龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

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

Stock Code: 00916

Annual Report
2013

*For identification purpose only


龙源风电
龙源电力

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CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2013, the business environment was severe and complex. Under the strong leadership of the Board and under the guide of the management, Longyuan Power made strenuous efforts in new energy development, and conducted effective exploration and practice to facilitate the transformation and development of the enterprise, all tasks and missions are completed successfully.

As at the end of 2013, the consolidated installed capacity of the Group reached 14,073 MW, in particular, the consolidated installed capacity of wind power reached 11,910 MW, continuing to consolidate its status of No. 1 in China and Asia as a whole, and No. 2 in the world. In 2013, despite the influence caused by the one-off factors such as the suspension of the CDM transaction of the Company and the material impairment of assets, the Group recorded a net profit attributable to the shareholders amounting to RMB2,049 million. Wind power output for the year reached a record high of 21.929 billion kWh, representing an increase of 30.38% year-on-year. The installed capacity of the approved wind power projects amounted to 2,760 MW, which mostly located in the regions not subject to grid curtailment. The approved capacity reached the historically highest level and the layout of wind power development has been improved continuously. In 2013, the stock of the Company has been strong, increasing by 86.38% in the year. It was ranked No. 1 in Hang Seng China Enterprises Index and granted the third China Securities Golden Bauhinia Award.

Facing the ardent expectation of investors at large, the huge burden of energy saving and emission reduction, and the pressing need of adjusting the energy structure, we have substantially undertaken the heavy responsibilities. Developing new energy is an unshirkable obligation of us and sacred task that we take seriously. We shall continuously maintain our advantages in the new energy industry. Firstly, we will dedicate to industrial transformations and upgrades by closely following the strategic deployment of energy of the PRC and capitalising the new energy development around the world. We shall continuously optimise the development layout of wind power and further expedite offshore wind power development, reinforce the degree of overseas investment, steadily foster photovoltaic development, and expand the industrial development domain. Secondly, we will endeavour to reform the systems and mechanisms by rapidly adopting corporate internal reforms, consistently perfecting the new regime and the new mechanism connected to the development scale of the Company and industry characteristics of the new energy industry so as to optimise resource allocation and strengthen the internal momentum of corporate development. Thirdly, we will endeavour to refine management by persisting to comply with the benchmark of international advanced enterprises management and continuously narrowing the gap in respect of strategic planning, investment construction, production and operation, technology research and development, capital operation and other aspects. We will enhance our management efficiency, profitability and market competitiveness. Fourthly, we will focus on optimising our asset structure. Through several years of rapid growth, the Company has entered a

new stage of quality development and efficient development. It is necessary for us to further optimise management and control systems, establish and perfect effective risk aversion and control mechanism, optimise assets by unloading burdens, and strengthen its capability of value creation and risk aversion. Fifthly, we will commit ourselves to establishing a harmonious enterprise by continuing to adhere to the operating principle of "developing wind power, saving resources, protecting environment and benefiting future generations" and promoting the distinctive corporate culture of "Harmonious Longyuan". We will be bold to undertake social responsibilities, and achieve a healthy and sustainable development of the enterprise while delivering green energy.

We will continue to implement the strategy of "guiding enterprise transformation by stepping up the development of new energies", making every effort to operate, manage and develop China Longyuan well and aspiring to establish a top-notch international new energy listed company that makes new and more contributions to overcome global climate change, and for building a beautiful China.

乔保平

Chairman of the Board
Qiao Baoping

PRESIDENT'S STATEMENT

Dear Shareholders,

Nowadays, economic development faced tighter restrictions in terms of resources and environment. In particular, there has been frequent serious haze across the nation since 2013, which has triggered strong reaction from all sectors of the society. Facing the stiff condition of resources and environment, the country's determination to adjust the energy structure and step up the development of new energy is persistent and firm, thereby bringing about great opportunities for the new energy development.

