deputy chief economist. Ms. Hu obtained her bachelor's degree in accounting from Shenzhen University. Ms. Hu is a senior accountant granted by State Power Corporation of China.

Mr. Xu Jin, aged 45, has been a Supervisor of our Company since October 2010. Mr. Xu has been the head of the integration department of our Company. He served successively as the deputy director of the plan and infrastructure department and the director of the president team office of Huadian Fujian and Huadian Fuxin Energy Co., Ltd.. Mr. Xu obtained his bachelor's degree in materials science and engineering from Beihang University. Mr. Xu is a senior economist granted by State Power Corporation of China.

Senior Management

For details of Mr. Fang Zheng's biography, please see "Executive Directors" above.

Mr. Tao Yunpeng, aged 42, was a vice president of our Company from October 2010 to September 2012. Currently, Mr. Tao serves as the director of the capital operation and property management department of Huadian. Mr. Tao served as a director of Huadian Fujian. He held various positions in Huadian International, including the deputy manager and manager of the finance department and the deputy chief accountant. Mr. Tao obtained his bachelor's degree in machinery design and manufacture and his master's degree in industrial engineering from Tsinghua University. Mr. Tao is a senior accountant granted by Huadian in December 2006. Mr. Tao currently serves as a director of Guodian Nanjing Automation Co., Ltd., which is listed on the Shanghai Stock Exchange (600268.SH).

Mr. Shu Fuping, aged 48, was a vice president of our Company from October 2010 to September 2012. Mr. Shu served as the executive director of Inner Mongolia Huadian Jieji Wind Power Co., Ltd., the chairman of the board of directors of Gansu Huadian Yumen Wind Power Co., Ltd. and Gansu Huadian Guazhou Wind Power Co., Ltd., the chairman of the board of directors and executive director of Xinjiang Huadian Xiaocaohu Wind Power Co., Ltd., a member of the party committee and the vice president of Huadian New Energy and the plant director and secretary of the party committee of Baozhusi Power Plant (寶珠寺水電廠), the deputy chief engineer, director of the manufacture plan and technology department and plant director of Gaoba Power Plant of Sichuan Neijiang Power Central Plant (四川內江發電總廠高壩電廠) and the technician and deputy head of Baima Power Plant of Sichuan Neijiang Power Central Plant (四川內江發電總廠白馬發電廠). Mr. Shu obtained his college diploma in thermal measurement and automation from Shanghai University of Electric Power, graduated from Southwest College for Nationalities (through adult higher education), majoring in economic management and obtained an executive master of business administration (EMBA) from the University of Electronic Science and Technology of China. Mr. Shu is a senior engineer granted by the Electric Power Industry Bureau of Sichuan province.

Mr. Li Lixin, aged 46, has been the vice-president of our Company since September 2012. He serves as a director of Huadian Fujian Quanzhou Power Generation Company Limited, Fujian Huadian Yong'an Power Generation Company Limited, Fujian Huadian Zhangping Coal-fired Power Co., Ltd., Fujian Fuqing Nuclear Power Company Limited and Fujian Huadian Kemen Power Generation Company Limited, and serves as the Chairman of the Fujian Huadian Shaowu Power Generation Company Limited. He served as the deputy general manager of the Fujian branch of Huandian Fuxin, the deputy general manager of Huadian Fujian Power Generation Co. Ltd., the deputy general manager and general manager of Fujian Huadian Kemen Power Generation Company Limited, the director of planning and infrastructure department of Fujian Company of China Huadian Corporation. the deputy chief engineer, chief engineer and general manager of Fujian No.1 Electric Power Construction Co., and the assistant chief engineer and the director of test and research office of Fujian Electric Power Test and Research Institute. Mr. Li obtained his bachelor's degree in thermal power machinery and equipment, and master's degree in power equipment from Shanghai Jiao Tong University. Mr. Li was appointed by Fujian Electric Power Bureau as a senior engineer in December 1998.

Mr. Huo Guangzhao, aged 51, has been the vice-president of our Company since September 2012. He serves as the Chairman of Jiangsu Huadian Guanyun Wind Power Company Limited, Hebei Huadian Shangyi Wind Power Company Limited, Shanxi Huadian Guangling Wind Power Company Limited, Jiangxi Huadian Jiujiang Distributed Energy Company Limited, Huadian Nanning New Energy Company Limited and Shanghai Huadian Min Hang Energy Company Limited, and serves as the vice chairman of Shanghai Huadian Solar Power Company Limited. He served as the deputy general manager of Huadian New Energy Development Co. Ltd., the director of the initial development office of the planning and development department of Huadian, and the project manager of North China Power Engineering Co., Ltd of China Power. He also served in various positions in Northeast Electric Power Design Institute of Ministry of Electric Power, including assistant engineer, engineer, senior engineer and chief engineer. Mr. Huo obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University. Mr. Huo was appointed as a senior engineer by Northeast Electric Power Design Institute in April 1996.

Ms. Yang Yi, aged 49, has been the chief financial officer of our Company since September 2012. Ms. Yang serves as an executive director of Zhoushan Huadian Wind Power Company Limited, Zhoushan Huadian Xiaosha Wind Power Company Limited and Huadian (Fuqing) Wind Power Company Limited. She served as the chief accountant of Huadian New Energy Development Co. Ltd., the deputy general manager of Huangzhou Huadian Banshan Power Generation Co. Ltd., the director of the audit department of the Monitoring and Audit division and the director of the audit office of Huadian, the principal staff member and deputy director of the audit department of State Power Corporation of China, the deputy principal staff member and principal staff member of Ministry of Electric Power, and the staff member and deputy principal staff member of the Audit Office in the Energy Administration. Ms. Yang obtained her bachelor's degree in auditing from Shanghai University of Finance and Economics. Ms. Yang was appointed as a senior economist in December 2000 and a senior auditor in December 2001.

Mr. Liu Lei, aged 39, has been the vice president of our Company since 1 June, 2012, and the Board secretary of our Company since October 2010. Mr. Liu served as the chief economist and chief financial officer of our Company and held various positions in Huadian, including the head of the financing management office of the capital operation and property management department, cadre, deputy-director level staff and the deputy director of the secretary office of the president team, cadre and a head of the secretary office of Shandong Electric Power Corporation (山東電力集團公司) and a member of the Shandong Electric Power Research Institute Coal-Fire Power Branch (山東電力研究院熱能所). Mr. Liu obtained his bachelor's degree in thermal power plant and power engineering from Xi'an Jiaotong University, and his master's degree (master of business administration (MBA)) from Baylor University's School of Business. Mr. Liu is a senior engineer granted by Huadian.

Joint Company Secretaries

Mr. Liu Lei is one of the joint company secretaries. Mr. Liu has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. For details of Mr. Liu's biography, please see "Senior Management" above.

Ms. Mok Ming Wai, aged 41, a director of KCS Hong Kong Limited, is our joint company secretary. Ms. Mok has over 15 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

II. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2012

(I) Remuneration of Directors and Supervisors

Name	Position	Total remuneration received from the Company for the year ended 31 December 2012 (RMB'000)
Huang Xianpei	Chairman of the Board and Executive Director	817
Fang Zheng	Executive Director and President	703
Huang Shaoxiong	Executive Director	245
Mao Xishu	Non-executive Director	–
Wang Xuxiang	Non-executive Director	–
Zong Xiaolei	Non-executive Director	–
Zhou Xiaoqian	Independent non-executive Director	100
Yeung Pak Sing	Independent non-executive Director	100
Zhang Bai	Independent non-executive Director	100
Li Changxu	Chairman of the board of Supervisors	–
Yao Fei	Supervisor	–
Huang Chunqi	Employee Representative Supervisor	703
Huang Yuanhong	Supervisor	–
Hu Xiaohong	Supervisor	–
Xu Jin	Employee Representative Supervisor	486

During the year ended 31 December 2012, none of the Directors and Supervisors waived any of their remuneration.

(II) Remuneration of Senior Management

During the year ended 31 December 2012, the remuneration of the senior management of the Company falls within the following bands:

	Number of person
RMB0.5 million to RMB0.6 million	2
RMB0.6 million to RMB0.7 million	2
RMB0.7 million to RMB0.85 million	2

Management Discussion and Analysis

In 2012, the global economy continued to be challenging, yet, the domestic economy remained healthy in general. In 2012, the power industry of China achieved an overall supply-demand balance. The total electricity consumption in the PRC grew by 5.5% over the previous year. The deceleration in growth was due to various factors including economic growth slowdown. The power generated from clean energy took up a proportion of 21.4%, representing an increase of 3.9% over the previous year. Following the introduction and filtering through of policies and measures in respect of "maintaining economic growth" by the PRC government, the overall electricity consumption is expected to stabilize and rally in 2013. As a leading clean energy company, the Group possesses a diversified portfolio of power generating assets, which has not only enabled us to broaden our growth prospects and benefited from various favorable government policies that encourage the development of different clean energy projects, but also created synergies among different power generating assets and allowed us to diversify risks while maximizing profit.

I. BUSINESS REVIEW

Our Group strives to achieve scientific development in line with our development strategies. Our first priority is to diversify our business by strengthening the leading role of wind power development on one hand and the supporting role of distributed energy and solar power generation on the other hand. By focusing on new energies such as biomass, small scale hydro power and coalbed methane, we pursue for the diversification of our business in an effort to better adapt to the changes in natural resources and external policies, so as to enhance our risk-resistance capabilities. Our second priority is scale expansion under a value-for-money approach. Conditional on achieving reasonable profit, we strives to achieve scale expansion and rationalization of projects. Thirdly, we worked towards cooperation and seek for synergies between upstream and downstream enterprises. We have enhanced our alliance relationship along the supply chain from suppliers of wind power equipment, battery components and natural gas, to users of cold and heat generation to achieve a win-win situation. Fourthly, we strives to achieve differentiation development, by working on the development of technically advanced and risk-controllable new energy projects. We prudently develop certain start-up new energy projects, which in turn are attached to uncertainties, while optimizing our industrial structure in a bid to improve the competitiveness of the Company.

In 2012, by leveraging on the Group's advantage of "mixed portfolio of hydropower and coal-fired power", the Group strengthened its production and operation through better management. The Group strived to expand its sources of revenue, reinforce cost control and improve the Group's core competitiveness and profitability by increasing power generation, raising tariff and controlling coal price. Our hydropower, wind power, coal-fired power and other clean energy segments were profitable and our overall results had recorded a significant growth as compared with the previous year.

In 2012, profit attributable to equity owners of the Company was RMB1,040.5 million, representing an increase of 83.9% over the previous year; consolidated installed capacity was 7,898.9 MW, representing an increase of 21.1% over the previous year; gross generation was 23,892,049.4 MWh, representing an increase of 37.9% over the previous year.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2012 and 2011 by type was:

Type	31 December 2012 (MW)	31 December 2011 (MW)	Change percentage
Hydropower	2,223.4	2,223.4	0.0%
Wind power	2,716.8	2,171.3	25.1%
Coal-fired power	2,650.0	2,050.0	29.3%
Other clean energy	308.7	79.4	288.8%
Total	7,898.9	6,524.1	21.1%

The respective attributable consolidated installed capacity of the power generating assets of the Group as of at 31 December 2012 and 2011 by type was:

Type	31 December 2012 (MW)	31 December 2011 (MW)	Change percentage
Hydropower	1,627.2	1,627.2	0.0%
Wind power	2,412.1	1,955.3	23.4%
Coal-fired power	2,690.4	2,090.4	28.7%
Other clean energy	617.2	527.2	17.1%
Total	7,346.9	6,200.1	18.5%

The respective gross generation of the power generating assets of the Group as of 31 December 2012 and 2011 by type was:

Type	31 December 2012 (MWh)	31 December 2011 (MWh)	Change percentage
Hydropower	9,038,437.6	5,733,170.5	57.7%
Wind power	4,302,678.9	3,104,354.5	38.6%
Coal-fired power	9,765,482.0	8,042,908.3	21.4%
Other clean energy	785,450.9	446,512.8	75.9%
Total	23,892,049.4	17,326,946.1	37.9%

1. Hydropower business

As of 31 December 2012, the Group had a consolidated hydropower installed capacity of 2,223.4 MW and a capacity under construction of 80.0 MW. In 2012, the gross hydropower generation of our Group was 9,038,437.6 MWh, representing an increase of 57.7% over the previous year. With our centralized sales and operation, we have obtained a significant breakthrough in tariff. The average on-grid tariff (tax exclusive) was RMB275.3/MWh, representing an increase of RMB18.5/MWh or 7.2% over the previous year, a total of 29 hydropower projects were approved for increasing tariff in March 2012.

The Company took advantage of the favorable opportunities brought by the higher level of precipitation for the year, leveraged on our edges in the forecasting system and key reservoirs and further tap on the potential of our comprehensive river dispatch in full, further enhancing the utilization rate of hydropower. In 2012, the accumulated levels of precipitation of the seven key reservoirs amounted to 2,120.0 mm, which was 22.0% above the par, and was 59.0% above that of the previous year. The average hydropower utilization hours were 4,065 hours, which rose by 57.4% over the 2,583 hours in the previous year.

2. Wind power business

As of 31 December 2012, the Group had a consolidated wind power installed capacity of 2,716.8 MW, representing an increase of 25.1% over 31 December 2011, and a wind power capacity under construction of 801.5 MW. In 2012, the gross wind power generation of our Group was 4,302,678.9 MWh, representing an increase of 38.6% over the previous year. The average on-grid tariff (tax exclusive) was RMB483.5/MWh, representing an increase of RMB0.96/MWh over the previous year. The average wind power utilization hours were 1,923 hours, which was slightly lower than the previous year, mainly due to changes in wind resources in some areas, grid transmission limitations and distribution of electricity resources.

In 2012, the Group continued to optimize the structure of wind power projects with a focus on quality development, and the pipeline capacity increased to 43,509.7 MW, of which, advanced pipeline projects and intermediate pipeline projects amounted to 1,371.5 MW and 1,945.5 MW, respectively. During project construction, the Group proactively fostered the optimization of design, utilized first-class domestic and international equipments with reasonable prices and high quality and controlled the project costs within a reasonable range. We promoted standardized maintenance operations and enhanced soundness of the equipments. Thus, the availability coefficient of wind turbines increased to 97.8% and the operational maintenance costs remained at a relatively low level. The Group proactively propelled the advancement and innovation of wind power technologies to reassure its leading position in the industry, and several national and industrial standards undertaken by the Group were completed and approved successively.

3. Coal-fired power business

As of 31 December 2012, the Group had a consolidated installed coal-fired power capacity of 2,650.0 MW, representing an increase of 29.3% as compared with 31 December 2011. In 2012, the gross coal-fired power generation of our Group was 9,765,482.0 MWh, representing an increase of 21.4% over the previous year. The average on-grid tariff (tax exclusive) was RMB380.3/MWh, representing an increase of RMB16.3/MWh or 4.5% over the previous year, mainly because Kemen Power Plant and Fujian Huadian Shaowu Power Generation Company Limited increased tariff (tax exclusive) by RMB23.4/MWh and Fujian Huadian Zhangping Coal-fired Power Co., Ltd. and Fujian Huadian Yong'an Power Generation Company Limited increased tariff (tax exclusive) by RMB36.2/MWh in December 2011.

While the demand in electricity was declining in 2012, the Company proactively implemented marketing initiatives for sales of electricity and, at the same time, strengthened the operation management of our equipments, to achieve higher power generation output. In 2012, Kemen Power Plant maintained the best average utilization hours among the same type of generation units of its peers in Fujian province, and reported an average standard coal consumption of 302.1 kg/MWh, representing a decrease of 2.1 kg/MWh over the previous year.

4. Distributed energy and other clean energy projects

Leveraging on our experience and advantages obtained from the development of the Guangzhou University Town project, we have acquired a considerable number of quality pipeline projects in distributed energy sector for future development. As of 31 December 2012, the consolidated installed capacity commenced operation and the consolidated installed capacity under construction of the distributed energy projects of the Group amounted to 156.0 MW and 207.0 MW respectively; the capacity of advanced pipeline projects, intermediate pipeline projects and early pipeline projects were 488.0 MW, 1,582.0 MW and 5,549.0 MW, respectively.

As of 31 December 2012, we also held 39.0% equity interests in four 1,000.0 MW nuclear power generating units under construction.

As of 31 December 2012, the solar power projects of the Group had a consolidated installed capacity of 127.4 MW, with a consolidated installed capacity under construction of 100.0 MW.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes.

1. Overview

The Group's profitability improved substantially in 2012. Profit before tax increased by 106.8% to RMB1,545.9 million as compared with RMB747.5 million in 2011. In which, profit attributable to equity owners of the Company for the year amounted to RMB1,040.5 million, representing an increase of 83.9% as compared with RMB565.9 million in 2011.

2. Revenue

The Group's revenue increased by 32.0% to RMB9,606.6 million in 2012 as compared with RMB7,278.5 million in 2011, primarily due to the increase in revenue from electricity sales of hydropower and wind power businesses.

The Group's revenue from sales of electricity increased by 27.5% to RMB9,079.7 million in 2012 as compared with RMB7,118.8 million in 2011, primarily due to a 25.1% increase in the Group's electricity sales and a slight increase in our weighted average on-grid tariff. The increase in the Group's electricity sales reflected our steady business growth during the period, among which, the cumulative electricity sales of hydropower business and of wind power business increased by 57.6% and 56.0% respectively over the previous year. The slight increase in the Group's weighted average on-grid tariff was primarily a result of the tariff raise in hydropower and coal-fired power by the PRC government.

The respective segment revenue of the Group in 2012 and 2011 is as follows:

Table of Segment Revenue

	2012 RMB in millions	2011 RMB in millions	Change percentage
Hydropower	**2,414.2**	1,440.9	67.5%
Wind power	**1,901.3**	1,214.5	56.6%
Coal-fired power	**4,413.6**	4,119.0	7.2%
Other clean energy	**597.0**	453.2	31.7%

3. Other net income

In 2012, the Group's other net income increased by 36.1% to RMB421.4 million as compared with RMB309.7 million in 2011, primarily due to: (1) a gain of RMB131.8 million from disposal of 28.0% equity interests in Fujian Kemen Port Logistics Co., Ltd. as compared with a gain of RMB64.2 million from disposal of 100% equity interests in another subsidiary, Kemen II in 2011; and (2) government grants including fiscal interest subsidies received during the year was RMB139.2 million, as compared with RMB63.7 million in 2011, representing an increase of 118.5%.

4. Operating expenses

The Group's operating expenses increased by 21.0% to RMB6,828.6 million in 2012 as compared with RMB5,643.5 million in 2011. This increase was mainly attributable to: the increases in (1) fuel costs of the Group's new generation units; (2) depreciation and amortization expenses of the new generation units; (3) labor costs; (4) repairs and maintenance costs; and (5) other operating expenses.

In 2012, as the Group's new generation units commenced operation, the fuel cost increased from RMB2,010.0 million in 2011 to RMB2,643.2 million.

The Group's depreciation and amortization expenses increased by 30.8% to RMB1,626.9 million in 2012 as compared with RMB1,243.8 million in 2011. This increase was primarily due to the expansion in consolidated installed capacity of the Group.

The Group's labor costs increased by 15.6% to RMB764.5 million in 2012 as compared with RMB661.2 million in 2011, primarily due to increased head count for management of our expanded business.

The Group's repair and maintenance costs increased by 68.4% to RMB283.1 million in 2012 as compared with RMB168.1 million in 2011, primarily due to commencement of operation of the two additional coal-fired units and an increase in repairing fees in hydropower projects of the Group during the year.

The Group's other operating expenses increased by 49.6% to RMB285.2 million in 2012 as compared with RMB190.6 million in 2011, primarily due to an increase in number of projects and the expansion in business scale of the Group.

5. Operating profit

The Group's operating profit increased by 64.5% to RMB3,199.4 million in 2012 as compared with RMB1,944.7 million in 2011, reflecting the Group's steady business growth during the year. The respective segment operating profit of the Group in 2012 and 2011 is as follows:

Table of Segment Operating Profit

	2012 RMB in millions	2011 RMB in millions	Change percentage
Hydropower	**1,258.3**	447.0	181.5%
Wind power	**1,182.0**	793.8	48.9%
Coal-fired power	**628.4**	655.8	-4.2%
Other clean energy	**138.8**	87.9	57.9%

6. Finance income

The Group's finance income was RMB71.5 million in 2012, which remained relatively stable as compared with RMB71.3 million in 2011.

7. Finance expenses

The Group's finance expenses increased by 39.0% to RMB1,768.2 million in 2012 as compared with RMB1,272.0 million in 2011, primarily due to an increase in the average balance of our loans as a result of the Group's business growth and the increase in the level of average interest rate.

8. Share of profits of associates and jointly controlled entity

The Group's share of profits of associates and jointly controlled entity was RMB43.2 million in 2012 as compared with RMB3.4 million in 2011, primarily due to an increase in earnings of the associates that we invested in this year.

9. Income tax

The Group's income tax increased by 156.0% to RMB242.9 million in 2012 as compared with RMB94.9 million in 2011. This increase was mainly due to an increase in its operating profit.

10. Profit for the year

The Group's profit increased by 99.7% to RMB1,303.0 million in 2012 as compared with RMB652.6 million in 2011. Our profit as a percentage of our total revenue increased to 13.6% in 2012 from 9.0% in 2011, primarily because, on one hand, the Group leveraged on the favourable opportunities brought by the higher level of precipitation during the year, which strengthened our hydropower dispatch so as to tap our potential in full and improve utilization rate of hydropower, thereby achieving a 181.5% growth of operating profit from hydropower segment in 2012 as compared with that in 2011; on the other hand, the Company persistently selected premium sites to optimize its deployment and expand business scale in wind power, thereby attaining a 48.9% increase in operating profit from wind power segment in 2012 as compared with that in 2011.

11. Profit attributable to equity owners of the Company

The profit attributable to equity owners of the Company increased by 83.9% to RMB1,040.5 million in 2012 as compared with RMB565.9 million in 2011.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests increased by 202.8% to RMB262.5 million in 2012 as compared with RMB86.7 million in 2011.

13. Liquidity and sources of capital

The Group's cash and cash equivalents increased by 50.0% to RMB2,291.2 million as at 31 December 2012 as compared with the balance of RMB1,527.6 million as at 31 December 2011, primarily due to an amount of HKD828.2 million in the net proceeds from the offering of H shares of the Company to be settled. The main sources of the Group's operating capital include: (1) approximately RMB12,552.2 million as at 31 December 2012 of unutilized banking facilities; and (2) approximately RMB2,291.2 million of cash and cash equivalents, of which HKD828.2 million represents part of the net proceeds from the offering of H shares to be settled.

As at 31 December 2012, the Group's borrowings increased by 13.0% to RMB34,369.4 million as compared with RMB30,412.3 million as at 31 December 2011, of which RMB9,379.0 million was short-term borrowings (including current portion of long-term borrowings), and RMB24,990.4 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure decreased by 4.9% to RMB7,057.1 million in 2012 as compared with RMB7,424.1 million in 2011. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

15. Net gearing ratio

As at 31 December 2012, the Group's net gearing ratio (net debt (i.e., total borrowings less cash and cash equivalents) divided by total equity) was 257.7%, representing a decrease of 52.6 percentage points as compared with 310.3% as at 31 December 2011, which was mainly due to an increase in cash and cash equivalents arising from the net proceeds from the offering of H shares of the Company and therefore the shareholders' equity of the Company during the year.

16. Material acquisitions and disposals

The Company disposed of its 28.0% equity interest in Fujian Kemen Port Logistics Co., Ltd. and the net income of the disposal was RMB131.8 million in 2012.

In 2012, Huadian New Energy Development Company Limited, a wholly-owned subsidiary of the Company, acquired 12% of equity interests in Guangzhou University Town Huadian New Energy Co., Ltd. at a consideration of RMB41.2 million.

17. Significant Investment

The Company did not hold any significant investment in 2012.

18. Plans for Material Investments/Acquisition of Capital Assets

The Company has not formulated any plans for material investments/acquisition of capital assets for the coming year.

19. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment. As at 31 December 2012, total net carrying value of the pledged assets amounted to RMB10,966.7 million.

20. Contingent liabilities

As at 31 December 2012, the Group provided external guarantee over the balance of bank loans amounted to RMB111.1 million.

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects is significantly dependent on the policies and regulations that support such development in the PRC. Since 2005, the PRC government has promulgated a series of laws and regulations. The gross generation and revenue of our hydropower projects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects. Our wind power business is highly dependent on wind conditions. The total amounts of electricity and revenue generated from a wind power project are highly dependent on wind conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our distributed energy projects and other natural gas-fired power projects are fueled by natural gas. As such, the sufficient and timely supply of natural gas is essential to our distributed energy business.

2. Competition risk

We may encounter competition from utility companies, which are mainly engaging in other clean energy businesses. In particular, other clean energy technologies may become more competitive and attractive. Competition from such companies may increase if the technology used to generate electricity from these other clean energy sources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy sources. Clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including oil and coal.

3. Risk related to power grid

Power grids planning and construction and wind farm construction in certain regions are out of sync, which will hinder the Group's power transmission upon completion of the projects. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross generation. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

The Group's transactions are mainly denominated in Renminbi, Euros, United States dollars and Hong Kong dollars. Therefore, the Group is exposed to foreign currency exchange rate risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

IV. OUTLOOK AND PROSPECTS

Looking into 2013, amid uncertainties in global economy, economic growth in China will remain reasonable and steady, with further room for growth of demand in electricity. As the most commercially mature clean energies, there is ample room for the wind power, solar photovoltaic power and natural gas distributed energy businesses to develop. As Huadian's sole and ultimate integrated platform of clean energy business, the Group will continue to develop various types of synergistic and complementary clean energy to implement our diversified clean energy development approach. We will benefit from more development opportunities arose in the future to provide the highest return to our shareholders.

1. Hydropower business

With over 50 years of operation and our leading position in the hydro power sector in eastern China region, we intend to further expand our hydropower business by external acquisition as well as renovation and expansion of existing projects. By leveraging on our Group's advantage in key reservoirs, strengthening the river dispatch, increasing power generation and actively requesting for tariff increase, the Group can further improve the profitability of our hydropower business. It is expected that generation unit expansion projects of 80 MW will commence operation in 2013, and an additional of 110 MW of renovation and expansion projects will commence construction in the same year.

2. Wind power business

The Group will continue to uphold the principals of value creation in tandem with steady development to pursue for effective development in scale. With reference to market conditions, resources, market absorption, annual utilization hours and policy, implementation, we will prioritize our development and investment in wind power business in the order of prioritized development, rational development and prudent development. We will optimize the development approach of wind power business, rationalize the planning of wind power business deployment, strive to improve operating results and actively enrich our wind resource reserves.

3. Coal-fired power business

As a traditional way of power generation that is irreplaceable in the near future, the Group's coal-fired power business provides a significant source of revenue and cash flow to support the development of the Group's clean energy. The Group has two generating units with an aggregate capacity of 600 MW which had completed and commenced operation by the end of 2012. It is anticipated that the acquisition of two generation units from Kemen II with an aggregated capacity of 1,200 MW will be completed in 2013.

4. Other clean energy businesses

Focusing in the development of new energies and renewable energies as well as increasing the proportion of non-fuel power generating units will remain an important development direction of the energy industry in China. In 2012, both the National Energy Administration and the State Grid Corporation of China had issued relevant policy circular to encourage the development and construction of solar photovoltaic power project. The 12th five-year plan for Energy Development and the Natural Gas Utilization Policy issued by the National Development and Reform Commission of the PRC provided a guarantee for the development of natural gas distributed energy. The Group believes that by operating such clean energy projects, we will diversify the source of revenue and bring the Group a new prospect for business growth. The Group will step up our efforts in development of natural gas distributed energy and solar photovoltaic power projects with our first-mover advantages and will place emphasis on the study of industry development, market trends and regulatory policies of nuclear and biomass projects, and selectively pursues opportunities to expand into other clean energy businesses.

Human Resources

HUMAN RESOURCES OVERVIEW

As of 31 December 2012, we had a total of 7,856 staff. The following table sets forth a breakdown of our staff by business types as of 31 December 2012:

Business types	Number of staff	Percentage
General administration	122	1.55%
Hydropower	3,571	45.46%
Wind power	1,321	16.81%
Coal-fired power	1,997	25.42%
Others clean energy	845	10.76%
Total	7,856	100.0%

STAFF INCENTIVES

In order to cater for our development needs, the Group adopts a position-based accountability system and has established and perfected a staff performance appraisal mechanism. The Group has a performance appraisal system for all staff in place for appraisal of all levels with interaction between different levels, with a view to enhance the position performance management standard. By allocating the duties in our development plan to each and every position, identifying the performance target of each position and formulating a set of performance standard, the Group established a system of performance-linked remuneration package in an effort to incentivize our staff for better performance, such that the staff can share the success of the Group's development and achieve job satisfaction.

STAFF TRAINING

The Group upholds the vision of "building a leading and world-class diversified clean energy company in China" adopts a policy of rallying strength with the support from competent individuals. We are dedicated to improve our team composition, improve the overall quality of our staff, build up career path for our staff and build up a dynamic human resources training system and operation mechanism in line with our strategic development requirement.

In 2012, the Group conducted rotation trainings for middle cadre, team leaders and technical production staff in different levels and categories. We organized and participated in trainings in respect of connected transactions and senior management compliance for listed companies, as well as professional trainings in financial, filing and informationization. The Group had organized 137 different training classes during the year, with the participation of a total headcount of 27,987. During 2012, the new recruits and graduate trainees of the wind power project companies of the Group had participated in production preparation trainings in Huitengxile training centre and equipment manufacturers, which paved way for the human resources and technical preparation of our production operation.

STAFF REMUNERATION POLICIES

The staff remuneration of the Group comprises of basic salary and performance-based salary. The performance-based salary is determined by reference to the result of performance appraisal of all staff within the Group.

STAFF PROTECTION

The Company had made contributions to the social security fund and housing provident fund for its employees in strict compliance with the Labor Law and Labor Contract Law. The social security fund covers basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL PROTECTION

The Group attaches great importance to social responsibilities and environmental protection. With respect to environmental protection, the Group conscientiously implemented China's environmental protection regulations and standards by incorporating environmental protection work into the Group's management system. The Group attaches importance and takes into consideration of the potential influence of the projects have on the surrounding environment and strictly conducts preliminary environmental protection assessment and seriously formulate the replant and environmental protection related plans after the project construction. The energy saving and environmentally friendly concepts are deeply-rooted in the Group. We set up an environmental protection system, with a view to ensure that the fields could achieve reasonably structured ecological environment with stable system, upon which to achieve a positive interaction between the development of resources and protection of the environment.

The Group actively conducts study in low carbon development strategies, in 2012, our study in *Innovation and Practice of Low Carbon Development Strategies of Power Company* that used one and half year to complete had been awarded the first class award in corporate management innovation of nationwide power company.

The emission reduction effects in clean energy generation projects of the Group were significant. For the year ended 31 December 2012, power generation with zero emission amounted to 13,453.8 GWh, representing a saving in almost 4.4 million tons of standard coal. The accumulated emission reduction in United Nation registered CDM projects of the Group in 2012 was 3.38 million tons of carbon dioxide.

1. CORPORATE GOVERNANCE

The Hong Kong Stock Exchange issued the Corporate Governance Code and Report as currently set out in Appendix 14 of the Listing Rules which sets out the principles and the code provisions which listed issuers are required to apply and comply. During the Reporting Period, the Company has applied the principles as set out in the Corporate Governance Code and Report that are considered to be relevant to the Company and has complied with code provisions of the Corporate Governance Code and Report.

The Board hereby presents to the shareholders the corporate governance report for the Reporting Period.

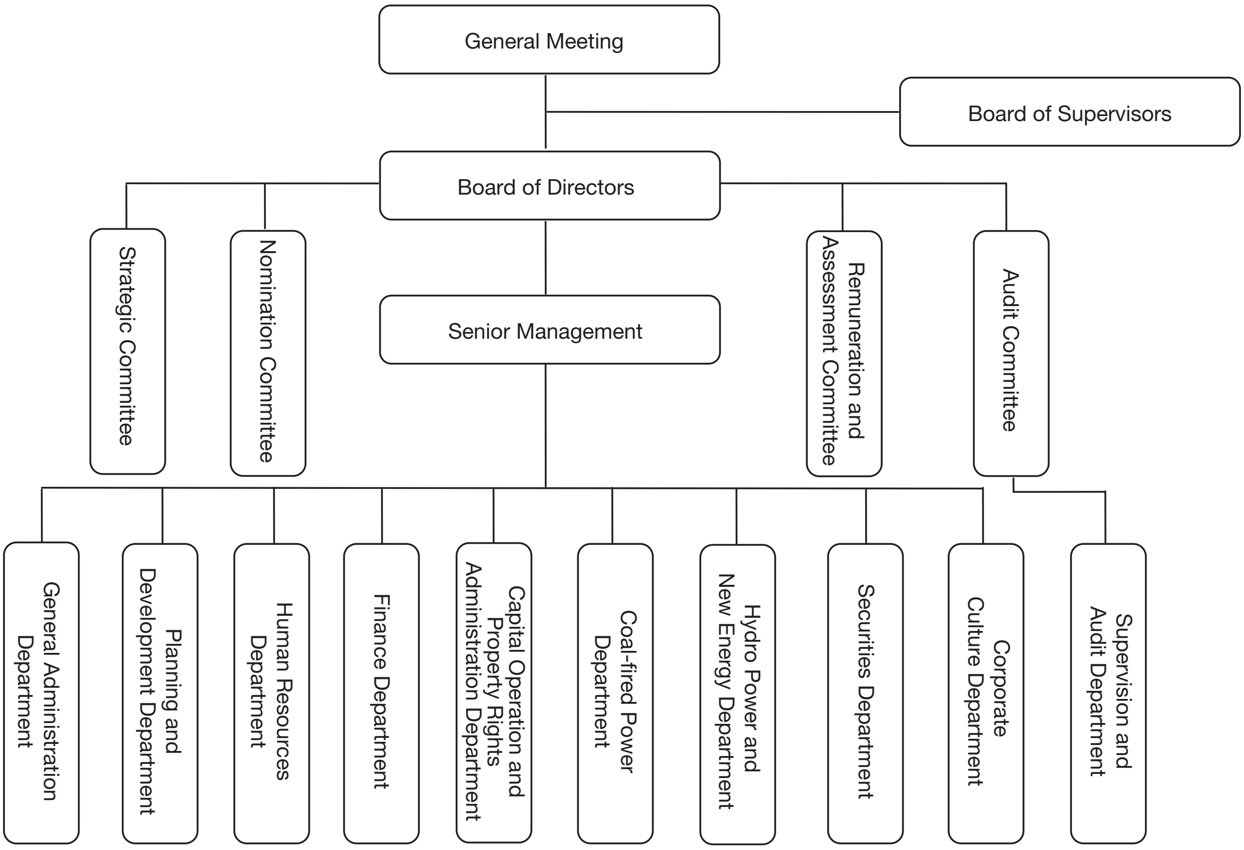
2. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct and rules governing dealings by its Directors and Supervisors in the securities of the Company. Having made specific enquiry to the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which terms are no less exacting than the Model Code. The Company has not discovered any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

3. CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is set out as follows:



4. The Board

The Board exercises its powers and functions in accordance with the provisions as set out in the Articles of Association. Under the principle of acting in the best interest of the Company and its shareholders, the Board reports its works at the general meetings, implements the resolutions passed thereon and is accountable to the general meetings.

4.1 Composition of the Board

During the Reporting Period, the Board consisted of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 30 to 37 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

Since the listing of the Company, the Board has been in compliance with the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and the qualifications of the three independent non-executive Directors of the Company are in full compliance with the requirements under Rules 3.10(1) and (2) of the Listing Rules. In addition, the Company has received annual confirmations from independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considered all independent non-executive Directors to be in compliance with the independence requirements as set out in the Listing Rules.

The composition of the Board of the Company during the Reporting Period is set out as follows:

Name	Position	Date of Appointment
Mr. Huang Xianpei (黃憲培)	Chairman of the Board and Executive Director	29 October 2010
Mr. Fang Zheng (方正)	Executive Director and President	29 October 2010
Mr. Huang Shaoxiong (黃少雄)	Executive Director	29 October 2010
Mr. Mao Xishu (毛錫書)	Non-executive Director	29 October 2010
Mr. Wang Xuxiang (王緒祥)	Non-executive Director	29 October 2010
Mr. Zong Xiaolei (宗孝磊)	Non-executive Director	18 August 2011
Mr. Zhou Xiaoqian (周小謙)	Independent non-executive Director	26 October 2011
Mr. Yeung Pak Sing (楊佰成)	Independent non-executive Director	26 October 2011
Mr. Zhang Bai (張白)	Independent non-executive Director	26 October 2011

4.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, to be convened and hosted by the Chairman of the Board. A notice of at least fourteen days shall be dispatched for a regular Board meeting. The notice shall state the time, venue and means by which the Board meeting will be convened.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Associations, the quorum for a Board meeting is the present of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board of the Company is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

During the Reporting Period, two meetings were held by the Board. The attendance record of the Directors at the Board meetings is disclosed on page 61 of this report.

4.3 Powers Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly defined in the Articles of Association, which aims to provide an adequate checks and balances mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, deciding on the establishment of the Company's internal management structure, formulating the Company's basic administration system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Led by the President (who is also an executive Director), the management of the Company is responsible to the Board for implementing the resolutions approved by the Board, formulating specific rules and regulations for the Company and administering the Company's day-to-day operation and management.

4.4 Directors' Training

Pursuant to code provision A.6.5 of the Corporate Governance Code and Report, all Directors should participate in continuous professional development to develop and update their knowledge and skills. With a view to ensure that their contributions to the Board remains informed and appropriate.

During the Reporting Period, the Directors are regularly briefed on the amendments or updates on the relevant laws, rules and regulations. All Directors have participated in continuous professional development by reading training materials and attending training courses on the topics related to corporate governance and regulations.

According to the records maintained by the Company, the Directors received the following trainings, focusing on the roles, functions and duties of directors of a listed company in compliance with the Corporate Governance Code and Report on continuous professional development during the Reporting Period:

Directors	Studying Training Materials	Participation in Training Courses
Executive Directors		
Huang Xianpei	✓	✓
Fang Zheng	✓	✓
Huang Shaoxiong	✓	✓
Non-executive Directors		
Mao Xishu	✓	✓
Wang Xuxiang	✓	✓
Zong Xiaolei	✓	✓
Independent non-executive Directors		
Zhou Xiaoqian	✓	✓
Yeung Pak Sing	✓	✓
Zhang Bai	✓	✓

4.5 Chairman and President

The roles of the Chairman of the Board and President (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. Mr. Huang Xianpei acts as the Chairman of the Board and Mr. Fang Zheng acts as the president during the Reporting Period. The chairman and president do not have any relationships (including financial, business, family or other material or connected relationship). The *rules and procedures of the Board meeting* was considered and approved at the general meeting and the *terms of reference of the senior management of the Company* was considered and approved at the Board meeting, which clearly defined the division of duties between the Chairman and the President.