In 2013, under the strong leadership of the Board, the Group continued to focus on economic benefits. In adherence to the principle of improving quality development by means of transformation, the strengthening of operation and management as well as the deepening of reform and innovation, the Company tided over all odds and forged ahead with all tasks, thus achieved satisfying results in various areas.

FAVOURABLE CORPORATE OPERATING RESULTS

In 2013, with the one off impact of trading halt of CDM of the Company and the significant impairment of assets value, the Group achieved consolidated operating revenue for the year amounting to RMB18,456 million (excluding revenue from construction of service franchise projects), representing an increase of 10.1% as compared to that of 2012. The adjusted EBITDA profit rate was 57.2%, representing an increase of 6.8 percentage points as compared to that of 2012. Net profit attributable to shareholders amounted to RMB2,049 million and weighted average earnings per share amounted to RMB25.50 cents. The total annual assets amounted to RMB110,674 million, among which its net assets amounted to RMB38,040 million and its net gearing ratio was 59.08%.

THE HIGHEST POWER GENERATION IN RECORD

Since 2013, the Group, through consistently deepening benchmarking management, has innovated its assessment and incentive mechanism, strengthened equipment management, conducted equipment optimisation, and adopted various measures simultaneously to increase the generating capacity of the equipment. The Group generated an annual cumulative wind power of 21,929 million kWh, representing an increase of 30.38% year on year. The increase in the generating capacity exceeded that of the installed capacity by 17 percentage points. Daily electricity output exceeded 100 million kWh twice, being the highest in record.

CONTINUOUS LEADING POSITION IN INSTALLED CAPACITY

In 2013, the Group successfully completed the annual targets with 29 new wind power projects with capacity of 1,366.2 MW. As at the end of 2013, the consolidated installed capacity of the Group reached 14,073 MW, of which the wind power installed capacity was 11,910 MW, continuously maintaining the first in China and Asia, as well as the second in the world.

SUSTAINED ADVANTAGES IN RESOURCE RESERVE

The Group took further steps to accelerate its pace of seizing quality resources. Throughout the year, the Group obtained approvals for wind power projects with capacity of 2,760 MW, more than 70% of which were located in regions not subject to grid curtailment. The approved capacity hit a record high and the wind power development layout continued to improve. The approvals for offshore projects were obtained with the capacity of 250 MW, while approvals for preliminary work(路條) were received with the capacity of 949 MW. The Company has fully entered into a stage of scale development. The overseas business made steady progress as two projects in South Africa with capacity of 244.5 MW were successfully bid and the project in Canada obtained construction permits for wind power plants and commenced construction smoothly.

OUTSTANDING PERFORMANCE IN CAPITAL MARKET

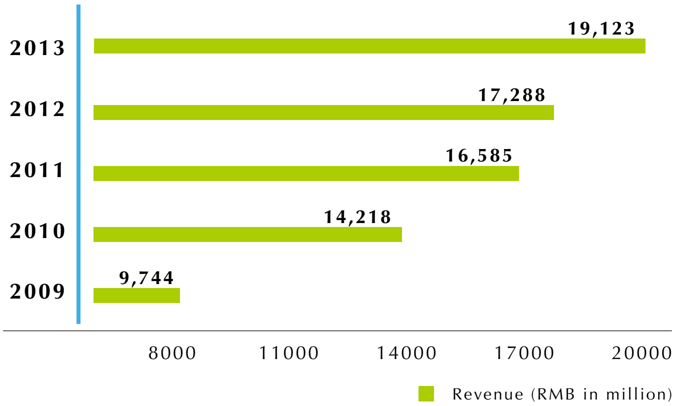
In 2013, the stock price of the Company witnessed a strong growth trend, with a surge of up to 86.38% for the entire year, ranking the first among the constituents of Hang Seng China Enterprises Index, and won two awards of the third session China Securities Golden Bauhinia Awards (第三屆中國證券「金紫荊」獎), namely the "Most Influential Leaders of Listed Companies" (最具影響力上市公司領袖) and the "Best Listed Companies for Management of Investor Relations" (最佳投資者關係管理上市公司).