Mr. Huang Xianpei, the Chairman of the Board, is responsible for leading the Board in determining the overall development strategies of the Company, ensuring that the Board is functioning effectively in performing its duties, discussing significant and appropriate matters in a timely manner, ensuring the formulation of good corporate governance practices and procedures by the Company and ensuring that the Board acts in the best interest of the Company and all of its shareholders. Mr. Fang Zheng, the President, is mainly responsible for the Company's day-to-day operation and management, including organizing the implementation of Board resolutions, making day-to-day decisions, etc.

4.6 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall subject to election at general meetings with a term of office of no more than three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. The nomination committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, take into account the practical situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors of the Company, and record and submit the resolutions to the Board for approval. All newly nominated directors are subject to election and approval at general meetings.

Each of the executive Directors and non-executive Directors has entered into a service contract with our Company on 14 December 2011. Currently, all the non-executive Directors (including the independent non-executive Directors) have been appointed for a term of three years and subject to re-election and reappointment.

4.7 Remuneration of Directors and Supervisors

The remuneration and assessment committee makes recommendations in respect of the remuneration of Directors and Supervisors according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board with reference to Directors' experience, work performance, position and market condition and subject to approval of general meeting.

The remuneration of the senior management is determined by the Board.

4.8 Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties. During the Reporting Period, the Board performed the following duties in this regard:

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

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

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

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

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

5. BOARD COMMITTEES

There are four Board committees, namely the audit committee, remuneration and assessment committee, nomination committee and strategic committee.

5.1 Audit Committee

The Company has established the audit committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the audit committee are to make recommendations to engage or replace its external auditor; to oversee the internal audit system of the Company and its implementation, to ensure that the internal audit function of the Company is adequately resourced for operation in the company, and to monitor the effectiveness of the internal audit function; to coordinate the communication between the internal audit and the external audit functions; to review the Company's financial information and respective disclosure, to examine the Company's accounting practices and policies; to review the Company's internal control system, and to provide advises and recommendations on the soundness and completeness of such system; to make comments and proposals on the appraisal and replacement of the head of the internal audit department of the Company. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the audit committee consists of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Yeung Pak Sing (independent non-executive Director) and Mr. Zong Xiaolei (non-executive Director). Mr. Zhang Bai serves as the chairman of the audit committee.

During the Reporting Period, the audit committee held one meeting, details of which are as follows:

- On 24 August 2012, the first meeting of the audit committee of the first session of the Board was held, at which (1) the Company's 2012 interim report and results announcement were considered and approved; (2) the report was made by the external auditor in respect of the auditing of the Company's financial statements for the six months ended 30 June 2012; (3) the Company's financial statements for the six months ended 30 June 2012 were considered and approved ; and (4) reviewed the internal control functions and the obligation required under Corporate Governance Code and Report.

5.2 Remuneration and Assessment Committee

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the remuneration and assessment committee are: to determine remuneration plans or packages in accordance with the main scope, duties and importance of the management positions held by Directors and senior management as well as the remuneration packages of comparable positions of comparable enterprises; to review the performance of the Directors (other than independent Directors) and senior management of the Company and to conduct annual performance appraisal thereof; to monitor the implementation of the Company's remuneration system; to ensure that no Directors or any of their associates determine their own remunerations; and to attend to other matters as authorized by the Board. The remuneration plans or packages shall mainly include, but are not limited to, performance appraisal criteria and procedures, the main appraisal system, as well as the major proposals and system of incentives and punishment. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the remuneration and assessment committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director) and Mr. Huang Shaoxiong (executive Director). Mr. Zhou Xiaoqian serves as the chairman of the remuneration and assessment committee.

No meeting had been held by the remuneration and assessment committee during the Reporting Period.

5.3 Nomination Committee

The Company has established the nomination committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the nomination committee are: to review the size, structure and composition of the Board at least annually and make recommendations on any proposed changes to the Board, having regard to the operating status, asset scale and shareholding structure of the Company; to assess the independence of independent non-executive Directors; to study the criteria and procedures for selecting Directors and senior management of the Company and to make recommendations thereon to the Board; and to identify qualified candidates for Directors and senior management; and conduct review on candidates of Directors and senior management and to make recommendations to the Board on the appointment, reappointment or succession of Directors and senior management. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the Reporting Period, the nomination committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Yeung Pak Sing (independent non-executive Director) and Mr. Huang Xianpei (executive Director). Mr. Zhou Xiaoqian serves as the chairman of the nomination committee.

No meeting had been held by the nomination committee during the Reporting Period.

5.4 Strategic Committee

The primary responsibilities of the strategic committee are: to review the long term development strategic planning and approach of the Company and make suggestions thereon; review the material strategic investments and financing proposals which were subject to the approval of the Board in accordance with the requirement of the Articles of Association and make suggestions thereon; review the material capital operation and assets operation projects and make suggestions thereon.

During the Reporting Period, the strategic committee consists of three Directors: Mr. Fang Zheng (executive Director), Mr. Mao Xishu (non-executive Director) and Mr. Zhou Xiaoqian (independent non-executive Director). Mr. Fang Zheng serves as the chairman of the strategic committee.

No meeting had been held by the strategic committee during the Reporting Period.

6. BOARD OF SUPERVISORS

The board of Supervisors is the supervisory body of the Company. The number and composition of the board of Supervisors is in compliance with the provisions and requirements of the relevant laws, regulations and the Articles of Association. During the Reporting Period, the board of Supervisors is made up of six members, including two employee representative Supervisors democratically elected by staff of the Company. The Supervisors of the Company shall seriously discharge their duties, and being responsible to the shareholders, shall protect the interests of the shareholders and the Company through reviewing the Company's financial status and monitoring any acts of non-compliance of the Directors, managers and other senior management of the Company to the laws, administrative regulations or the Articles of Association when performing their duties.

7. ATTENDANCE RECORD OF DIRECTORS

During the Reporting Period, the attendance of Directors to the meetings of the Board and each Board committee as well as general meetings are as follows:

Name of Directors	Board Meetings Attended/Held	Audit Committee Meetings Attended/Held	Remuneration and Assessment Committee Meetings Attended/Held	Nomination Committee Meetings Attended/Held	Strategic Committee Meetings Attended/Held	Extraordinary Shareholders Meetings Attended/Held
Executive Directors						
Huang Xianpei	2/2	–	–	–	–	1/1
Fang Zheng	2/2	–	–	–	–	0/1
Huang Shaoxiong	1/2	–	–	–	–	0/1
Non-executive Directors						
Mao Xishu	2/2	–	–	–	–	1/1
Wang Xuxiang	2/2	–	–	–	–	0/1
Zong Xiaolei	2/2	1/1	–	–	–	0/1
Independent non-executive Directors						
Zhou Xiaoqian	2/2	–	–	–	–	1/1
Yeung Pak Sing	2/2	1/1	–	–	–	1/1
Zhang Bai	2/2	1/1	–	–	–	1/1
Average Attendance Rate	94%	100%	–	–	–	56%

8. AUDITORS AND REMUNERATION

KPMG was appointed as auditor for the Financial Statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2012.

During the Reporting Period, the fees payable by the Company to KPMG for audit services were RMB10.0 million. During the Reporting Period, KPMG did not provide any non-audit service.

The responsibility of KPMG, as the Company's external auditor to the Financial Statements, is set out on page 69 of this annual report.

The Board concur with the audit committee in respect of the matters relating to the selection, appointment, resignation and removal of the external auditor.

9. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2012.

The Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, price-sensitive information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In addition, appropriate insurance coverage for Directors' liability has been arranged by the Company against possible legal proceedings to be taken against the Directors.

10. COMPANY SECRETARY

Mr. Liu Lei is one of the joint company secretaries. He is a full time employee of the Company and has an understanding of the daily operation of the Company.

Ms. Mok Ming Wai, director of KCS Hong Kong Limited, the external service provider, is our joint company secretary. Her primary contact person at the Company is Mr. Liu Lei, the vice president and secretary of the Board of the Company.

During the year ended 31 December 2012, both Mr. Liu Lei and Ms. Mok Ming Wai have taken no less than 15 hours of relevant professional trainings to update their skills and knowledge.

11. SHAREHOLDERS' RIGHTS

11.1 Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall convene an extraordinary general meeting within two months where any shareholder holding, severally or jointly, 10% or more of the Company's issued shares carrying voting rights requests in writing for the convening of an extraordinary general meeting. Two or more than two shareholders holding, severally or jointly, 10% or more of voting shares at such proposed meeting may request the Board to convene an extraordinary general meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting shall not transacted matters not included in the notice of the meeting. An extraordinary general meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid shareholding shall be calculated on the basis of the date on which the relevant shareholders submit the written request. If the Board fails to despatch a notice of convening such meeting within thirty days upon receipt of the aforesaid written request, shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the proposed meeting shall be entitled to propose to the board of Supervisors to convene an extraordinary general meeting, provided that such proposal shall be made in writing. The board of Supervisors may convene such a meeting within four months upon receipt of the request by the Board. If the board of Supervisors fails to convene and preside over an extraordinary general meeting, the shareholders individually or jointly holding 10% or more of the shares of the Company for not less than ninety consecutive days may convene such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting of shareholders by the Board as closely as practicable.

All reasonable expenses incurred by convening and holding the aforesaid meeting by shareholders or the board of Supervisors due to the failure of the Board to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the director(s) who have defaulted their duties.

11.2 Procedures for Directing Shareholders' Enquiries to the Board

Shareholders of the Company have the right to oversee the Company's business operations, and to put forward proposals and raise inquiries and to obtain relevant information in accordance with the provisions of the Articles of Association. In addition, except for those matters in relation to business secrets of the Company which cannot be made public at the shareholders' general meeting, the Board and the board of Supervisors shall respond or address to the inquiries and suggestions of the shareholders.

Shareholders requesting inspection of the relevant information or provision of the materials shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

Contact details are as follows:

Address: 1701, Building A, Huadian Plaza, No. 2 Xuanwumennei Road, Xicheng District, Beijing, PRC
Fax: 0086-10-83567357
Email: zqb@hdfx.com.cn

11.3 Procedures for Putting Forward Proposals at a General Meeting

In overseeing and monitoring the business operation of the Company, the shareholders of the Company have the right to put forward proposals and raise inquiries. Shareholders holding 3% or more of the Company's voting shares have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such general meeting if they are within the terms of reference of general meeting.

The ad hoc proposals raised by shareholders shall satisfy the following criteria:

(1) Free of non-compliant to the provisions of laws and regulations, and fall within the business scope of the Company and the terms of reference of the general meeting;

(2) With definite topics to discuss and specific matters to resolve; and

(3) Submitted or served to the Board in writing ten days prior to the date of the shareholders' general meeting.

12. COMMUNICATIONS WITH SHAREHOLDERS

The Company highly appreciated shareholders' opinions and advice, actively organized various investor relations activities to maintain connections with shareholders and made timely response to the reasonable requests of shareholders.

The Company publishes its announcements, financial information and other relevant information on the website at www.hdfx.com.cn, as a channel to promote communication. Shareholders are welcomed to make enquiries directly to the Company at its principal place of business in Hong Kong or the head office in the PRC. The Company will address to all enquiries in a timely and appropriate manner.

The Board welcomes shareholders' views and encourages them to attend the annual general meeting to communicate any concerns they might have with the Board or the management. Chairman of the Board and the chairmen of all committees usually attend the annual general meeting and other general meetings to address shareholders' queries.

During the Reporting Period, the Company convened an EGM on 19 December 2012, the resolutions regarding the following issues had been passed: (1) the Deposit Service Agreement and Supplemental Agreement and the annual caps; (2) the Equity Transfer Agreement; (3) the Asset Acquisition Agreement; (4) the appointment of KPMG as the international auditor of the Company; (5) to issue corporate bonds; (6) to issue short-term financing instruments; and (7) the absorption and merger of Huadian New Energy, being a wholly-owned subsidiary of the Company. Please refer to page 61 of this report for the attendance of each of the Directors at the EGM.

With respect to the Company and Huadian Finance entered into a deposit service agreement and a supplemental agreement on 28 September 2012 and 19 October 2012, Huadian Finance agreed to provide deposit service to the Group with the interest rate of not lower than deposit interest rates provided by major commercial banks in the PRC and the interest rates provided by Huadian Finance to other members of Huadian Group for the same term of deposit in the same period. The deposit service agreement has become effective from 1 January 2013 after the approval of the independent shareholders at the EGM and the term of the deposit service agreement is three years. The deposit service agreement is renewable for a term of three years, subject to compliance with all applicable requirements under the PRC laws and the Listing Rules. As amended by the supplemental agreement, the Company and Huadian Finance agreed to revise the proposed annual caps for the three financial years ending 31 December 2015 from RMB4.0 billion to RMB2.10 billion. Huadian is the controlling shareholder of the Company, and therefore Huadian Finance, a subsidiary of Huadian, is a connected person of the Company as defined under the Listing Rules. The transactions contemplated under the deposit service agreement and supplemental agreement constitute connected transactions under Chapter 14A of the Listing Rules.

Arrangement will be made for the Board to address shareholders' queries at the 2012 annual general meeting of the Company.

13. INTERNAL CONTROL

The Company attaches prime importance to internal control. A complete and prudent internal control system has been established to protect shareholders' investments and the Company's assets. The Board is responsible for the maintenance of a sound and effective internal control system of the Company and has established the Company's internal control policies and procedures for monitoring the internal control system.

In respect of rules and regulations, the Company set up systems on internal control, including information disclosure, risk management, connected transaction, financial management and management of general meeting, the Board and the board of Supervisors. Such as rules of procedures for Board meetings, rules of procedures for meetings of audit committee of the Board, rules of procedures for meetings of nomination committee under the Board, rules of procedures for meetings of remuneration and assessment committee of the Board, rules of procedures for meetings of strategic committee of the Board, the administrative rules of connected transactions, the administrative rules of information disclosure, the administration system of material transaction disclosure, the rules of duties and authorities specification of Directors and senior management, internal audit rules and anti-corruption system.

In terms of organisational structure, the Company established capital operation and property rights management department, financial department, securities department, and supervision and audit department. Sufficient personnel were retained to take charge of the specific work such as financial operations and control, risk management, internal audit and anti-corruption. Besides, the Company arranged reasonable budgets and provided regular trainings to the staff of the Company and subsidiaries performing the duties of financial and risk management and internal audit so as to ensure that they are well trained and experienced.

The effective implementation of the internal control system ensured proper and orderly development of the Company's operating and management activities as well as effective control of risks, safeguarded the security and integrity of the Company's property and guaranteed the realisation of the Company's operating and management objectives.

Each department of the Company has the channel to submit information requests to the Board smoothly. Being the most senior point of contact to each department, the president of the Company is responsible for effectively reporting to the Board in relation to the operation conditions of each department, and coordinating and mobilising the demands of each department to promote reasonable decision making within the Company. Accordingly, any possible significant matter (if subject to disclosure to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions from the management of the Company can be implemented and executed accurately and timely with supervision.

During the Reporting Period, the Board reviewed the internal control systems of the Company and its subsidiaries and was not aware of any material deficiencies nor any material defaults with respect to financial, operational and compliance controls and risk management. The Board believes that the current monitoring system of the Company is effective and considers that the resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions, its training programs and budget thereof are adequate.

14 INVESTOR RELATIONS

14.1 Investor Relations

The Articles of Association was adopted on 23 August 2011, which became effective on the date that the H Shares of the Company was listed on the Hong Kong Stock Exchange, and was amended on 24 August 2012. The amendments are mainly on an updated shareholding structure after the exercise of the over-allotment options. An updated version of the Articles of Association is available on both the websites of the Company and the Hong Kong Stock Exchange.

14.2 Results Roadshows

The Company organised an interim results roadshow during the Reporting Period. In August 2012, the management of the Company carried out interim results roadshow in Hong Kong, and held a press conference, an analyst meeting, eight one-to-one meetings for investors.

14.3 Investors' Routine Visits

During the Reporting Period, the Company received 26 groups of investors by way of one-to-one/group/teleconference meetings and fully communicated and exchanged opinions with investors and analysts from 20 domestic and foreign institutions.

14.4 Investors Summits

During the Reporting Period, the management of the Company attended two investors summits organised by famous international investment banks and fully communicated with investors through making speeches in the meeting, holding group/one-to-one meetings.

Report of the Board of Supervisors

On 18 August 2011, the current session of the board of Supervisors was established upon the approval of the inaugural meeting of the Company. The current session of the board of Supervisors is comprised of six Supervisors during the Reporting Period.

In 2012, for the Company's long term interests and Shareholders' interests, the board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and Listing Rules and earnestly performed their duties of supervision as to the acts of the Directors and senior management of the Company. The main area of work of the board of Supervisors in 2012 is summarised as follows:

I. MEETING CONVENED BY THE BOARD OF SUPERVISORS

The board of Supervisors convened 2 meetings in 2012:

1. 4 June 2012, the Company convened the second meeting of the first session of the board of Supervisions of the Company, and the following resolutions were considered and passed in the meeting, the resolution on the Prospectus and the resolution on the global offering of the Company.

2. On 24 August 2012, the Company convened the third meeting of the first session of the board of Supervisors. The meeting considered and passed the following resolutions, the resolution to consider 2012 interim report and interim results announcement, the resolution on the proposed execution of the finance services agreement and deposit service agreement with Huadian Finance, the resolution on acquisition of 12% equity interest in Guangzhou University Town and the resolution on acquisition of Huadian Nujiang wind power project.

II. WORK OF THE BOARD OF SUPERVISORS

The work of the first session of the board of Supervisors mainly comprised of the followings:

1. Regulatory Compliance of the Company's Operation

Members of the board of Supervisors presented at the general meetings of the Company and attended the Board meetings, considered the proposals which were submitted to the Board and strictly fulfilled their responsibilities as Supervisors. The board of Supervisors is of the view that the major decisions of the Company were in compliance with laws and regulations. The Company achieved excellent results in terms of production and operation, project construction, capital operation, cost control, internal management and market expansion, with the annual production and operation targets accomplished. Upholding the principle of law-abiding operation, standardized management and prudent decision-making, the management of the Company earnestly implemented the resolutions of the Board and the general meetings.

2. Examination of the Company's Financial Status

Members of the board of Supervisors scrutinized and examined the financial management system and financial status of the Company and reviewed the relevant financial information of the Company. The board of Supervisors considered that the Company's financial management system is sound with effective execution, and the accounting treatment is in compliance with the accounting law of the PRC, the Accounting Standards for Business Enterprises of PRC issued by the Ministry of Finance of the PRC and the International Financial Reporting Standards on a consistent basis. Having duly reviewed the 2012 annual financial report audited by the auditor with unqualified opinion, the board of Supervisors is of the opinion that it gives an accurate, true and fair view on the financial status and operating results of the Company.