We would like to express our gratitude to each shareholder for your vigorous support. Looking forward to the next year, we will further expedite the establishment of a first-tier international listed new energy company with a focus on the following aspects-apart from activating the third start of business and taking a leading position in scale, the Company will emphasize more on top efficiency and management and enhance its consolidated strength and competitiveness comprehensively, given that improving the operation of stock assets is the basic foundation for excellence. In addition, we will practically seize the high ground in future competitions to achieve a sustainable and favourable development, given that improving the development quality of add-on assets is the key drive for excellence. We shall optimise the design of the management system and mechanisms with a brand new mind set to bring about highly efficient and standardised operation of the organisation, given that strengthening the capability of innovative corporate management is an important measure of driving excellence. We will be more active and vigilant in carrying forward our tasks, identify problems and gaps timely and capture the focus of our tasks to scale new heights and make new progress in all tasks, given that elevating the working standard of officers and teams is a major guarantee of excellence.

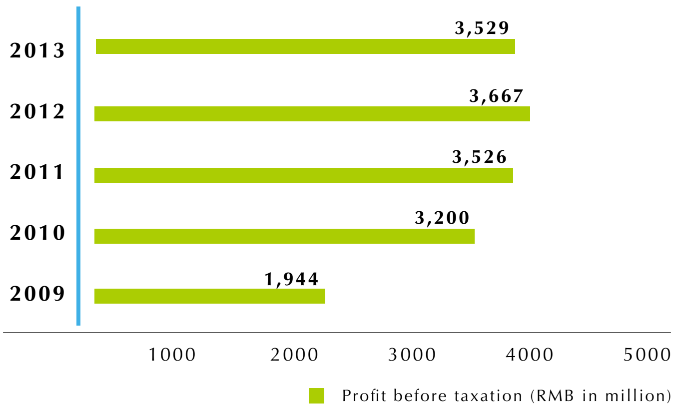
President
Li Enyi

KEY OPERATING AND FINANCIAL DATA

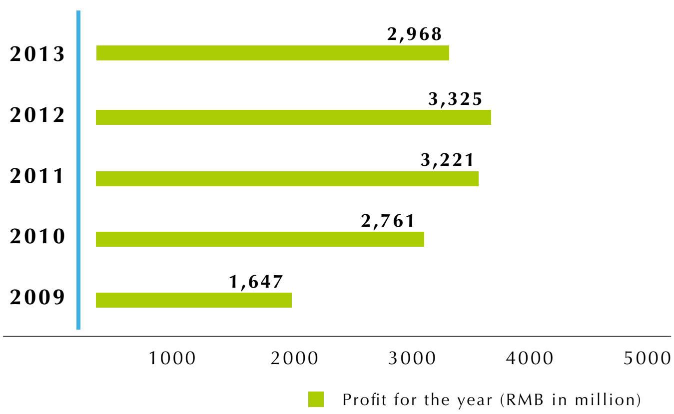
1. Revenue



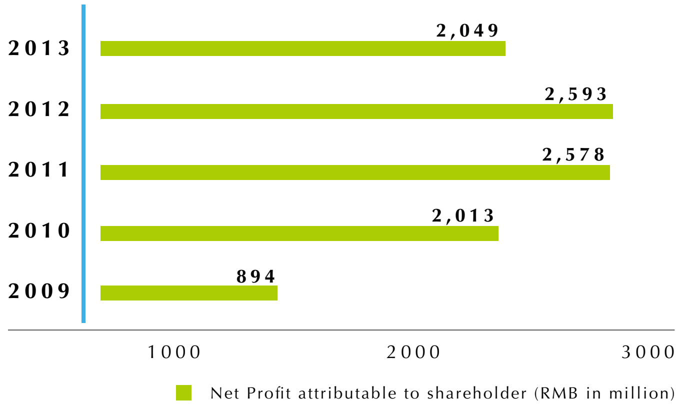
2. Profit before taxation



3. Profit for the year

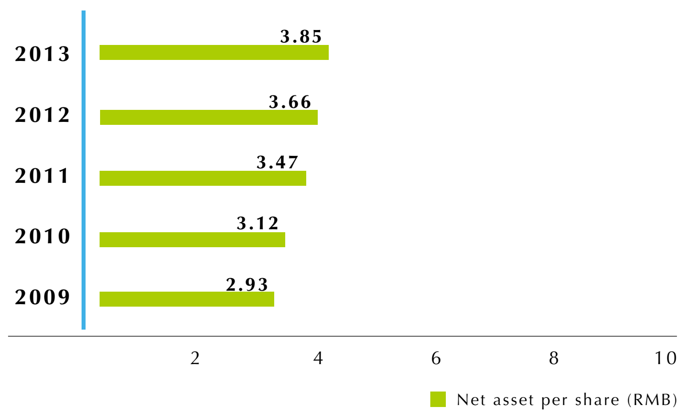


4. Net Profit attributable to shareholder

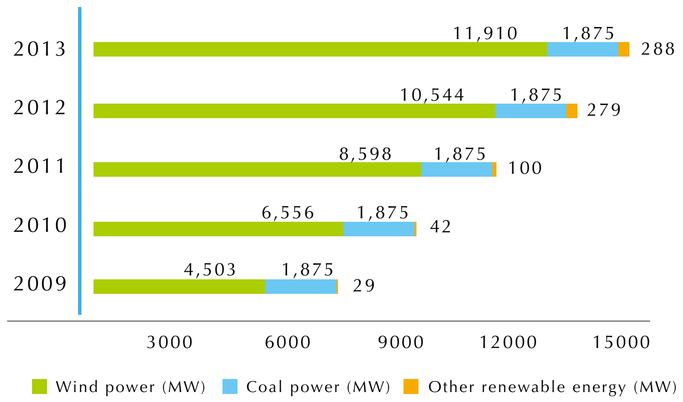


5. Earnings per share

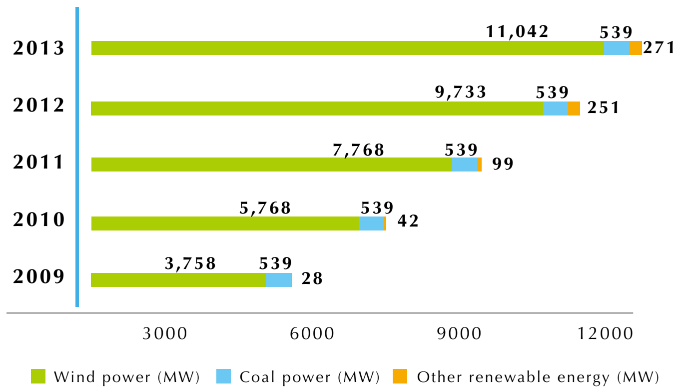
6. Net asset per share



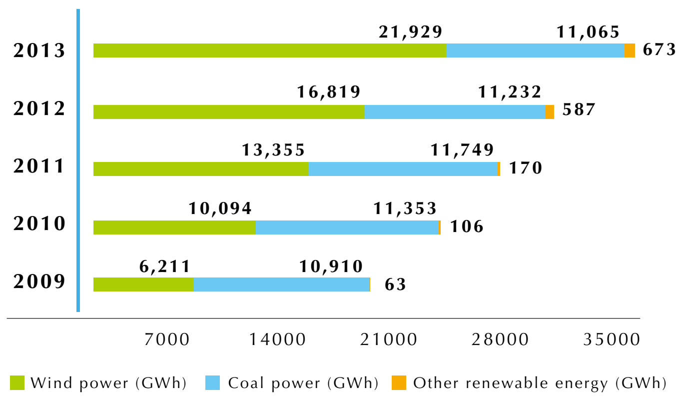
7. Consolidated installed capacity



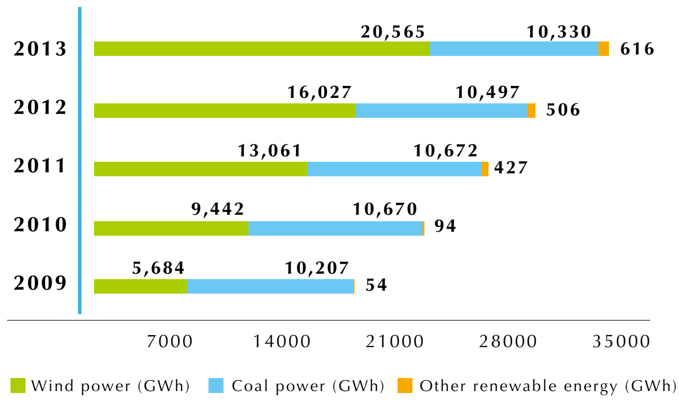
8. Attributable installed capacity



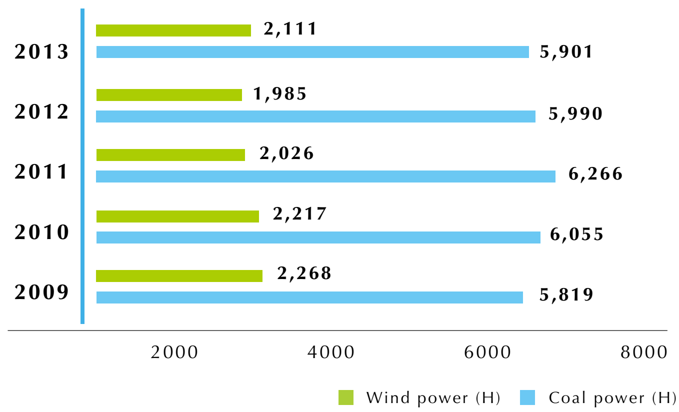
9. Electricity output



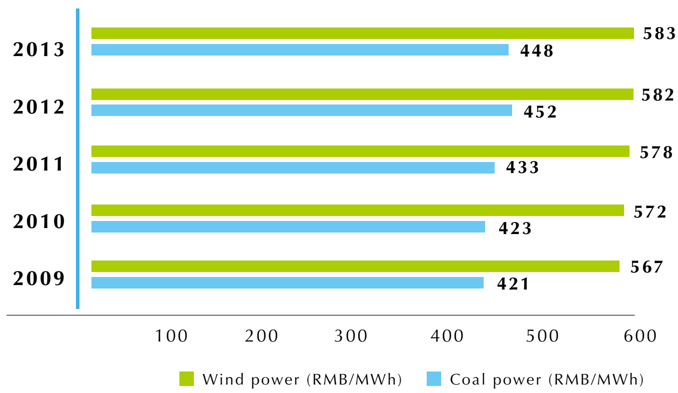
10. Electricity Sales



11. Utilisation hours



12. Tariffs



	2009	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	9,743,707	14,217,670	16,584,536	17,288,185	**19,122,630**
Profit before taxation	1,943,596	3,200,242	3,525,552	3,667,387	**3,529,092**
Income tax	(296,490)	(439,283)	(304,964)	(342,093)	**(560,945)**
Profit for the year	1,647,106	2,760,959	3,220,588	3,325,294	**2,968,147**
Attributable to:					
Shareholders/equity holders of the Company	894,126	2,013,439	2,578,290	2,593,239	**2,049,465**
Non-controlling equity holders	752,980	747,520	642,298	732,055	**918,682**
Total comprehensive income for the year	1,652,749	2,749,411	3,205,855	3,320,194	**2,856,536**
Attributable to:					
Shareholders/equity holders of the Company	899,769	2,001,891	2,563,557	2,591,101	**2,012,521**
Non-controlling equity holders	752,980	747,520	642,298	729,093	**844,015**
Basic and diluted earnings per share *(RMB cents)*	17.40	26.97	34.54	34.66	**25.50**