3. The Company's Major Acquisitions, Disposal of Assets and Connected Transactions

The board of Supervisors reviewed information related to the Company's acquisitions, disposal of equity interests and assets and connected transactions with the controlling shareholder of the Company. The board of Supervisors is of the opinion that such acquisitions, disposal of equity interests and assets and connected transactions were conducted in a fair and just way, at reasonable price, without prejudice to the interests of the Company and other shareholders. The Directors, president and other members of the senior management had exercised the rights granted by the Shareholders and discharged their obligations in good faith with due diligence. So far, the board of Supervisors is not aware of any abuse of authority which impairs the interests of the shareholders and the legitimate rights of the employees of the Company.

4. The Company's Information Disclosure

The board of Supervisors reviewed the documents that the Company publicly disclosed in a serious manner. The board of Supervisors is of the opinion that the Company had disclosed the relevant information in a true and complete manner in accordance with the relevant requirements of the Hong Kong Stock Exchange and no false information was found.

In 2013, pursuant to the relevant requirements of the Company Law of the PRC, Articles of Association and Listing Rules, the board of Supervisors will closely monitor the production, operation and management of the Company, the decision-making process and implementation of the Company's significant issues and perform supervisory duties to safeguard the interests of all shareholders and the Company as usual.

Chairman of the Board of Supervisors
Li Changxu

Beijing, PRC, 25 March 2013

Independent Auditor's Report

KPMG

To the shareholders of
Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 71 to 175, which comprise the consolidated and company balance sheets as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

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 2012 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Charter Road
Central, Hong Kong

26 March 2013

Consolidated Statement of Comprehensive Income

	Note	2012 RMB'000	2011 RMB'000 (restated-note 41)
Revenue	4	**9,606,558**	7,278,494
Other net income	5	**421,387**	309,728
Operating expenses			
Cost of fuel		**(2,643,247)**	(2,009,955)
Cost of substituted electricity		**(554,292)**	(1,099,713)
Depreciation and amortization		**(1,626,852)**	(1,243,788)
Service concession construction costs		**(276,942)**	(43,901)
Personnel costs		**(764,454)**	(661,151)
Repairs and maintenance		**(283,071)**	(168,088)
Administration expenses		**(394,538)**	(226,294)
Other operating expenses		**(285,157)**	(190,639)
		(6,828,553)	(5,643,529)
Operating profit		**3,199,392**	1,944,693
Finance income		**71,545**	71,346
Finance expenses		**(1,768,236)**	(1,271,954)
Net finance expenses	6	**(1,696,691)**	(1,200,608)
Share of profits less losses of associates and jointly controlled entity		**43,214**	3,436
Profit before taxation	7	**1,545,915**	747,521
Income tax	8	**(242,945)**	(94,933)
Profit and total comprehensive income for the year		**1,302,970**	652,588
Attributable to:			
Equity owners of the Company		**1,040,484**	565,910
Non-controlling interests		**262,486**	86,678
Profit and total comprehensive income for the year		**1,302,970**	652,588
Basic and diluted earnings per share *(RMB cents)*	12	**15.26**	9.43

The notes on pages 80 to 175 form part of these financial statements.

	Note	2012 RMB'000	2011 RMB'000 (restated-note 41)
Non-current assets			
Property, plant and equipment	14	43,867,008	38,894,731
Investment property	15	–	20,085
Lease prepayments	16	602,803	512,142
Intangible assets	17	970,407	700,443
Investments in associates	19	2,667,863	2,023,386
Investment in a jointly controlled entity	20	–	22,692
Other investments	21	512,300	482,300
Other non-current assets	22	1,839,260	1,737,835
Deferred tax assets	32(b)	322,573	294,480
Total non-current assets		50,782,214	44,688,094
Current assets			
Inventories	23	274,277	268,988
Trade debtors and bills receivable	24	2,597,561	1,946,867
Prepayments and other current assets	25	1,508,278	1,600,794
Tax recoverable	32(a)	20,166	81,060
Restricted deposits	26	226,717	134,804
Cash and cash equivalents	27	2,291,195	1,527,598
Total current assets		6,918,194	5,560,111
Current liabilities			
Borrowings	28(b)	9,378,973	8,615,845
Obligations under finance leases	29	268,953	225,054
Trade creditors and bills payable	30	1,062,544	992,026
Other payables	31	7,657,318	7,983,316
Deferred income	33	13,420	11,166
Tax payable	32(a)	80,062	16,243
Total current liabilities		18,461,270	17,843,650
Net current liabilities		(11,543,076)	(12,283,539)
Total assets less current liabilities		39,239,138	32,404,555
Non-current liabilities			
Borrowings	28(a)	24,990,405	21,796,460
Obligations under finance leases	29	991,434	564,194
Deferred income	33	239,810	197,657
Deferred tax liabilities	32(b)	570,642	536,662
Total non-current liabilities		26,792,291	23,094,973
NET ASSETS		12,446,847	9,309,582

The notes on pages 80 to 175 form part of these financial statements.

Consolidated Balance Sheet

	Note	2012 RMB'000	2011 RMB'000 (restated-note 41)
CAPITAL AND RESERVES	34		
Capital		**7,622,616**	6,000,000
Reserves		**2,689,600**	1,504,241
Total equity attributable to the equity owners of the Company		**10,312,216**	7,504,241
Non-controlling interests		**2,134,631**	1,805,341
TOTAL EQUITY		**12,446,847**	9,309,582

Approved and authorised for issue by the board of directors on 26 March 2013.

Name: HUANG Xianpei
Position: Chairman

Name: FANG Zheng
Position: Director

The notes on pages 80 to 175 form part of these financial statements.

Balance Sheet

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	14	981,973	761,380
Lease prepayments	16	74,582	74,636
Intangible assets		6,708	5,115
Investments in subsidiaries	18	7,625,086	6,665,854
Investments in associates	19	2,492,506	1,807,157
Other investments	21	133,845	133,845
Other non-current assets		133	199
Deferred tax assets	32(b)	51,671	71,479
Total non-current assets		11,366,504	9,519,665
Current assets			
Inventories		2,081	2,001
Trade debtors and bills receivable	24	41,088	43,287
Prepayments and other current assets	25	2,067,363	1,878,928
Restricted deposits	26	6,221	12,790
Cash and cash equivalents	27	932,244	344,132
Total current assets		3,048,997	2,281,138
Current liabilities			
Borrowings	28(b)	4,210,500	3,717,150
Trade creditors and bills payable		585	376
Other payables	31	715,000	846,440
Total current liabilities		4,926,085	4,563,966
Net current liabilities		(1,877,088)	(2,282,828)
Total assets less current liabilities		9,489,416	7,236,837
Non-current liabilities			
Borrowings	28(a)	677,000	503,000
Total non-current liabilities		677,000	503,000
NET ASSETS		8,812,416	6,733,837

The notes on pages 80 to 175 form part of these financial statements.

Balance Sheet

	Note	2012 RMB'000	2011 RMB'000
CAPITAL AND RESERVES	34		
Capital		7,622,616	6,000,000
Reserves		1,189,800	733,837
TOTAL EQUITY		8,812,416	6,733,837

Approved and authorised for issue by the board of directors on 26 March 2013.

Name: HUANG Xianpei
Position: Chairman

Name: FANG Zheng
Position: Director

The notes on pages 80 to 175 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Attributable to the equity owners of the Company						
	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	5,088,889	525,625	22,942	1,202,771	6,840,227	1,629,557	8,469,784
Changes in equity for 2011:							
Profit and total comprehensive income for the year (as restated)	–	–	–	565,910	565,910	86,678	652,588
Capital contributions	–	–	–	–	–	329,523	329,523
Dividends	–	–	–	–	–	(156,726)	(156,726)
Capitalization upon establishment of the Company	911,111	(433,476)	(22,942)	(454,693)	–	–	–
Acquisition of non-controlling interests	–	60,341	–	–	60,341	(83,691)	(23,350)
Disposal of interests in a subsidiary with the loss in control	–	–	–	–	–	(147,913)	(147,913)
Impact of consolidation of a subsidiary under common control (as restated)	–	37,763	–	–	37,763	147,913	185,676
Transfer to reserve fund	–	–	18,745	(18,745)	–	–	–
At 31 December 2011 (as restated)	6,000,000	190,253	18,745	1,295,243	7,504,241	1,805,341	9,309,582
At 1 January 2012 (as previously reported)	6,000,000	152,490	18,745	1,290,958	7,462,193	1,647,662	9,109,855
Impact of consolidation of a subsidiary under common control	–	37,763	–	4,285	42,048	157,679	199,727
At 1 January 2012 (as restated)	6,000,000	190,253	18,745	1,295,243	7,504,241	1,805,341	9,309,582
Changes in equity for 2012:							
Profit and total comprehensive income for the year	–	–	–	1,040,484	1,040,484	262,486	1,302,970
Capital contributions	–	–	–	–	–	142,595	142,595
Dividends	–	–	–	(265,011)	(265,011)	(75,691)	(340,702)
Issuance of shares upon public offering, net of issuing expenses	1,622,616	437,451	–	–	2,060,067	–	2,060,067
Consolidation under common control (note 41)	–	(41,158)	–	–	(41,158)	–	(41,158)
Transfer to reserve fund	–	–	24,456	(24,456)	–	–	–
Others	–	13,593	–	–	13,593	(100)	13,493
At 31 December 2012	7,622,616	600,139	43,201	2,046,260	10,312,216	2,134,631	12,446,847

The notes on pages 80 to 175 form part of these financial statements.

Consolidated Cash Flow Statement

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Cash flows from operating activities		
Profit before taxation	1,545,915	747,521
Adjustments for:		
Depreciation and amortization	1,631,489	1,243,788
Amortization of deferred income	(11,940)	(37,667)
Net loss/(gain) on disposal of property, plant and equipment	1,009	(13,641)
Gain on disposal of investment in a jointly controlled entity	(5,125)	–
Gain on disposal of investment in an associate	(131,822)	–
Gain on disposal of a subsidiary	–	(64,239)
Net gain on disposal of other investment	–	107
Interest income on financial assets	(38,292)	(62,863)
Interest expenses on financial liabilities	1,698,494	1,252,381
Foreign exchange differences, net	3,244	7,225
Dividend income	(33,253)	(8,112)
Share of profits less losses of associates and a jointly controlled entity	(43,214)	(3,436)
Changes in working capital:		
Increase in inventories	(5,289)	(52,509)
Increase in trade debtors and bills receivable	(650,694)	(566,879)
Decrease/(increase) in prepayments and other current assets	418,303	(581,739)
Decrease in trade and other payables	(261,352)	(203,033)
Cash generated from operations	4,117,473	1,656,904
Income tax paid	(112,345)	(188,376)
Net cash generated from operating activities	4,005,128	1,468,528

The notes on pages 80 to 175 form part of these financial statements.

Consolidated Cash Flow Statement

	2012 RMB'000	2011 RMB'000 (restated)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	(6,908,361)	(5,717,383)
Payments for acquisition of financial assets and investments in associates	(787,850)	(648,280)
Payments for acquisition of subsidiaries	(149,339)	(279,313)
Proceeds from disposal of partial interest in a subsidiary	–	37,763
Proceeds from disposal of property, plant and equipment	3,409	27,332
Proceeds from disposal of a subsidiary, net of cash disposed of	–	106,232
Proceeds from disposal of other investment	–	2,290
Proceeds from disposal of investment in associates	256,000	–
Proceeds from repayment of loans and advances	57,174	–
Dividends received	21,341	50,310
Interest received	64,913	91,150
Net cash used in investing activities	(7,442,713)	(6,329,899)
Cash flows from financing activities		
Net proceeds from issuance of shares under the public offering	2,118,011	–
Capital contributions from the non-controlling equity owners	142,596	229,523
Proceeds from borrowings	13,930,867	16,943,468
Government grant received	174,624	75,527
Proceeds from sales and leaseback transactions classified as finance lease	368,880	560,009
Repayment of borrowings	(9,615,199)	(12,045,158)
Dividends paid	(337,511)	(181,907)
Interest paid	(2,198,295)	(1,762,778)
Payment of finance lease obligations	(289,315)	(117,173)
Payment for acquisition of partial interest in the subsidiary	(41,158)	–
Others	(49,074)	–
Net cash generated from financing activities	4,204,426	3,701,511

The notes on pages 80 to 175 form part of these financial statements.

Consolidated Cash Flow Statement

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Net increase/(decrease) in cash and cash equivalents	766,841	(1,159,860)
Cash and cash equivalents at beginning of period	1,527,598	2,694,683
Effect of foreign exchange rate changes	(3,244)	(7,225)
Cash and cash equivalents at end of period	2,291,195	1,527,598

Note:

For major non-cash transactions, please refer to note 40.

The notes on pages 80 to 175 form part of these financial statements.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the "Company") was established in the People's Republic of China (the "PRC") on 19 August 2011 as a joint stock company with limited liability as part of the reorganization (the "Reorganization") of Huadian Fuxin Energy Co., Ltd. ("HFEC"). The Company and its subsidiaries (together the "Group") are mainly engaged in hydropower, wind power, coal-fired power and other clean power generation and sale in the PRC.

On 28 June 2012, the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements 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 ("IAS") and interpretations promulgated 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 HKSE. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on 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 reflected in these financial statements.

(b) 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 associates and 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 RMB11,543,076,000. The directors of the Company 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 (see note 35(b)).

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 as their fair value (see note 2(f)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 judgments 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.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 42.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the presentation currency and the functional currency of the Company and its subsidiaries.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(p) or (q) depending on the nature of the liability.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a result gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(e)).

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

(e) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or jointly control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive is recognised in the consolidated other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and jointly controlled entities (continued)

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the associate, or the jointly controlled entity.

Unrealized profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's balance sheet, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 2(m)).

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates, and jointly controlled entities, are as follows:

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in debt and equity securities (continued)

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(m)).

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

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(g) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the equity owner that controls the Group are accounted for as if the acquisition had occurred at the beginning of the years or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's equity owner's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(l)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(m)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives. Rental income from investment properties is accounted for as described in note 2(v)(iv).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

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

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

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

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

–	Buildings and structures	8-55 years
–	Generators and related equipment	4-35 years
–	Motor vehicles	6-10 years
–	Furniture, fixtures and others	5-18 years

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

(j) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets (other than goodwill)

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

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

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

–	Concession assets	23 years
–	Software and others	5-10 years

Both the period and method of amortization are reviewed annually.

(l) Leased assets

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

(i) Classification of assets leased to the Group

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

(ii) Assets acquired under finance leases

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

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount (see note 2(m)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortized as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

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

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

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

– For investment in subsidiaries, associates and jointly controlled entities (including those recognised using the equity method (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

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

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

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

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

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets

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

- property, plant and equipment;
- investment properties;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

(n) Inventories

Inventories excluding spare parts are carried at lower of cost and net realisable values. Spare parts are stated in the balance sheet at cost less provision for obsolescence.

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the use.

When inventories are used, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

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

(s) Employee benefits

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

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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

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

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

  – the same taxable entity; or

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

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortization.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(u)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(u)(iii).

(iii) Other provisions and contingent liabilities

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

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

(v) Revenue recognition

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

(i) Sale of electricity and goods

Sale of electricity is recognised when electricity is supplied to the provincial grid companies. Sale of goods is recognised when goods are delivered at the customers' premises, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Service concession construction revenue

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(iii) Rendering of services

Revenue from the rendering of services is recognised in profit or loss by reference to the stage of completion of the transaction based on the progress of work performed.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Dividends

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

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

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

(vii) Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Revenue recognition (continued)

(viii) Certified Emission Reductions ("CERs") income

The Group sells carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognised when following conditions are met:

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

The revenue related to CERs is recognised and recorded in trade receivables for the volume verified by the independent Supervisors assigned by CDM EB and in other receivables for the remaining volume.

(w) Translation of foreign currencies

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

(x) Borrowing costs

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

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

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

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

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

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

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

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

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

(z) Segment reporting

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

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

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, Financial instruments: Disclosures – Transfers of financial assets

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

4 REVENUE

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

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Sales of electricity		
– Self generation	8,321,688	5,780,872
– Substituted generation (note (i))	758,010	1,337,925
	9,079,698	7,118,797
Service concession construction revenue (note (ii))	276,942	43,901
Others	249,918	115,796
	9,606,558	7,278,494

Note:

(i) The substituted generation arrangement allows a coal-fired power plant to purchase the surplus generation of other coal-fired power plants and sell such generation to the local power grid based on the buyer's approved on-grid tariff.

4 REVENUE (continued)

Note: (continued)

(ii) The Group entered into several service concession agreements with local government (the "Grantor") to construct and operate wind power plants during the concession period. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to either dismantle the wind power plants or transfer the ownership of the plants at request of Grantor. Service concession construction revenue recorded during the year represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-constructed.

The Group has recognised intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity during the concession period (see note 17). The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

5 OTHER NET INCOME

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Government grants	139,190	63,691
Net CERs income	133,536	155,211
Net (loss)/gain on disposal of plant, property and equipment	(1,009)	13,641
Gain on disposal of a subsidiary	–	64,239
Gain on disposal of investment in an associate (note (i))	131,822	–
Gain on disposal of investment in a jointly controlled entity (note (ii))	5,125	–
Others	12,723	12,946
	421,387	309,728

Notes:

(i) On 28 March 2012, the Company disposed its 28% equity interest in an associate, Fujian Kemen Port Logistics Co., Ltd to an independent third party, with a cash consideration of RMB256,000,000. This disposal resulted in a net gain of RMB131,822,000.

(ii) On 28 December 2012, Huadian New Energy Development Company Limited ("Huadian New Energy"), a subsidiary of the Company, disposed its 50% equity interest in an jointly controlled entity, Shanghai Huagang Wind Power Company Limited to an independent third party, with a cash consideration of RMB24,175,000. This disposal resulted in a net gain of RMB5,125,000.

6 FINANCE INCOME AND EXPENSES

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Interest income on financial assets	38,292	62,863
Dividend income from other investments	33,253	8,112
Others	–	371
Finance income	71,545	71,346
Interest on bank and other borrowings wholly repayable within five years	752,668	545,659
Interest on other loans	1,422,068	1,224,449
Finance charges on obligations under finance leases	46,575	17,035
Less: interest expenses capitalized into property, plant and equipment and intangible assets	522,817	534,762
	1,698,494	1,252,381
Impairment losses on trade and other receivables	50,527	–
Bank charges and others	15,971	12,241
Foreign exchange loss, net	3,244	7,225
Others	–	107
Finance expenses	1,768,236	1,271,954
Net finance expenses recognised in profit or loss	(1,696,691)	(1,200,608)

The borrowing costs have been capitalized at rates of 5.23% to 8.46% per annum for the year ended 31 December 2012 (2011: 4.65% to 8.46%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Salaries, wages and other benefits	673,578	577,920
Contributions to defined contribution retirement plans	90,876	83,231
	764,454	661,151

(b) Other items

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Amortization		
– lease prepayments	6,101	5,040
– intangible assets	15,397	8,490
Depreciation		
– investment property	448	462
– property, plant and equipment	1,604,906	1,229,796
Impairment loss of property, plant and equipment	4,637	–
Auditors' remuneration		
– audit services	12,810	2,137
– other services	–	1,539
Operating lease charges		
– hire of machinery	1,971	658
– hire of properties	22,154	16,254
Cost of inventory	2,682,701	4,660,187

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Current tax		
Provision for the year	240,256	63,618
(Over)/under provision in respect of prior years	(3,198)	1,629
	237,058	65,247
Deferred tax		
Origination and reversal of temporary differences	5,887	29,686
Total income tax	242,945	94,933

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

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Profit before taxation	1,545,915	747,521
Applicable tax rate (note (i))	25%	25%
Notional tax on profit before taxation	386,479	186,880
Tax effect of non-deductible expenses	12,015	12,377
Tax effect of non-taxable income	(24,845)	(2,299)
Tax effect of taxable deemed income	–	17,500
Tax effect of PRC tax concessions (note (ii))	(127,945)	(125,901)
Tax effect of unused tax losses not recognised	36,533	7,420
Tax effect of utilization of previously unrecognised tax losses	(616)	(2,673)
Tax credits for purchase of environmental protection equipment	(35,478)	–
(Over)/under provision in respect of prior years	(3,198)	1,629
Income tax	242,945	94,933

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)

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

Notes:

(i) Provision for income tax represents PRC income tax. On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008. The statutory income tax rate under the New Tax Law is 25%. Accordingly, the Group's PRC entities are subject to income tax at 25% unless otherwise specified.