	2009	2010	2011	2012	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total non-current assets	47,586,896	64,282,879	81,151,336	90,053,746	**96,907,503**
Total current assets	20,366,806	10,392,081	13,472,683	17,786,113	**13,766,271**
TOTAL ASSETS	67,953,702	74,674,960	94,624,019	107,839,859	**110,673,774**
Total current liabilities	23,691,836	24,945,297	29,836,314	36,074,948	**36,676,231**
Total non-current liabilities	18,581,892	22,304,423	34,462,488	35,342,985	**35,957,174**
TOTAL LIABILITIES	42,273,728	47,249,720	64,298,802	71,417,933	**72,633,405**
NET ASSETS	25,679,974	27,425,240	30,325,217	36,421,926	**38,040,369**
Total equity attributable to the shareholders/equity holders of the Company	21,899,807	23,281,334	25,908,591	29,429,434	**30,908,033**
Non-controlling equity holders	3,780,167	4,143,906	4,416,626	6,992,492	**7,132,336**
TOTAL EQUITY	25,679,974	27,425,240	30,325,217	36,421,926	**38,040,369**
NET ASSET PER SHARE *(RMB)*	2.93	3.12	3.47	3.66	**3.85**

CORPORATE PROFILE

Founded in January 1993, China Longyuan Power Group Corporation Limited was affiliated to National Department of Energy of the PRC when it was just established. In June 1999, Longyuan, Zhongneng and Fulin were consolidated into China Longyuan Power Group. As at the end of 2002, the corporation was affiliated to China Guodian Corporation in China's reform of the electricity industry. In July 2009, the Company was officially restructured into China Longyuan Power Group Corporation Limited upon approval by the SASAC. On 10 December in the same year, the Company was successfully listed in Hong Kong, becoming the first state-owned new energy generation company listed overseas.

The Group is the earliest power enterprise to engage in the new energy development in China. It is primarily engaged in the design, development, construction, management and operation of wind farms. Meanwhile, it also operates other power projects such as coal, solar, biomass, tidal and geothermal power. As at the end of 2013, the consolidated installed capacity of the Group was 14,073 MW, of which the consolidated installed capacity of our wind power business was 11,910 MW. The Group ranks the first in China and in Asia, and the second in the world, of which coal power accounted for 1,875 MW and solar power generation accounted for 138 MW, which formulated a certain development scale; while biomass generation accounted for 144 MW, tidal power generation accounted for 3.9 MW and geothermal power generation accounted for 2 MW. In recent years, along with the rapid increase in wind power installed capacity, various operational indicators of the Group have secured a leading position within the industry and the wind power business of the Group has seen a stable improvement in its profitability. Apart from its installed capacity and operating efficacy, the Group was also the leader in exploring multiple new development domains such as overseas markets, offshore wind power and wind power projects at areas with high altitude and low wind speed.

Through years of development, the Group has successfully established the new energy supporting system of its ten major technical services, forming its unique advantages in different areas such as preliminary wind inspection, consulting and designing, operation and supervision, examination and maintenance, technological R&D and professional training. Additionally, the Company has established the "National Wind Power Operation Technology R&D Centre" (國家能源風電運營技術研發中心) after being licensed by the National Energy Administration to lead the upgrading of industry technology. Having been approved by the Ministry of Human Resources and Social Security, the Company has established the "Guodian Longyuan National Occupational Skill Testing Authority Station for Wind Power Generation" (國電龍源風力發電國家職業技能鑒定站) to test and provide training for highly professional technicians in the industry of wind power, which secured the Group's sustainable development by providing qualified personnel.