(ii) Prior to 1 January 2008, based on the then effective tax regulations, certain subsidiaries of the Group, being enterprises located in Xiamen Special Economic Zones, were taxed at a preferential income tax rate of 15%. The New Tax Law and its relevant regulations allow transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

In addition, pursuant to CaiShui [2011] No.58, the Group's subsidiaries located in the Western Region are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the New Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Deferred compensation plan RMB'000	2012 Total RMB'000
Executive directors						
Mr. Huang Xianpei (Chairman)	–	225	422	119	51	817
Mr. Fang Zheng	–	199	343	74	87	703
Mr. Huang Shaoxiong	–	50	152	25	18	245
Non-executive directors						
Mr. Wang Xuxiang	–	–	–	–	–	–
Mr. Mao Xishu	–	–	–	–	–	–
Mr. Zong Xiaolei	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian	100	–	–	–	–	100
Mr. Yeung Pak Sing	100	–	–	–	–	100
Mr. Zhang Bai	100	–	–	–	–	100
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	199	343	74	87	703
Mr. Xu Jin	–	189	237	60	–	486
Mr. Yao Fei (note (i))	–	–	–	–	–	–
Mr. Huang Yuanhong (note (i))	–	–	–	–	–	–
Ms. Hu Xiao Hong	–	–	–	–	–	–
	300	862	1,497	352	243	3,254

Note:

(i) Mr. Yao Fei and Mr. Huang Yuanhong have resigned as supervisors of the Company with effect from 25 March 2013.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Deferred compensation plan RMB'000	2011 Total RMB'000
Executive directors						
Mr. Huang Xianpei (Chairman)	–	200	367	56	73	696
Mr. Fang Zheng	–	479	102	70	50	701
Mr. Huang Shaoxiong	–	200	367	55	73	695
Non-executive directors						
Mr. Wang Xuxiang	–	–	–	–	–	–
Mr. Mao Xishu	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian	16	–	–	–	–	16
Mr. Yeung Pak Sing	16	–	–	–	–	16
Mr. Zhang Bai	16	–	–	–	–	16
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	479	102	70	50	701
Mr. Xu Jin	–	339	70	55	35	499
Mr. Yao Fei	–	–	–	–	–	–
Ms. Hu Xiaohong	–	–	–	–	–	–
	48	1,697	1,008	306	281	3,340

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors (2011: three directors and one supervisor) whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2011: one) individuals are as follows:

	2012 RMB'000	2011 RMB'000
Salaries and other emoluments	363	169
Discretionary bonuses	718	302
Retirement scheme contributions	162	49
Deferred compensation plan	99	60
	1,342	580

The emoluments of the two (2011: one) individuals with the highest emoluments are within the following bands:

	2012	2011
Nil to HKD1,000,000	2	1

11 PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The consolidated profit attributable to equity owners of the Company includes a profit of RMB236,287,000 (2011: a loss of RMB10,191,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2012 RMB'000	2011 RMB'000
Amount of consolidated profit/(loss) attributable to equity owners dealt with in the Company's financial statements	236,287	(10,191)
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year, approved and paid during the year	57,873	229,416
Impairment losses of investment in an associate	(14,237)	(29,363)
Company's profit for the year (note 34(a))	279,923	189,862

Details of dividends paid and payable to equity owners of the Company are set out in note 34(b).

(Expressed in Renminbi unless otherwise stated)

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity owners of the Company of RMB1,040,484,000 (2011 (restated): RMB565,910,000) and the weighted average of 6,820,331,000 ordinary shares (2011: 6,000,000,000 shares) in issue during the year.

The weighted average number of shares in issue for the year ended 31 December 2011 represented the 6,000,000,000 ordinary shares issued and outstanding upon the establishment of the Company on 19 August 2011 as if such shares were outstanding throughout the year ended 31 December 2011. The weighted average number of shares in issue for the year ended 31 December 2012 also reflects the issuance of 1,622,616,000 shares in June and July 2012 in connection with the Company's IPO and over-allotment (see note 34(c)). The weighted average number of shares in issue is set out below:

	2012 Thousands shares	2011 Thousands shares
Shares issued upon formation of the Company on 19 August 2011 as if such shares were outstanding for the year ended 31 December 2011	6,000,000	6,000,000
Effects of shares issued in 2012	820,331	–
	6,820,331	6,000,000

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

13 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

– Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

– Other clean energy business: this segment mainly constructs, manages and operates other power and heat plants and generates electric power for sale to power grid companies or heat for sale to the resident households.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and jointly controlled entities, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade creditors and bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of profits less losses of associates and jointly controlled entities, net finance expenses, service concession construction revenue and cost, gain or loss on disposal of subsidiaries and investments in associates and jointly controlled entities, and unallocated head office and corporate revenue and expenses.

13 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below:

For the year ended 31 December 2012

	Hydro power RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers					
– Sales of electricity	2,411,671	1,892,236	4,239,485	536,306	9,079,698
– Sales of others	2,532	9,065	174,159	60,737	246,493
Reportable segment revenue	2,414,203	1,901,301	4,413,644	597,043	9,326,191
Reportable segment profit (operating profit)	1,258,349	1,182,001	628,389	138,812	3,207,551
Depreciation and amortization	(391,660)	(735,543)	(408,982)	(86,910)	(1,623,095)
Impairment loss on trade and other receivables	(5,229)	(38,764)	–	(19)	(44,012)
Interest income	3,610	24,972	3,455	1,096	33,133
Interest expenses	(219,120)	(770,508)	(321,998)	(49,077)	(1,360,703)
Reportable segment assets	9,072,559	29,119,109	9,920,994	4,285,918	52,398,580
Expenditures for reportable segment non-current assets during the year	303,201	4,487,935	707,636	1,554,693	7,053,465
Reportable segment liabilities	4,443,548	24,792,382	7,649,205	3,562,550	40,447,685

13 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

For the year ended 31 December 2011 (restated-note 41)

	Hydro power RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers					
– Sales of electricity	1,427,685	1,209,857	4,044,026	437,229	7,118,797
– Sales of others	13,179	4,604	74,932	15,946	108,661
Reportable segment revenue	1,440,864	1,214,461	4,118,958	453,175	7,227,458
Reportable segment profit (operating profit)	447,005	793,763	655,810	87,897	1,984,475
Depreciation and amortization	(408,180)	(481,247)	(296,974)	(53,215)	(1,239,616)
Impairment loss on trade and other receivables	(36)	345	62	–	371
Interest income	5,966	36,442	4,580	1,401	48,389
Interest expenses	(251,736)	(510,554)	(305,852)	(30,427)	(1,098,569)
Reportable segment assets	8,290,101	24,512,038	10,734,307	2,592,979	46,129,425
Expenditures for reportable segment non-current assets during the year	254,602	5,163,255	720,392	1,263,183	7,401,432
Reportable segment liabilities	4,727,440	21,266,546	8,897,137	1,713,100	36,604,223

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Revenue		
Reportable segment revenue	9,326,191	7,227,458
Service concession construction revenue	276,942	43,901
Unallocated head office and corporate revenue	3,425	7,135
Consolidated revenue	9,606,558	7,278,494
Profit		
Reportable segment profit	3,207,551	1,984,475
Unallocated head office and corporate revenue	3,425	7,135
Unallocated head office and corporate expenses	(148,531)	(111,156)
Share of profits less loss of associates and jointly controlled entity	43,214	3,436
Net finance expenses	(1,696,691)	(1,200,608)
Gain on disposal of subsidiary	–	64,239
Gain on disposal of investment in an associate	131,822	–
Gain on disposal of a jointly controlled entity	5,125	–
Consolidated profit before taxation	1,545,915	747,521

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit, assets and liabilities (continued)

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Assets		
Reportable segment assets	52,398,580	46,129,425
Elimination of inter-segment receivables	(3,005,837)	(2,904,832)
	49,392,743	43,224,593
Investments in associates and jointly controlled entity	2,667,863	2,046,078
Other investments	512,300	482,300
Deferred tax assets	322,573	294,480
Tax recoverable	20,166	81,060
Unallocated head office and corporate assets	4,784,763	4,119,694
Consolidated total assets	57,700,408	50,248,205
Liabilities		
Reportable segment liabilities	40,447,685	36,604,223
Elimination of inter-segment payables	(3,005,837)	(2,904,832)
	37,441,848	33,699,391
Tax payable	80,062	16,243
Deferred tax liabilities	570,642	536,662
Unallocated head office and corporate liabilities	7,161,009	6,686,327
Consolidated total liabilities	45,253,561	40,938,623

(c) Geographical information

All of the Group's operations are located in the PRC, and therefore no geographic segment information is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB8,964,899,000 for the year ended 31 December 2012 (2011 (restated): RMB7,007,885,000), respectively. Service concession construction revenue is all from the PRC government.

14 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	9,631,723	20,736,119	168,922	204,507	12,737,756	43,479,027
Additions (as restated)	19,701	15,848	32,135	14,837	7,134,520	7,217,041
Acquired through business combination	248,889	25,027	58	–	–	273,974
Transfer from construction in progress	873,078	8,134,026	12,268	23,831	(9,043,203)	–
Disposals	(23,609)	(268,554)	(10,519)	(26,585)	–	(329,267)
Transfer out through the disposal of the subsidiary	(580,863)	(2,871,773)	–	–	(7,402)	(3,460,038)
Transfer out by the disposal of partial interest with the loss of control (as restated)	–	–	–	–	–	–
Net deduction arising from sales and leaseback transaction	–	(899,379)	–	–	37,863	(861,516)
At 31 December 2011 (as restated)	10,168,919	24,871,314	202,864	216,590	10,859,534	46,319,221
At 1 January 2012 (as restated)	10,168,919	24,871,314	202,864	216,590	10,859,534	46,319,221
Reclassification	(27,840)	55,533	571	(28,264)	–	–
Additions	30,126	17,602	35,863	10,191	6,471,823	6,565,605
Transfer from construction in progress	657,367	6,762,646	12,598	23,575	(7,456,186)	–
Transfer from investment properties	20,980	–	–	–	–	20,980
Disposals	(1,239)	(41,125)	(7,923)	(2,234)	–	(52,521)
At 31 December 2012	10,848,313	31,665,970	243,973	219,858	9,875,171	52,853,285
Accumulated depreciation and impairment losses						
At 1 January 2011	2,480,074	4,840,968	82,204	107,700	893	7,511,839
Depreciation charge for the year (as restated)	236,545	960,931	23,249	17,085	–	1,237,810
Written back on disposal	(17,167)	(264,967)	(9,496)	(23,947)	–	(315,577)
Transfer out through the disposal of the subsidiary	(69,236)	(286,530)	–	–	–	(355,766)
Transfer out by the disposal of partial interest with the loss of control (as restated)	–	–	–	–	–	–
Transfer out arising from sales and leaseback transaction	–	(653,816)	–	–	–	(653,816)
At 31 December 2011 (as restated)	2,630,216	4,596,586	95,957	100,838	893	7,424,490
At 1 January 2012 (as restated)	2,630,216	4,596,586	95,957	100,838	893	7,424,490
Reclassification	291	4,495	178	(4,964)	–	–
Depreciation charge for the year	258,942	1,299,737	26,324	18,905	4,638	1,608,546
Transfer from investment properties	1,343	–	–	–	–	1,343
Written back on disposal	(610)	(39,389)	(5,980)	(2,123)	–	(48,102)
At 31 December 2012	2,890,182	5,861,429	116,479	112,656	5,531	8,986,277
Net book value:						
At 31 December 2011 (as restated)	7,538,703	20,274,728	106,907	115,752	10,858,641	38,894,731
At 31 December 2012	7,958,131	25,804,541	127,494	107,202	9,869,640	43,867,008

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The Company

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	755,038	829,420	40,399	23,942	72,016	1,720,815
Additions	850	878	2,246	1,205	143,369	148,548
Transfer from construction in progress	1,341	22,201	2,700	238	(26,480)	–
Disposals	(2,898)	(13,551)	(2,847)	(767)	–	(20,063)
At 31 December 2011	754,331	838,948	42,498	24,618	188,905	1,849,300
At 1 January 2012	754,331	838,948	42,498	24,618	188,905	1,849,300
Additions	27,096	3,273	2,367	824	236,871	270,431
Transfer from construction in progress	2,108	15,072	–	270	(17,450)	–
Disposal	–	(22,041)	(1,559)	(240)	–	(23,840)
At 31 December 2012	783,535	835,252	43,306	25,472	408,326	2,095,891
Accumulated depreciation and impairment losses						
At 1 January 2011	542,543	468,631	26,081	17,017	893	1,055,165
Depreciation charge for the year	8,993	35,195	4,449	1,682	–	50,319
Written back on disposal	(2,125)	(11,887)	(2,813)	(739)	–	(17,564)
At 31 December 2011	549,411	491,939	27,717	17,960	893	1,087,920
At 1 January 2012	549,411	491,939	27,717	17,960	893	1,087,920
Depreciation charge for the year	8,900	34,801	3,582	2,222	–	49,505
Written back on disposal	–	(21,785)	(1,482)	(240)	–	(23,507)
At 31 December 2012	558,311	504,955	29,817	19,942	893	1,113,918
Net book value:						
At 31 December 2011	204,920	347,009	14,781	6,658	188,012	761,380
At 31 December 2012	225,224	330,297	13,489	5,530	407,433	981,973

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(i) The Group's property, plants and buildings are all located in the PRC.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB10,966,705,000 as at 31 December 2012 (31 December 2011: RMB9,585,103,000).

(iii) Property, plant and equipment held under finance lease

Certain properties and equipment of the Group with an aggregate net book value of RMB1,212,127,000 as at 31 December 2012 (31 December 2011 (restated): RMB931,443,000) are accounted for as finance leases with maturity periods of 2 to 20 years.

(iv) As at 31 December 2012, the Group is in the process of applying for or changing registration of the ownership certificates for certain properties. The directors are of the opinion that the Group is entitled to legally occupy or use these properties.

(v) The analysis of net book value of properties is as follows:

	2012 RMB'000	2011 RMB'000 (restated-note 41)
Mainland China:		
Long-term leases	**6,692,339**	6,815,405
Medium-term leases	**1,265,792**	723,298
Total	**7,958,131**	7,538,703

15 INVESTMENT PROPERTIES

	The Group RMB'000
Cost:	
At 1 January 2011	20,980
At 31 December 2011	20,980
At 1 January 2012	**20,980**
Transfer to property, plant and equipment	**(20,980)**
At 31 December 2012	**–**
Accumulated amortization:	
At 1 January 2011	70
Charge for the year	825
At 31 December 2011	895
At 1 January 2012	**895**
Charge for the year	**448**
Transfer to property, plant and equipment	**(1,343)**
At 31 December 2012	**–**
Net book value:	
At 31 December 2011	20,085
At 31 December 2012	**–**

16 LEASE PREPAYMENTS

	The Group RMB'000	The Company RMB'000
Cost:		
At 1 January 2011	337,611	73,933
Acquired through business combination	24,393	–
Additions	167,590	1,025
At 31 December 2011	529,594	74,958
At 1 January 2012	**529,594**	**74,958**
Additions	**97,284**	**–**
At 31 December 2012	**626,878**	**74,958**
Accumulated amortization:		
At 1 January 2011	8,794	278
Charge for the year	8,658	44
At 31 December 2011	17,452	322
At 1 January 2012	**17,452**	**322**
Charge for the year	**6,623**	**54**
At 31 December 2012	**24,075**	**376**
Net book value:		
At 31 December 2011	512,142	74,636
At 31 December 2012	**602,803**	**74,582**

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period of 25-70 years.

17 INTANGIBLE ASSETS

	The Group			
	Concession assets RMB'000	Software and others RMB'000	Goodwill RMB'000	Total RMB'000
Cost:				
At 1 January 2011	193,291	24,017	401,912	619,220
Additions	45,809	5,571	–	51,380
Acquired through business combination	–	–	47,521	47,521
Transfer out by the disposal of partial interest with the loss of control (as stated)	–	–	–	–
At 31 December 2011 (as restated)	239,100	29,588	449,433	718,121
At 1 January 2012	**239,100**	**29,588**	**449,433**	**718,121**
Additions	**276,942**	**8,555**	**–**	**285,497**
At 31 December 2012	**516,042**	**38,143**	**449,433**	**1,003,618**
Accumulated amortization:				
At 1 January 2011	–	9,186	–	9,186
Charge for the year (as restated)	5,700	2,792	–	8,492
At 31 December 2011 (as restated)	5,700	11,978	–	17,678
At 1 January 2012	**5,700**	**11,978**	**–**	**17,678**
Charge for the year	**12,148**	**3,385**	**–**	**15,533**
At 31 December 2012	**17,848**	**15,363**	**–**	**33,211**
Net book value:				
At 31 December 2011	233,400	17,610	449,433	700,443
At 31 December 2012	**498,194**	**22,780**	**449,433**	**970,407**

The amortization charge for the year is included in "depreciation and amortization" in the consolidated statement of comprehensive income.

17 INTANGIBLE ASSETS (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	2012 RMB'000	2011 RMB'000
Hydro power	**182,921**	182,921
Wind power	**266,512**	266,512
	449,433	449,433

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using a discount rates of 7%-9%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Key assumption used for the value-in-use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by related government authorities.

18 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 RMB'000	2011 RMB'000
Unlisted investments, at cost	**7,625,086**	6,665,854

18 INVESTMENTS IN SUBSIDIARIES (continued)

As at 31 December 2012, the subsidiaries of the Company are listed as follows:

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Huadian Electric Power Engineering Co., Ltd. 福建華電電力工程有限公司	the PRC 12 July 1999	276,314	100%	100%	–	Investment holding
Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC 18 September 2003	900,000	100%	100%	–	Coal-fired power generation
Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司 (note ii)	the PRC 17 November 1995	800,000	60%	60%	–	Hydropower generation
Mindong Hydropower Development Company Limited 閩東水電開發有限公司 (note ii)	the PRC 7 March 1997	250,405	51%	51%	–	Hydropower generation
Fujian Huadian Shaowu Power Generation Company Limited 福建華電邵武發電有限公司 (note ii)	the PRC 29 March 2000	10,000	60%	60%	–	Coal-fired power generation
Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC 23 October 1989	663,000	100%	100%	–	Coal-fired power generation
Fujian Huadian Zhangping Coal-fired Power Co., Ltd. 福建華電漳平火電有限公司	the PRC 18 November 1991	610,000	100%	100%	–	Coal-fired power generation
Fujian Zhangping Power Company Limited 福建漳平發電有限公司	the PRC 6 November 1992	80,000	100%	100%	–	Coal-fired power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Fujian Quanzhou Power Generation Company Limited 華電福建泉州發電有限公司	the PRC 28 August 2007	20,000	51%	51%	–	Power development and investment
Fujian Jinhu Power Generation Company Limited 福建省金湖電力有限責任公司 (note ii)	the PRC 3 October 1996	100,000	48%	–	50%	Hydropower generation
Fujian Gaosha Hydropower Company Limited 福建省高砂水電有限公司 (note ii)	the PRC 18 September 1997	66,000	62%	–	62%	Hydropower generation
Fujian Shaxian Chengguan Hydropower Company Limited 福建省沙縣城關水電有限公司 (note ii)	the PRC 3 September 1997	66,000	40%	–	40%	Hydropower generation
Fujian Longyan Wan'anxi Hydropower Company Limited 福建省龍岩萬安溪水力發電有限責任公司 (note ii)	the PRC 4 March 1998	40,000	41%	–	41%	Hydropower generation
Fujian Minxing Hydropower Company Limited 福建閩興水電有限公司	the PRC 13 January 2000	81,000	100%	31%	69%	Hydropower generation
Fujian Yong'an Gongchuan Hydropower Company Limited 福建省永安貢川水電站有限公司	the PRC 12 March 1998	50,000	61%	–	61%	Hydropower generation
Fujian Huatou Ximen Power Generation Company Limited 福建華投西門發電有限公司	the PRC 16 June 2005	49,000	100%	–	100%	Hydropower generation
Huadian New Energy Development Company Limited 華電新能源發展有限公司	the PRC 17 September 2007	3,198,026	100%	100%	–	Investment holding

18 INVESTMENTS IN SUBSIDIARIES (continued)

			Proportion of ownership interest			
Name of company	Place and date of establishment	Registered capital (RMB'000)	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Gansu Huadian Guazhou Wind Power Company Limited 甘肅華電瓜州風力發電有限公司	the PRC 6 January 2009	100,000	100%	–	100%	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC 9 November 2009	100,000	100%	–	100%	Wind power generation
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC 4 March 2009	115,020	100%	–	100%	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC 6 September 2005	508,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC 19 December 2008	10,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongnijing Wind Power Company Limited 內蒙古華電紅泥井風力發電有限公司	the PRC 7 July 2009	90,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC 29 April 2009	50,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Jieji Wind Power Company Limited 內蒙古華電街基風電有限公司	the PRC 19 May 2009	100,000	100%	–	100%	Wind power generation
Xinjiang Huadian Xiaocaohu Wind Power Company Limited 新疆華電小草湖風力發電有限責任公司	the PRC 31 March 2007	90,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Xinjiang Huadian Bu'erjin Wind Power Company Limited 新疆華電布爾津風電有限公司	the PRC 8 May 2009	38,000	100%	–	100%	Wind power generation
Xinjiang Huadian Caohu Wind Power Company Limited 新疆華電草湖風電有限公司	the PRC 13 May 2009	70,000	100%	–	100%	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC 9 March 2009	165,500	100%	–	100%	Wind power generation
Huadian Tangyuan Wind Power Company Limited 華電湯原風力發電有限公司	the PRC 17 June 2009	75,000	100%	–	100%	Wind power generation
Hunan Huadian Chenzhou Wind Power Company Limited 湖南華電郴州風力發電有限公司	the PRC 11 June 2009	60,000	100%	–	100%	Wind power generation
Zhoushan Huadian Wind Power Company Limited 舟山華電風力發電有限公司	the PRC 21 January 2010	25,000	100%	–	100%	Wind power generation
Huadian (Fuqing) Wind Power Company Limited 華電（福清）風電有限公司	the PRC 18 August 2009	120,000	100%	–	100%	Wind power generation
Huadian Jilin Shuangliao Wind Power Company Limited 華電吉林雙遼風力發電有限公司	the PRC 25 August 2009	39,650	99.62%	–	99.62%	Wind power generation
Huadian Jiayuguan Solar Power Company Limited 華電嘉峪關太陽能發電有限公司	the PRC 14 May 2010	100,000	80%	–	80%	Solar power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC 19 May 2009	173,310	70%	–	70%	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC 23 July 2009	242,000	75%	–	75%	Wind power generation
Inner Mongolia Huadian Qintian Wind Power Company Limited 內蒙古華電秦天風電有限公司	the PRC 9 December 2009	55,000	90%	–	90%	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 (note ii)	the PRC 26 May 2009	200,000	65%	–	65%	Wind power generation
Huadian Hulin Wind Power Company Limited 華電虎林風力發電有限公司	the PRC 30 May 2008	87,400	82%	–	82%	Wind power generation
Shanghai Huadian Solar Power Company Limited 上海華電太陽能發展有限公司	the PRC 5 June 2009	8,000	51%	–	51%	Solar power generation
Huadian Shangde Dongtai Solar Power Company Limited 華電尚德東台太陽能發電有限公司	the PRC 26 November 2009	112,222	90%	–	90%	Solar power generation
Hubei Huadian Longgan Lake Biogas Power Company Limited 湖北華電龍感湖沼氣發電有限公司	the PRC 13 July 2009	8,000	80%	–	80%	Biogas power generation
Huadian Baoqing Wind Power Company Limited 華電寶清風力發電有限公司	the PRC 8 March 2010	5,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Jilin Gongzhuling Wind Power Company Limited 華電吉林公主嶺風力發電有限公司	the PRC 25 March 2010	1,000	100%	–	100%	Wind power generation
Gansu Huadian Jingtai Wind Power Company Limited 甘肅華電景泰風力發電有限公司	the PRC 9 July 2010	85,000	100%	–	100%	Wind power generation
Huadian Weihai Wind Power Company Limited 華電威海風力發電有限公司	the PRC 25 February 2010	5,000	80%	–	80%	Wind power generation
Guangdong Huadian Qianshan Wind Power Company Limited 廣東華電前山風力發電有限公司	the PRC 20 April 2010	60,000	100%	–	100%	Wind power generation
Jiangsu Huadian Guanyun Wind Power Company Limited 江蘇華電灌雲風力發電有限公司	the PRC 16 February 2006	176,000	51%	–	51%	Wind power generation
Inner Mongolia Sansheng Wind Power Company Limited 內蒙古三勝風電有限公司	the PRC 24 August 2009	90,000	90%	–	90%	Wind power generation
Inner Mongolia Huadian Xilin Wind Power Company Limited 內蒙古華電錫林風力發電有限公司	the PRC 1 November 2010	3,000	100%	–	100%	Wind power generation
Taining Jinhu Holiday Hotel Company Limited 福建省泰寧大金湖假日酒店有限公司	the PRC 16 April 1998	3,000	44%	–	90%	Hotel management
Huadian (Xiamen) Energy Company Limited 華電（廈門）能源有限公司 (Former Xiamen Yiye Energy Investment Company Limited) （原廈門億業能源投資有限公司）	the PRC 24 November 2003	166,258	100%	100%	–	Investment holding

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Gutian Shuangkoudu Hydropower Generation Company Limited 福建古田雙口渡水電有限公司	the PRC 18 October 2002	49,008	100%	–	100%	Hydropower generation
Zhouningxian Houlongxi Hydropower Generation Company Limited 周寧縣後龍溪水電有限公司 (note ii)	the PRC 30 September 2002	60,000	70%	–	70%	Hydropower generation
Yong'an Fenghai Power Generation Company Limited 永安豐海發電有限公司	the PRC 7 June 2002	43,000	95%	–	95%	Hydropower generation
Yong'an Yinhe Power Generation Company Limited 永安銀河電力有限公司	the PRC 29 September 1998	40,000	100%	100%	–	Hydropower generation
Fujian Jinxi Investment Company Limited 福建省金溪投資有限公司	the PRC 8 February 1996	11,487	100%	–	100%	Hydropower generation
Nanjing Hengying Power Generation Company Limited 南靖恒盈電力有限公司	the PRC 26 February 2003	3,000	100%	–	100%	Hydropower generation
Huaan Huashun Power Generation Company Limited 華安華順電力有限公司	the PRC 4 November 2010	500	100%	–	100%	Hydropower generation
Longyan Wanye Investment Company Limited 龍岩萬業投資有限公司	the PRC 19 February 2004	10,000	99%	99%	–	Investment holding
Xiamen Gaoleike Investment Company Limited 廈門高雷克投資有限責任公司	the PRC 14 May 2002	36,000	87%	87%	–	Investment holding

18 INVESTMENTS IN SUBSIDIARIES (continued)

			Proportion of ownership interest			
Name of company	Place and date of establishment	Registered capital (RMB'000)	Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Sanming Boyuan Investment Company Limited 三明博源投資有限公司	the PRC 27 April 2004	15,000	100%	100%	–	Investment holding
Gansu Huadian Aksai Wind Power Company Limited 甘肅華電阿克塞風力發電有限公司	the PRC 20 August 2010	55,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited 內蒙古巴音杭蓋風力發電有限公司	the PRC 29 October 2010	5,000	80%	–	80%	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 (note ii)	the PRC 18 August 2010	17,000	65%	–	65%	Wind power generation
Huadian Tongyu Wind Power Company Limited 華電通榆風力發電有限公司	the PRC 14 September 2010	10,000	100%	–	100%	Wind power generation
Huadian Huachuan Heat Power Company Limited 華電樺川熱力有限公司	the PRC 25 October 2010	21,000	100%	–	100%	Heat power generation
Gansu Huadian Golmud Solar Power Company Limited 華電格爾木太陽能發電有限公司	the PRC 8 October 2010	35,000	100%	–	100%	Solar power generation
Gansu Huadian Minqin Power Generation Company Limited 甘肅華電民勤發電有限公司	the PRC 3 November 2010	25,000	100%	–	100%	Solar power generation
Heilongjiang Huafu Power Investment Company Limited 黑龍江省華富電力投資有限公司	the PRC 19 July 1996	260,000	80%	–	80%	Investment holding

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Harbin ChenHua Power New Technology Development Co., Ltd 哈爾濱辰華電力新技術開發有限責任公司	the PRC 24 August 2000	2,000	80%	–	100%	Provision of wind power technology
Heilongjiang Huafu Wind Power Mulan Company Limited 黑龍江華富風力發電木蘭有限責任公司	the PRC 1 April 2003	30,000	47%	–	59%	Wind power generation
Heilongjiang Huafu Wind Power Muling Company Limited 黑龍江華富風力發電穆棱有限責任公司	the PRC 9 September 2003	186,000	49%	–	61%	Wind power generation
Heilongjiang Dongning Huafu Wind Power Company Limited 黑龍江東寧華富風力發電有限責任公司	the PRC 18 November 2005	126,000	64%	–	80%	Wind power generation
Harbin Yilan Huafu Wind Power Company Limited 哈爾濱依蘭華富風力發電有限公司	the PRC 21 March 2007	176,000	64%	–	80%	Wind power generation
Inner Mongolia Huolinguole Huafu Wind Power Company Limited 內蒙古霍林郭勒市華富風電有限公司	the PRC 17 September 2010	10,000	80%	–	100%	Wind power generation
Bayannao'er Jianjizhongyan Wind Power Company Limited 巴彥淖爾市建技中研風力發電有限責任公司（原巴彥淖爾市華電蒙中風力發電有限公司）(note ii)	the PRC 3 December 2010	1,000	51%	–	51%	Wind power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 (note ii)	the PRC 11 July 2005	83,288	51%	–	51%	Wind power generation
Inner Mongolia Fulida Wind Power Company Limited 內蒙古富麗達風力發電有限公司	the PRC 15 September 2010	100,000	80%	–	80%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huachuan Biomass Cogeneration Heat Power Company Limited 樺川協聯生物質能熱電有限公司	the PRC 29 November 2007	60,130	100%	–	100%	Biomass power generation
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 (note ii)	the PRC 24 May 2010	33,333	60%	–	60%	Wind power generation
Qitaihe Fengrun Wind Power Company Limited 七台河豐潤風力發電有限公司	the PRC 16 August 2010	55,000	60%	–	60%	Wind power generation
Huadian Nanning New Energy Company Limited 華電南寧新能源有限公司	the PRC 26 April 2011	140,223	55%	–	55%	Distributed energy power generation
Huadian Shandong Rushan New Energy Company Limited 華電山東乳山新能源有限公司	the PRC 17 May 2011	10,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongtu Wind Power Company Limited 內蒙古華電宏圖風力發電有限公司	the PRC 19 May 2011	3,000	100%	–	100%	Wind power generation
Zhoushan Huadian Xiaosha Wind Power Company Limited 舟山華電小沙風力發電有限公司	the PRC 21 March 2011	7,000	100%	–	100%	Wind power generation
Yunnan Huadian Lianhuashan Wind Power Company Limited 雲南華電蓮花山風力發電有限公司	the PRC 24 May 2011	2,000	100%	–	100%	Wind power generation
Yunnan Huadian Duogu Wind Power Company Limited 雲南華電朵古風力發電有限公司	the PRC 29 March 2011	30,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Jiangxi Huadian Jiujiang Distributed Energy Company Limited 江西華電九江分佈式能源有限公司	the PRC 25 March 2011	60,000	70%	–	70%	Distributed energy power generation
Inner Mongolia Huadian Guanghui Wind Power Company Limited 內蒙古華電光輝風電有限公司	the PRC 10 August 2011	3,000	100%	–	100%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC 9 August 2011	66,000	100%	–	100%	Wind power generation
Huadian Hebei Qian'an New Energy Power Generation Company Limited 華電河北遷安新能源發電有限公司	the PRC 2 August 2011	10,000	65%	–	65%	Distributed energy power generation
Tianjin Huadian Beichen Distributed Energy Company Limited 天津華電北宸分佈式能源有限公司	the PRC 4 August 2011	10,000	65%	–	65%	Distributed energy power generation
Zhangping Yongfu Hydropower Development Company Limited 漳平市永福水電發展有限公司	the PRC 17 July 2002	54,064	60%	–	100%	Hydropower generation
Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC 23 November 2011	50,000	90%	–	90%	Distributed energy power generation
Huadian Xiamen Distributed Energy Power Company Limited 華電（廈門）分佈式能源有限公司	the PRC 8 November 2011	20,000	100%	–	100%	Distributed energy power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司	the PRC 17 January 2012	50,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Yunnan Huadian Weidi Solar Power Company Limited 雲南華電維的太陽能發電有限公司	the PRC 29 March 2012	14,000	100%	–	100%	Solar power generation
Huadian Taizhou Medical City New Energy Company Limited 華電泰州醫藥城新能源有限公司	the PRC 19 April 2012	8,000	55%	–	55%	Distributed energy power generation
Guangzhou University Town Huadian New Energy Company Limited 廣州大學城華電新能源有限公司 (note ii)	the PRC 5 February 2008	294,360	55%	–	55%	Distributed energy power generation
Beijing Yuandongtenghui Consulting Company Limited 北京遠東騰輝管理顧問有限公司	the PRC 18 July 2011	1,000	100%	–	100%	Wind power generation
Inner Mongolia Jiayao Wind Power Company Limited 內蒙古嘉耀風電有限公司	the PRC 10 January 2008	18,000	100%	–	100%	Wind power generation
Dongning Ruixin Wind Power Development Company Limited 東寧瑞信風力發電開發有限公司	the PRC 14 January 2011	50,000	100%	–	100%	Wind power generation
Huadian (Fujian) Wind Power Company Limited 華電（福建）風電有限公司	the PRC 23 August 2012	10,000	100%	–	100%	Wind power generation and investment

18 INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

(i) All of the above entities are limited liability companies. The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. Historically, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. The Company or the Company's subsidiaries had signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the periods presented. Therefore the financial information of these companies is consolidated by the Company during the years presented.

19 INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated-note 41)		
Share of net assets	**2,667,863**	2,023,386	**–**	–
Unlisted investments, at cost	**–**	–	**2,571,362**	1,871,776
Less: impairment loss	**–**	–	**(78,856)**	(64,619)
	2,667,863	2,023,386	**2,492,506**	1,807,157

19 INVESTMENTS IN ASSOCIATES (continued)

All of the associates are limited liability companies located in the PRC. The following list contains only the particulars of associates, which principally affected the results or assets of the Group.

Name of associate	Place of establishment	Particulars of registered capital RMB'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	90,000	25%	25%	–	Gas power generation
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	4,037,700	39%	39%	–	Nuclear Power generation
Pingnanxian Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司)	the PRC	86,000	45%	5%	40%	Hydropower generation

Summary of financial statements on the associates:

	2012		2011	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000 (restated-note 41)
Assets	34,383,431	12,536,051	26,947,905	9,517,778
Liabilities	27,044,097	9,868,188	21,164,667	7,494,392
Equity	7,339,334	2,667,863	5,783,238	2,023,386
Revenue	3,218,697	829,277	2,891,496	739,460
Profit	184,508	46,856	31,721	3,094

20 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	The Group	
	2012	2011
	RMB'000	RMB'000
Share of net assets	–	22,692

Summary of financial information on the jointly controlled entity:

	1 January – 29 December 2012		2011	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000
Revenue	19,209	9,604	3,152	1,576
Expenses	26,493	13,246	2,468	1,234
(Loss)/profit for the period/year	(7,284)	(3,642)	684	342

As described in note 5(ii), Huadian New Energy disposed its 50% interest in Shanghai Huagang on 29 December 2012.

21 OTHER INVESTMENTS

	The Group		The Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Unquoted equity investments in non-listed companies, at cost	512,300	482,300	133,845	133,845

21 OTHER INVESTMENTS (continued)

The following list contains the particulars of major unquoted equity investments in non-listed entities as at 31 December 2012, all of which are limited liability companies and established in the PRC.

Entity name	Place of Establishment	Particular of registered capital RMB'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Huadian Coal Industry Group Co., Ltd. (華電煤業集團有限公司)	the PRC	3,657,143	3%	3%	–	Coal supply
China Huadian Finance Co., Ltd. ("Huadian Finance") (中國華電集團財務有限公司)	the PRC	5,000,000	5%	–	5%	Financial service
Inner Mongolia Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限公司)	the PRC	1,404,626	6%	–	6%	Hydropower generation utilizing pumped storage technology

22 OTHER NON-CURRENT ASSETS

	The Group 2012 RMB'000	2011 RMB'000 (restated-note 41)
Deductible Value Added Tax ("VAT") (note (i))	**1,390,222**	1,406,349
Deferred differences arising from sales and leaseback resulting in a finance lease	**286,595**	319,873
Loan to an associate (note (ii))	**28,179**	–
Others	**134,264**	11,613
	1,839,260	1,737,835

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventory, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (see note 25).

(ii) Loan to an associate is unsecured, interest bearing at a rate of 6.60% per annum and has no fixed repayment terms.

23 INVENTORIES

	The Group	
	2012	2011
	RMB'000	RMB'000
		(restated-note 41)
Coal	**153,035**	143,826
Fuel oil	**8,698**	24,624
Spare parts and others	**112,544**	100,538
	274,277	268,988

24 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated-note 41)		
Amounts due from third parties	**2,597,699**	1,947,005	**41,088**	43,287
Less: allowance for doubtful accounts	**138**	138	**–**	–
	2,597,561	1,946,867	**41,088**	43,287

The ageing analysis of trade debtors and bills receivable of the Group and the Company based on the due date is as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated-note 41)		
Current	**2,597,699**	1,947,005	**41,088**	43,287
Less: allowance for doubtful accounts	**138**	138	**–**	–
	2,597,561	1,946,867	**41,088**	43,287

The Group's trade debtors are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally the debtors are due within 15-30 days from the date of invoice, except for the tariff premium of renewable energy, representing approximately 15% to 75% of total electricity sales, collected by certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

24 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

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 new standardized procedures for the settlement of the aforementioned renewable energy 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 our related projects have been approved for the tariff premium of renewable energy 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 were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

Trade debtors and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables 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.

25 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2012 RMB'000	2011 RMB'000 (restated-note 41)	2012 RMB'000	2011 RMB'000
CERs receivable	264,707	148,104	–	–
Staff advance	7,901	7,423	565	653
Deposits	13,326	2,857	–	–
Loans to subsidiaries (note (i))	–	–	1,702,091	1,771,850
Advanced to subsidiaries (note (i))	–	–	245,608	55,608
Dividends receivables from subsidiaries	–	–	100,000	–
Amounts due from fellow subsidiaries	6,515	636,356	–	40,772
Loan to a third party (note (ii))	238,639	236,681	–	–
Deductible VAT (note 22 (i))	837,449	437,769	–	–
Receivable for disposal of jointly controlled entity	24,175	–	–	–
Prepayment for acquisition of a subsidiary	10,000	–	10,000	–
Prepayment for the coal and spare parts supply	18,930	51,279	–	–
Prepayment for others	38,725	8,705	–	–
Other debtors	108,903	82,085	15,769	16,715
	1,569,270	1,611,259	2,074,033	1,885,598
Less: allowance for doubtful debts	60,992	10,465	6,670	6,670
	1,508,278	1,600,794	2,067,363	1,878,928

25 PREPAYMENTS AND OTHER CURRENT ASSETS (continued)

Notes:

(i) Loans to subsidiaries were at the rates of 6.00% to 6.31% per annum as at 31 December 2012 (31 December 2011: 5.81% to 6.56%) which are expected to be recovered within one year. Advances to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(ii) Loan to a third party was unsecured and interest bearing at a rate of 15.00% per annum as at 31 December 2012 (31 December 2011: 13.00%).

Impairment losses in respect of prepayments and other current assets are recorded using an allowance account.

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

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**10,465**	11,065	**6,670**	6,670
Impairment losses recognised	**50,527**	37	**–**	–
Reversal of impairment losses	**–**	(342)	**–**	–
Uncollectible amounts written off	**–**	(295)	**–**	–
At 31 December	**60,992**	10,465	**6,670**	6,670

The Group's prepayments and other current assets of RMB60,992,000 as at 31 December 2012 (31 December 2011: RMB10,465,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

The Company's prepayments and other current assets of RMB6,670,000 as at 31 December 2012 (31 December 2011: RMB6,670,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Company does not hold any collateral over these balances.

For the other balances of prepayments and other current assets for the Group and the Company, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for bills payable, tender bonds and housing maintenance fund designated for specific purposes as requested by PRC regulations.

27 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
		(restated-note 41)		
Cash on hand	774	428	11	10
Cash at bank	2,290,421	1,527,170	932,233	344,122
	2,291,195	1,527,598	932,244	344,132

28 BORROWINGS

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

	The Group		The Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
		(restated-note 41)		
Bank loans and loans from financial institutions				
– Secured	12,088,456	8,738,654	–	–
– Unsecured (note (i))	15,549,978	15,882,201	858,500	653,000
Loans from Huadian Finance				
– Unsecured	–	200,000	–	–
Loans from China Huadian Corporation ("Huadian")				
– Unsecured	76,447	–	–	–
	27,714,881	24,820,855	858,500	653,000
Less: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	2,724,476	3,024,395	181,500	150,000
	24,990,405	21,796,460	677,000	503,000

28 BORROWINGS (continued)

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

Notes:

All of the long-term interest-bearing borrowings are carried at amortised cost. None of the long-term interest-bearing borrowings is expected to be settled within one year.

(i) Certain unsecured borrowings were guaranteed by the below entities:

	The Group	
	2012 RMB'000	2011 RMB'000
Guarantor		
– Huadian	1,000,000	5,515,900
– Non-controlling interests shareholders	273,000	304,000
	1,273,000	5,819,900

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

	The Group		The Company	
	2012 RMB'000	2011 RMB'000 (restated-note 41)	2012 RMB'000	2011 RMB'000
Bank loans and loans from financial institutions				
– Secured	299,000	10,000	–	–
– Unsecured	5,775,497	5,461,450	4,029,000	3,567,150
Loans from Huadian Finance				
– Unsecured	580,000	120,000	–	–
	6,654,497	5,591,450	4,029,000	3,567,150
Add: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	2,724,476	3,024,395	181,500	150,000
	9,378,973	8,615,845	4,210,500	3,717,150

28 BORROWINGS (continued)

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

	The Group		The Company	
	2012	2011	2012	2011
Long-term				
Bank loans and loans from financial institutions	5.23%-7.86%	5.04%-8.46%	5.54%-7.76%	5.53%-7.75%
Loans from Huadian Finance	6.00%	5.23%-7.05%	–	–
Short-term				
Bank loans and loans from financial institutions	5.32%-7.86%	5.68%-8.20%	5.40%-7.54%	6.06%-7.54%
Loans from Huadian Finance	5.90%	5.23%	–	–

(d) The borrowings are repayable as follows:

	The Group		The Company	
	2012 RMB'000	2011 RMB'000 (restated-note 41)	2012 RMB'000	2011 RMB'000
Within 1 year or on demand	9,378,973	8,615,845	4,210,500	3,717,150
After 1 year but within 2 years	4,106,052	2,518,688	250,500	200,000
After 2 years but within 5 years	7,544,067	7,373,423	259,000	28,000
After 5 years	13,340,286	11,904,349	167,500	275,000
	24,990,405	21,796,460	677,000	503,000
	34,369,378	30,412,305	4,887,500	4,220,150

29 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	2012		2011	
	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000	Present value of the minimum lease payments RMB'000 (restated-note 41)	Total minimum lease prepayments RMB'000 (restated-note 41)
Within 1 year	268,953	352,424	225,054	256,248
After 1 year but within 2 years	144,635	205,691	264,956	291,418
After 2 years but within 5 years	293,265	431,718	155,206	192,553
After 5 years	553,534	672,015	144,032	207,787
	991,434	1,309,424	564,194	691,758
	1,260,387	1,661,848	789,248	948,006
Less: total future interest expenses		401,461		158,758
Present value of finance lease obligations		1,260,387		789,248

At inception, the lease periods of the finance lease obligation are approximately 2-20 years. The principal obligations and interest expenses are to be paid at least by month within the lease period.

30 TRADE CREDITORS AND BILLS PAYABLE

	The Group	
	2012	2011
	RMB'000	RMB'000
		(restated-note 41)
Trade creditors to third parties	663,092	449,151
Bills payable to third parties	338,925	433,812
Amounts due to fellow subsidiaries	19,751	91,207
Bills payable to fellow subsidiaries	40,776	17,856
	1,062,544	992,026

The aging analysis for the trade creditors and bills payable, based on due date, is as follows:

	The Group	
	2012	2011
	RMB'000	RMB'000
		(restated-note 41)
Due within 3 months or on demand	729,409	547,407
Due after 3 months but within 6 months	228,347	435,619
Due after 6 months but within 1 year	104,788	9,000
	1,062,544	992,026

31 OTHER PAYABLES

	The Group		The Company	
	2012 RMB'000	2011 RMB'000 (restated-note 41)	2012 RMB'000	2011 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	5,952,687	6,136,785	40,781	32,922
Provision for Mianhuatan resettlement compensation (note (i))	40,000	40,000	–	–
Retention payable (note (ii))	582,638	216,652	143	388
Dividends payable	13,463	13,178	–	–
Payable for acquisition of subsidiary	23,583	43,151	22,192	26,225
Payables for staff related costs	118,846	139,834	3,586	2,453
Payables for other taxes	126,642	298,844	25,559	20,673
Interest payable	80,705	77,511	8,808	7,883
Amounts due to the subsidiaries (note (iii))	–	–	579,206	662,590
Amounts due to the fellow subsidiaries (note (iii))	502,604	827,657	–	70,134
Amounts due to Huadian (note (iii))	12,000	12,000	12,000	12,000
Other accruals and payables	204,150	177,704	22,725	11,172
	7,657,318	7,983,316	715,000	846,440

Note:

(i) Fujian Mianhuatan Hydropower Development Company Limited (the "Mianhuatan Hydropower"), one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation required and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principal and prepaid to the local government additional compensation of RMB15 million, RMB15 million, and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million in advance payments. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute as at 31 December 2011. The advance payments of RMB390 million and the provision of RMB40 million have been capitalised in the property, plant and equipment in the historical financial information. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower will be responsible.

31 OTHER PAYABLES (continued)

Note: (continued)

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

(iii) These amounts 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.

32 INCOME TAX IN THE BALANCE SHEET

(a) Tax payable/(recoverable) in the consolidated balance sheet represents:

	The Group	
	2012	2011
	RMB'000	RMB'000 (restated-note 41)
Net tax (recoverable)/payable at 1 January	(64,817)	58,312
Provision for the year (see note 8(a))	240,256	63,618
(Over)/under provision in respect of prior years (see note 8(a))	(3,198)	1,629
Income tax paid	(112,345)	(188,376)
Net tax payable/(recoverable) at 31 December	59,896	(64,817)
Representing:		
Tax payable	80,062	16,243
Tax recoverable	(20,166)	(81,060)
	59,896	(64,817)

32 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the period are as follows:

Deferred tax assets/(liabilities) arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on payment basis	Revaluation surplus	Depreciation of property plant and equipment	Tax credits for purchase of environmental protection equipment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	111,465	78,802	50,566	39,113	19,354	20,172	(155,866)	(352,022)	–	2,782	(185,634)
(Charged)/credited to profit or loss	(19,516)	(8,341)	(14,146)	50,760	9,473	757	10,828	(57,314)	–	(2,187)	(29,686)
Acquisition of subsidiaries	–	–	–	–	–	–	(48,746)	–	–	–	(48,746)
Disposal of subsidiaries	–	–	–	–	–	–	–	21,884	–	–	21,884
At 31 December 2011	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	–	595	(242,182)
At 1 January 2012	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	–	595	(242,182)
(Charged)/credited to profit or loss (see note 8(a))	(59,016)	(3,950)	1,164	23,640	3,598	2,397	7,554	(20,044)	35,478	3,292	(5,887)
At 31 December 2012	32,933	66,511	37,584	113,513	32,425	23,326	(186,230)	(407,496)	35,478	3,887	(248,069)

32 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised: (continued)

The Company

The components of deferred tax assets/(liabilities) recognised in the balance sheet and the movements during the years are as follows:

Deferred tax assets/(liabilities) arising from:	Tax losses	Provision for impairment of assets	Expenses deductible on payment basis	Depreciation of property, plant and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	45,700	13,643	3,396	(1,759)	60,980
Credited/(charged) to profit or loss	7,011	7,115	786	(4,413)	10,499
At 31 December 2011	52,711	20,758	4,182	(6,172)	71,479
At 1 January 2012	**52,711**	**20,758**	**4,182**	**(6,172)**	**71,479**
(Charged)/credited to profit or loss	**(30,084)**	**3,560**	**544**	**6,172**	**(19,808)**
At 31 December 2012	**22,627**	**24,318**	**4,726**	**–**	**51,671**

Reconciliation to the balance sheet

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000 (restated-note 41)	**RMB'000**	RMB'000
Net deferred tax asset recognised in the balance sheet	**322,573**	294,480	**51,671**	71,479
Net deferred tax liability recognised in the balance sheet	**(570,642)**	(536,662)	**–**	–
	(248,069)	(242,182)	**51,671**	71,479

32 INCOME TAX IN THE BALANCE SHEET (continued)

(c) Deferred tax assets not recognised:

In according with the accounting policy set out in note 2(u), the Group have not recognised deferred tax assets in respect of unused tax losses of RMB251,383,000 as at 31 December 2012 (31 December 2011: RMB99,184,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 31 December 2012, RMB0, RMB21,418,000, RMB51,021,000, RMB32,813,000, and RMB146,131,000, if unused, will expire at the end of year 2013, 2014, 2015, 2016 and 2017, respectively. Furthermore, the Group have not recognised deferred tax assets in respect of unused tax credit for purchase of environmental protection equipments of RMB33,900,000 as at 31 December 2012 which will expire at the end of year 2016.

(d) Deferred tax liability not recognised:

At 31 December 2012, taxable temporary differences relating to undistributed profits and PRC statutory surplus reserve of subsidiaries and associates amounted to RMB2,267,868,000 (31 December 2011(restated): RMB1,574,085,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

33 DEFERRED INCOME

	The Group RMB'000
At 1 January 2011	124,870
Additions	123,628
Credited to profit or loss	(39,675)
At 31 December 2011	208,823
Less: current portion of deferred income	11,166
	197,657
At 1 January 2012	**208,823**
Additions	**95,739**
Credited to profit or loss	**(13,469)**
Write off	**(37,863)**
At 31 December 2012	**253,230**
Less: current portion of deferred income	**13,420**
	239,810

Deferred income mainly represents subsidies relating to the construction of property, plant and equipment and deferred differences arising from sales and leaseback arrangement resulting in finance lease, which would be recognised as income or an adjustment to the depreciation of the asset on a straight-line basis over the expected useful life of the relevant assets.

34 CAPITAL AND RESERVES

(a) Movements in components of equity

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

	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2011	5,088,889	1,055,590	22,942	376,554	6,543,975
Changes in equity for 2011:					
Profit and total comprehensive income for the year	–	–	–	189,862	189,862
Capitalization upon establishment of the Company	911,111	(433,476)	(22,942)	(454,693)	–
Transfer to reserve fund	–	–	18,745	(18,745)	–
At 31 December 2011	6,000,000	622,114	18,745	92,978	6,733,837
At 1 January 2012	**6,000,000**	**622,114**	**18,745**	**92,978**	**6,733,837**
Changes in equity for 2012:					
Profit and total comprehensive income for the year	**–**	**–**	**–**	**279,923**	**279,923**
Issuance of shares upon public offering, net of issuing expenses	**1,622,616**	**437,451**	**–**	**–**	**2,060,067**
Dividends (note 34(b)(ii))	**–**	**–**	**–**	**(261,411)**	**(261,411)**
Transfer to reserve fund	**–**	**–**	**24,456**	**(24,456)**	**–**
At 31 December 2012	**7,622,616**	**1,059,565**	**43,201**	**87,034**	**8,812,416**

34 CAPITAL AND RESERVES (continued)

(b) Dividends

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

	2012 RMB'000	2011 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.0289 per share (2011: nil)	220,294	–

The directors resolved on 26 March 2013 that RMB0.0289 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

Pursuant to the shareholders' committee resolution on 23 August 2011, the Company was to make a distribution to Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. ("CPECG"), Kunlun Trust Co., Ltd. ("Kunlun Trust"), Guizhou Wujiang Hydropower Development Co., Ltd. ("Wujiang Hydropower"), China Huadian Engineering (Group) Co., Ltd. ("Huadian Engineering"), Industrial Innovation Capital Management Co., Ltd. ("Xingye Capital") and Fujian Datong Chuangye Capital Co., Ltd. ("Datong Capital"), which represents an amount equal to the net profit attributable to the equity owners of the Company, generated during the period from 31 January 2011, the date on which the Group's assets were valued for establishment as a joint stock limited company, to 19 August 2011, the date on which the Company was established as a joint stock limited company. The Company paid such dividends of RMB261,411,000.00 on 27 September 2012.

(iii) Dividends payable to equity owners of the Company attributable to the previous financial year, approved and paid during the year

Before its 12% equity interest was acquired by the Company which resulted a business combination under common control (see note 41), Guangzhou University Town Huadian New Energy Company Limited ("Guangzhou New Energy") distributed the dividend of RMB3,600,000 to Huadian, the Company's holding company, on 27 July 2012.

34 CAPITAL AND RESERVES (continued)

(c) Share capital/paid-in capital

	The Group and the Company	
	2012	2011
	RMB'000	RMB'000
Issued and fully paid		
5,837,738,400 (2011: 6,000,000,000) domestic state-owned ordinary shares of RMB1.00 each	5,837,738	6,000,000
1,784,877,600 H shares of RMB1.00 each	1,784,878	–
	7,622,616	6,000,000

For the purpose of this report, the capital prior to the establishment of the Company represented the paid-in capital of HFEC.

Pursuant to the approval of establishing Huadian Fuxin Energy Corporation Limited, issued by State-owned Assets Supervision and Administration Commission of the State Council, the Company was established as a joint stock company on 19 August 2011. The Company issued 6,000,000,000 ordinary shares with a par value of RMB1.00 each on 19 August 2011 to Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital.

In June and July 2012, the Company issued an aggregation of 1,622,616,000 H shares after exercise of overallotment option with a nominal value of RMB1.00 each, at a price of HKD1.65 per H share by way of an initial public offering(the "IPO") to Hong Kong and overseas investors. In connection with the IPO, 162,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "NSSF"). As at 31 December 2012, a total of 1,784,877,600 H shares were listed on HKSE.

All shareholders are entitled to receive dividends as declared from time to time except for the Special Distribution to the shareholders as described in note 34(b) and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

34 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the IPO in 2012.

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by Huadian and cash injection in excess of the nominal value of shares issued to Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital upon the establishment of the Company.

Other capital reserve mainly represents the contributions or distributions from/to equity owners, and the difference between the considerations of acquisition or disposal of equity interests from/to non-controlling equity owners and the carrying amount of the proportionate net identifiable assets.

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(e) Distributability of reserves

At 31 December 2012, the aggregate amount of reserves available for distribution to equity owners of the Company was RMB87,034,000 (31 December 2011: RMB92,978,000). After the end of the reporting period the directors proposed a final dividend of RMB2.89 cents per ordinary share (2011: nil) amounting to RMB220,294,000 (2011: nil) (note 34(b)). This dividend has not been recognised as a liability at the end of the reporting period.

34 CAPITAL AND RESERVES (continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at 31 December 2012 are 78% (31 December 2011 as restated: 81%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

35 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable, prepayments and other current assets, and other financial assets.

Substantially all of the Group's cash and cash equivalents as at 31 December 2012 and 2011 are deposited in the stated owned/controlled PRC banks, which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 85.58% of total trade debtor and bills receivable as at 31 December 2012 (31 December 2011 as restated: 95.64%). For other trade debtors and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

35 FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group provided financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 37(a), the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 37(a).

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2012, the Group has unutilized banking facilities of RMB12,552,178,000. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group	2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	27,714,881	36,993,214	4,451,046	5,632,644	10,961,567	15,947,957
Short-term borrowings (note 28(b))	6,654,497	6,884,531	6,884,531	–	–	–
Obligations under finance leases (note 29)	1,260,387	1,661,848	352,424	205,691	431,718	672,015
Trade creditors and bills payable (note 30)	1,062,544	1,062,544	1,062,544	–	–	–
Other payables (note 31)	7,657,318	7,657,318	7,657,318	–	–	–
	44,349,627	54,259,455	20,407,863	5,838,335	11,393,285	16,619,972

35 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Group	2011					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a)) (restated-note 41)	24,820,855	31,631,475	4,534,109	3,845,486	10,430,797	12,821,083
Short-term borrowings (note 28(b)) (restated-note 41)	5,591,450	5,806,861	5,806,861	–	–	–
Obligations under finance leases (note 29) (restated-note 41)	789,248	948,006	256,248	291,418	192,553	207,787
Trade creditors and bills payable (note 30) (restated-note 41)	992,026	992,026	992,026	–	–	–
Other payables (note 31) (restated-note 41)	7,983,316	7,983,316	7,983,316	–	–	–
	40,176,895	47,361,684	19,572,560	4,136,904	10,623,350	13,028,870

The Company	2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	858,500	1,044,798	237,713	295,925	314,125	197,035
Short-term borrowings (note 28(b))	4,029,000	4,164,186	4,164,186	–	–	–
Trade creditors and bills payable	585	585	585	–	–	–
Other payables (note 31)	715,000	715,000	715,000	–	–	–
	5,603,085	5,924,569	5,117,484	295,925	314,125	197,035

35 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Company

	2011					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	653,000	797,074	193,178	223,244	92,280	288,372
Short-term borrowings (note 28(b))	3,567,150	3,725,448	3,725,448	–	–	–
Trade creditors and bills payable	376	376	376	–	–	–
Other payables (note 31)	846,440	846,440	846,440	–	–	–
	5,066,966	5,369,338	4,765,442	223,244	92,280	288,372

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2012 and 2011, however, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The interest rate and maturity information of the Group's and the Company's borrowings are disclosed in note 28.

35 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

	The Group	
	2012 RMB'000	2011 RMB'000 (restated-note 41)
Net fixed rate borrowings:		
Borrowings	6,324,497	2,694,510
Obligations under finance leases (note 29)	119,871	125,103
Less: Deposits at bank (including restricted deposits)	–	3,020
	6,444,368	2,816,593
Net floating rate borrowings:		
Borrowings	28,044,881	27,717,795
Obligations under finance leases (note 29)	1,140,516	664,145
Less: Deposits at bank (including restricted deposits)	2,517,138	1,658,954
	26,668,259	26,722,986
Total net borrowings	33,112,627	29,539,579

	The Company	
	2012 RMB'000	2011 RMB'000
Net fixed rate borrowings:		
Borrowings	3,729,000	1,716,150
Net floating rate borrowings:		
Borrowings	1,158,500	2,504,000
Less: Deposits at bank (including restricted deposits)	938,454	356,912
	220,046	2,147,088
Total net borrowings	3,949,046	3,863,238

35 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

At 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB155,853,000 (2011 as restated: RMB166,130,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the years of 2012 and 2011.

(d) Currency risk

The Group is exposed to currency risk primarily through the business which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros, United States dollars and Hong Kong dollars.

(i) Recognised assets and liabilities

Except for CERs sales which were denominated in foreign currencies, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars, and the Company is applying for converting the net IPO proceeds denominated in Hong Kong dollars into RMB. The directors considered that the Group's exposure to foreign currency risk is insignificant.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity owners.

35 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate.

The Group	2012			2011		
	USD	EUR	HKD	USD	EUR	HKD
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	8	2,064	671,554	–	2,351	–
Other current assets	16,861	237,519	–	27,711	166,523	–
Long-term borrowings	(187,610)	–	–	(30,244)	–	–
Net exposure	(170,741)	239,583	671,554	(2,533)	168,874	–

The Company	2012	2011
	HKD	HKD
	RMB'000	RMB'000
Cash and cash equivalents	671,554	–

The followings are USD, EUR and HKD exchange rates to RMB during the year ended 31 December 2012 and 2011:

	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
USD	6.3100	6.4445	6.2855	6.3009
EUR	8.1439	9.0168	8.3176	8.1625
HKD	0.8134	–	0.8109	–

(Expressed in Renminbi unless otherwise stated)

35 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

A 5% strengthening of RMB against the following currencies as at 31 December 2012 and 2011 would have increased/(decreased) the Group's and the Company's profit after tax and the total equity by the amounts shown below.

	The Group		The Company	
	2012	2011	2012	2011
USD	6,403	15	–	–
EUR	(8,984)	(776)	–	–
HKD	(25,183)	–	(25,183)	–
	(27,764)	(761)	(25,183)	–

A 5% weakening of RMB against the above currencies as at 31 December 2012 and 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the years of 2012 and 2011.

35 FINANCIAL INSTRUMENTS (continued)

(e) Fair values

(i) Financial instruments carried at fair value

The amendments to IFRS 7, Financial Instruments: Disclosures require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

(ii) Fair values of financial instruments carried at other than fair value

As at 31 December 2012, the investments in unquoted equity securities (see note 21) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose these investments.

The carrying amounts of the Group's financial instruments other than the investments in unquoted equity securities carried at cost or amortized cost are not materially different from their fair values as at 31 December 2012 and 2011.

36 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2012 and 2011 not provided for in the financial statements were as follows:

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Contracted for	6,411,540	9,306,310	167,210	487,623
Authorized but not contracted for	8,879,379	5,257,267	181,737	207,331
	15,290,919	14,563,577	348,947	694,954

(b) At 31 December 2012 and 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Within 1 year	15,044	15,579	2,597	5,736
After 1 year but within 5 years	42,838	45,863	98	3,876
More than 5 years	106,460	124,820	–	–
	164,342	186,262	2,695	9,612

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

37 CONTINGENT LIABILITIES

(a) Financial guarantees issued

The Group and the Company issued following financial guarantees to banks in respect of the bank loans granted to certain third parties or related parties:

	The Group		The Company	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial guarantees to banks for:				
– A subsidiary	**–**	–	**–**	60,180
– Associates and a jointly controlled entity	**17,780**	149,300	**–**	–
– A third party	**93,300**	145,000	**–**	–
	111,080	294,300	**–**	60,180

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Group and the Company under any of the guarantees.

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 31(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuantan Hydropower has prepaid aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed the RMB40 million.

38 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows:

	2012 RMB'000	2011 RMB'000
Purchase of electricity from		
Fellow subsidiaries (note (i))	**282,132**	165,278
Purchase of coal shipping service from		
Fellow subsidiaries	**75,685**	68,109
Purchase of construction service and construction materials from		
Fellow subsidiaries	**800,368**	790,197
Office rental and property management service provided by		
Fellow subsidiaries	**13,927**	12,837
Leasing out the fixed assets to		
Fellow subsidiaries	**48,900**	44,825
Providing operating service to		
Fellow subsidiaries	**2,000**	2,000
Providing CDM management service to		
Fellow subsidiaries	**–**	7,887
Sales of coal to		
A fellow subsidiary (note 5(iii))	**39,454**	2,650,232
Purchases of coal from		
Fellow subsidiaries	**86,687**	1,764,653
Providing service to		
A fellow subsidiary	**4,145**	–
Working capital provided to/(got back from)		
Fellow subsidiaries	**(28,060)**	22,256
Associates	**(29,113)**	–

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

	2012 RMB'000	2011 RMB'000
Loan guarantees released from		
Associates and jointly controlled entity	**(131,520)**	(30,741)
Loan guarantees provided/(revoked) by		
Huadian	**(4,515,900)**	574,900
Loans received from/(repayment to)		
Huadian Finance	**260,000**	(1,580,000)
Huadian	**76,447**	(2,170,000)
Interest expenses		
Huadian Finance	**4,613**	(65,076)
Huadian	**–**	20,588
Interest income		
Huadian Finance	**–**	3,296
An associate	**–**	3,119
Disposal of a subsidiary to		
Huadian	**–**	206,500
Disposal of partial interest in subsidiary to		
Huadian	**–**	37,763
Purchase of interest in associate from		
Huadian	**41,158**	–

Note:

(i) The amount represented the purchase of electricity from a fellow subsidiary under substituted generation agreements.

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 25, 28, 30, 31, and 37 (a).

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included but are not limited to the following:

– Sales of electricity;

– Depositing and borrowing money;

– Purchase of materials and receiving construction work services; and

– Service concession arrangements.

The tariff of electricity is regulated by relevant government authorities. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the year ended 31 December 2012, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 98.74% of total revenue from the sales of electricity (2011 as restated: 98.44%). As at 31 December 2012, the trade debtors and bills receivable due from these power grid companies accounted for 85.58% of total trade and bills receivable (31 December 2011 as restated: 95.63%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and materials purchases, and property, plant and equipment construction services received, and the service concession arrangements.

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2012 RMB'000	2011 RMB'000
Salaries and other emoluments	1,557	2,421
Discretionary bonus	2,779	1,683
Retirement scheme contributions	644	463
Deferred compensation plan	480	440
	5,460	5,007

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and Huadian for its staff. As at 31 December 2012 and 2011, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitment with related parties

	At 31 December 2012 RMB'000	At 31 December 2011 RMB'000
Capital commitment	1,311,625	1,446,602
Commitment for office rental and property management fee	146,964	156,208
Commitment for the investment in an associate	–	222,300

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions with Huadian and its subsidiaries in respect of the sales and purchase of goods, providing and receiving service, borrowing loans, and purchase of interest in associate, as disclosed in note 38(a), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "connected transactions" of the Director's Report of the Group for the year ended 31 December 2012.

39 RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 14% to 22% of the total staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group and its staff participate in a retirement plan managed by Huadian to supplement the above mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Major non-cash transactions

	2012 RMB'000	2011 RMB'000
Capital contributions from non-controlling interest owner	–	100,000

41 ACQUISITION OF A SUBSIDIARY

Pursuant to a share purchase agreement, Huadian New Energy, the Company's subsidiary, acquired 12% equity interests in Guangzhou New Energy from Huadian, at a cash consideration of RMB41,158 thousand on 28 December 2012 (the "acquisition date"). After the acquisition, the Group held 55% equity interests in Guangzhou New Energy and with the gain of control.

As the Company and Guangzhou New Energy are under common control of Huadian, the above acquisition has been recorded as a business combination under common control. The assets and liabilities of Guangzhou New Energy have been recognised at the carrying amounts recognised previously in Huadian's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combination had occurred prior to the start of the earliest period presented.

41 ACQUISITION OF A SUBSIDIARY (continued)

(a) Details of the restatement of the Group's consolidated financial statements are as follows:

	The Group (as previously reported) RMB'000	Guangzhou University Town RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Results of operations for the year ended 31 December 2011:				
Operating profit	1,916,665	26,347	1,681	1,944,693
Profit for the year	638,537	21,700	(7,649)	652,588
Profit attributable to:				
– Shareholders of the Company	561,625	21,700	(17,415)	565,910
– Non-controlling interests	76,912	–	9,766	86,678
Basic and diluted earnings per share (RMB cents)	9.36	0.36	(0.29)	9.43
Balance sheet as at 31 December 2011:				
Non-current assets	44,234,843	603,922	(150,671)	44,688,094
Current assets	5,464,907	95,204	–	5,560,111
Current liabilities	(17,741,659)	(101,991)	–	(17,843,650)
Non-current liabilities	(22,848,236)	(246,737)	–	(23,094,973)
Total equity attributable to the shareholders of the Company	7,462,193	350,398	(308,350)	7,504,241
Non-controlling interests	1,647,662	–	157,679	1,805,341

41 ACQUISITION OF A SUBSIDIARY (continued)

(b) The consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	At the acquisition date RMB'000
Consideration transferred	
Cash	41,158
Recognised amounts of carrying value of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	551,395
Other non-current assets	16,024
Trade debtors and bills receivable	36,879
Prepayments and other current assets	10,576
Inventory	953
Cash and cash equivalents	29,274
Borrowings	(127,000)
Trade creditors	(7,013)
Other payables	(22,376)
Tax payable	(1,240)
Obligation under finance leases	(119,737)
Total identifiable net assets	367,735

42 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those polices and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the financial statements.

42 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (continued)

(a) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would by higher than estimated.

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

42 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (continued)

(e) Income tax

The Group files income taxes with a number of tax authorities. Judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the periods in which the final tax outcomes became available.

(f) Provision for guarantees

Provision for outstanding guarantees is recognised if it becomes probable that the holders of these guarantees will call upon the Group under the guarantees and the amount of that claim on the Group is expected to exceed the amount currently carried in payables in respect of the guarantee. The Group reviews the financial position of these guarantee holders regularly and estimates the amount to claim on the Group based on historical experience. If the financial position of these guarantee holders were to deteriorate, actual provisions would be higher than estimated.

43 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statement available for public use.

(Expressed in Renminbi unless otherwise stated)

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and five new standards which are not yet effective for the year ended 31 December 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*	1 July 2012
IFRS 10, *Consolidated financial statements*	1 January 2013
IFRS 11, *Joint arrangements*	1 January 2013
IFRS 12, *Disclosure of interests in other entities*	1 January 2013
IFRS 13, *Fair value measurement*	1 January 2013
IAS 27, *Separate Financial Statements (2011)*	1 January 2013
IAS 28, *Investment in associates and joint ventures (2011)*	1 January 2013
Revised IAS 19, *Employee benefits*	1 January 2013
Annual Improvements to IFRSs – *2009-2011 Cycle*	1 January 2013
Amendments to IFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments (2010)*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far the Group believes that the adoption of these new IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

45 SUBSEQUENT EVENTS

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 34(b).

On 25 March 2013, the Company issued corporate bonds and will list them on the Shanghai Stock Exchange of the PRC. The bonds were issued at a total amount of RMB2,000,000,000, with maturity periods of 5 and 10 years and interests rates of 5.00% and 5.30% per annum, respectively.

On 26 March 2013, the board of directors announced that the Company was under negotiation with Huadian, in respect of an acquisition of 100% equity interests in Fujian Huadian Kemen II Power Generation Co., Ltd., a wholly-owned subsidiary of Huadian. The estimated consideration of the acquisition will be no more than RMB430,000,000.

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"availability factor"	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
"average utilization hours"	the gross generation in a specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of directors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects. As of 31 December 2012, all of our operating wind power projects were connected to local power grids
"Corporate Governance Code and Report"	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Directors"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company convened on 19 December 2012
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period, which equals gross power generation less consolidated auxiliary electricity
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period

"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"Guangzhou University Town"	Guangzhou University Town Huadian New Energy Co., Ltd. (廣州大學城華電新能源有限公司), a former shareholder of the Company with 43% of its equity interest being held by Huadian New Energy and 12% of its equity interest being held by Huadian
"GW"	gigawatt, a unit of power. 1 GW = 1,000 MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huadian"	China Huadian Corporation
"Huadian Engineering"	China Huadian Engineering (Group) Co., Ltd. (中國華電工程（集團）有限公司), a subsidiary of Huadian
"Huadian Finance"	China Huadian Finace Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian
"Huadian Group"	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian New Energy"	Huadian New Energy Development Co., Ltd. (華電新能源發展有限公司), a wholly-owned subsidiary of the Company
"Huadian Nujiang"	Yunnan Huadian Nujiang Hydropower Development Co., Ltd. (雲南華電怒江水電開發有限公司), a company incorporated in the PRC with 51.0% of its equity interest being held by Huadian
"Jiangxi Coal Group"	Jiangxi Coal Group Corporation (江西省煤炭集團公司)
"Jiangxi GME Institution"	Institute of Geology and Mineral Exploration of Central South Jiangxi (贛中南地質礦產勘查研究院)
"Jiangxi Shale Gas"	Jiangxi Xinneng Shale Gas Development Co., Ltd. (江西新能頁岩氣開發有限公司) (subject to the final name recorded on the business license), a limited liability company to be established under the law of the PRC
"JV Shareholders"	Huadian New Energy, Huadian Engineering, Jiangxi Coal Group and Jiangxi GME Institution
"Kemen II"	Fujian Huadian Kemen II Power Generation Co., Ltd.
"Kemen Power Plant"	Fujian Huadian Kemen Power Generation Co., Ltd. (福建華電可門發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company

"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"kWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Latest Practicable Date"	24 April 2013, being the latest date for the inclusion of certain information in this report prior to its publication.
"Listing Date"	28 June 2012, being the date on which the Company's shares were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NDRC"	National Development and Reform Commission of the PRC
"NSSF"	National Council for Social Security Fund of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"pipeline projects"	power generating projects that we reserved for future development after entering into development agreements with local PRC governments
"PRC"	the People's Republic of China
"Reporting Period"	the period from the Listing Date to 31 December 2012
"Shaowu Power Plant"	Fujian Huadian Shaowu Power Generation Co., Ltd., with 60.0% of its equity interests being held by the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	supervisor(s) of the Company

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

25th Floor, Yifa Plaza,
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Fuzhou,
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

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Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Gloucester Tower,
The Landmark,
15 Queen's Road Central,
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Huang Xianpei *(Chairman of the Board)**
Mr. Fang Zheng *(President)**
Mr. Huang Shaoxiong*

Non-executive Directors

Mr. Mao Xishu*
Mr. Wang Xuxiang*
Mr. Zong Xiaolei

Independent Non-executive Directors

Mr. Zhou Xiaoqian
Mr. Yeung Pak Sing
Mr. Zhang Bai

COMMITTEES OF THE BOARD

Audit Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Yeung Pak Sing *(Independent Non-executive Director)*
Mr. Zong Xiaolei *(Non-executive Director)*

Nomination Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Huang Xianpei *(Executive Director and Chairman of the Board)**
Mr. Yeung Pak Sing *(Independent Non-executive Director)*

Remuneration and Assessment Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Directors)*
Mr. Huang Shaoxiong *(Executive Director)**

Strategic Committee

Mr. Fang Zheng *(Executive Director and President) (Chairman)*
Mr. Mao Xishu *(Non-executive Director)**
Mr. Zhou Xiaoqian *(Independent Non-executive Director)*

SUPERVISORS

Mr. Li Changxu
Mr. Yao Fei*
Mr. Huang Chunqi
Mr. Huang Yuanhong*
Ms. Hu Xiaohong
Mr. Xu Jin

Corporate Information

JOINT COMPANY SECRETARIES

Mr. Liu Lei
Ms. Mok Ming Wai

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Huang Xianpei

AUTHORIZED REPRESENTATIVES

Mr. Fang Zheng
Ms. Mok Ming Wai

AUDITORS

KPMG
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LEGAL ADVISORS

As to Hong Kong law

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As to PRC law

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COMPLIANCE ADVISOR

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Central, Hong Kong

PRINCIPAL BANKS

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(Fuzhou Chengbei Branch)
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Fujian Province, the PRC

China Development Bank Corporation (Fujian Branch)
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Fujian Province, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District,
Beijing, the PRC

Postal Savings Bank of China
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H SHARE REGISTRAR

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STOCK CODE

00816

* Mr. Huang Xianpei has resigned as an executive Director, the chairman of the Board and a member of the nomination committee with effect from 18 April 2013;

  Mr. Fang Zheng, has relinquished his role as the president and has been re-designated to the position of the chairman of the Board and executive Director with effect from 18 April 2013;

  Mr. Jiang Bingsi has been appointed as the president of the Company with effect from 18 April 2013;

  Mr. Huang Shaoxiong has resigned as an executive Director and a member of the remuneration and assessment committee with effect from 18 April 2013;

  Mr. Mao Xishu has resigned as a non-executive Director and a member of the strategic committee with effect from 18 April 2013;

  Mr. Wang Xuxiang has resigned as a non-executive Director of the Company with effect from 18 April 2013;

  Mr. Yao Fei and Mr. Huang Yuanhong have resigned as the Supervisors of the Company with effect from 25 March 2013.