CORPORATE STRUCTURE

Hero Asia (BVI) Limited

100%

- 100% Longyuan (Bayannur) Wind Power Generation Co., Ltd. 246.90 MW
- 100% Longyuan (Baotou) Wind Power Generation Co., Ltd. 201.00 MW
- 100% Longyuan (Siziwang) Wind Power Generation Co., Ltd. 49.50 MW
- 100% Longyuan Damao Wind Power Generation Co., Ltd. 99.00 MW
- 100% Longyuan Inner Mongolia Wind Power Generation Co., Ltd. 99.00 MW
- 100% Longyuan (Wulatehou Banner) Wind Power Generation Co., Ltd. 99.00 MW
- 100% Guodian Wuchuan Hongshan Wind Power Co., Ltd. 49.50 MW
- 100% Longyuan (Wulatezhong Banner) Wind Power Generation Co., Ltd.
- 100% Longyuan Shangdu Wind Power Generation Co., Ltd.
- 100% Longyuan Xinghe Wind Power Generation Co., Ltd. 49.50 MW
- 100% Longyuan (Xilinhaote) Wind Power Generation Co., Ltd.
- 100% Longyuan (Zhenglanqi) New Energy Co., Ltd.
- 34% Chifeng Xinsheng Wind Power Generation Co., Ltd. 150.00 MW
- 97.01% Chifeng Longyuan Wind Power Generation Co., Ltd. 148.00 MW
- 100% Longyuan (Tongliao) Wind Power Generation Co., Ltd. 49.50 MW

- 100% Longyuan (Naiman) Wind Power Generation Co., Ltd. 99.00 MW
- 100% Longyuan (Wengniute) New Energy Co., Ltd. 192.00 MW
- 100% Longyuan (Kezuohou Banner) Wind Power Generation Co., Ltd. 148.50 MW
- 100% Inner Mongolia Longyuan Mengdong Wind Power Generation Co., Ltd. 99.00 MW
- 100% Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd. 99.00 MW
- 100% Longyuan (Xing'anmeng) Wind Power Co., Ltd. 99.00 MW
- 100% Longyuan (Tuquan) Wind Power Generation Co., Ltd. 49.50 MW
- 100% Longyuan (Keyouzhong Banner) Wind Power Generation Co., Ltd. 60.00 MW
- 100% Longyuan (Keyouqian Banner) Wind Power Generation Co., Ltd. 49.50 MW
- 100% Longyuan Hulunbuir Wind Power Generation Co., Ltd. 49.50 MW
- 100% Longyuan (Manzhouli) Wind Power Generation Co., Ltd. 49.60 MW
- 100% Longyuan Erguna Wind Power Generation Co., Ltd. 49.60 MW
- 55.82% Yichun Xing'anling Wind Power Generation Co., Ltd. 112.30 MW
- 40% Yichun Longyuan Wind Power Generation Co., Ltd. 49.30 MW
- 40% Huanan Longyuan Wind Power Generation Co., Ltd. 139.60 MW

- 100% Huanan Longyuan Hero Asia Wind Power Generation Co., Ltd. 93.00 MW
- 100% Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. 99.00 MW
- 51% Hailin Longyuan Wind Power Generation Co., Ltd. 20.40 MW
- 100% Fuyuan Longyuan Wind Power Generation Co., Ltd. 31.50 MW
- 92% Yilan Longyuan Huineng Wind Power Generation Co., Ltd. 98.60 MW
- 95% Hegang Longyuan Wind Power Generation Co., Ltd. 49.30 MW
- 100% Shuangyashan Longyuan Wind Power Generation Co., Ltd. 49.50 MW
- 100% Yichuan Longyuan Jinshan Wind Power Generation Co., Ltd 98.60 MW
- 100% Heihe Longyuan Wind Power Generation Co., Ltd. 99.00 MW
- 100% Keshan Longyuan Wind Power Generation Co., Ltd. 49.50 MW
- 100% Daqing Longyuan Wind Power Generation Co., Ltd. 49.50 MW
- 100% Kedong Longyuan Wind Power Generation Co., Ltd. 49.50 MW
- 100% Harbin Longyuan Wind Power Generation Co., Ltd.
- 100% Heilongjiang Longyuan Wind Power Generation Co., Ltd.
- 70% Hailin Chenguang Wind Power Generation Co., Ltd.

Major Subsidiaries:

Wind Power business | Coal Power business | Other new energy business | Other enterprises

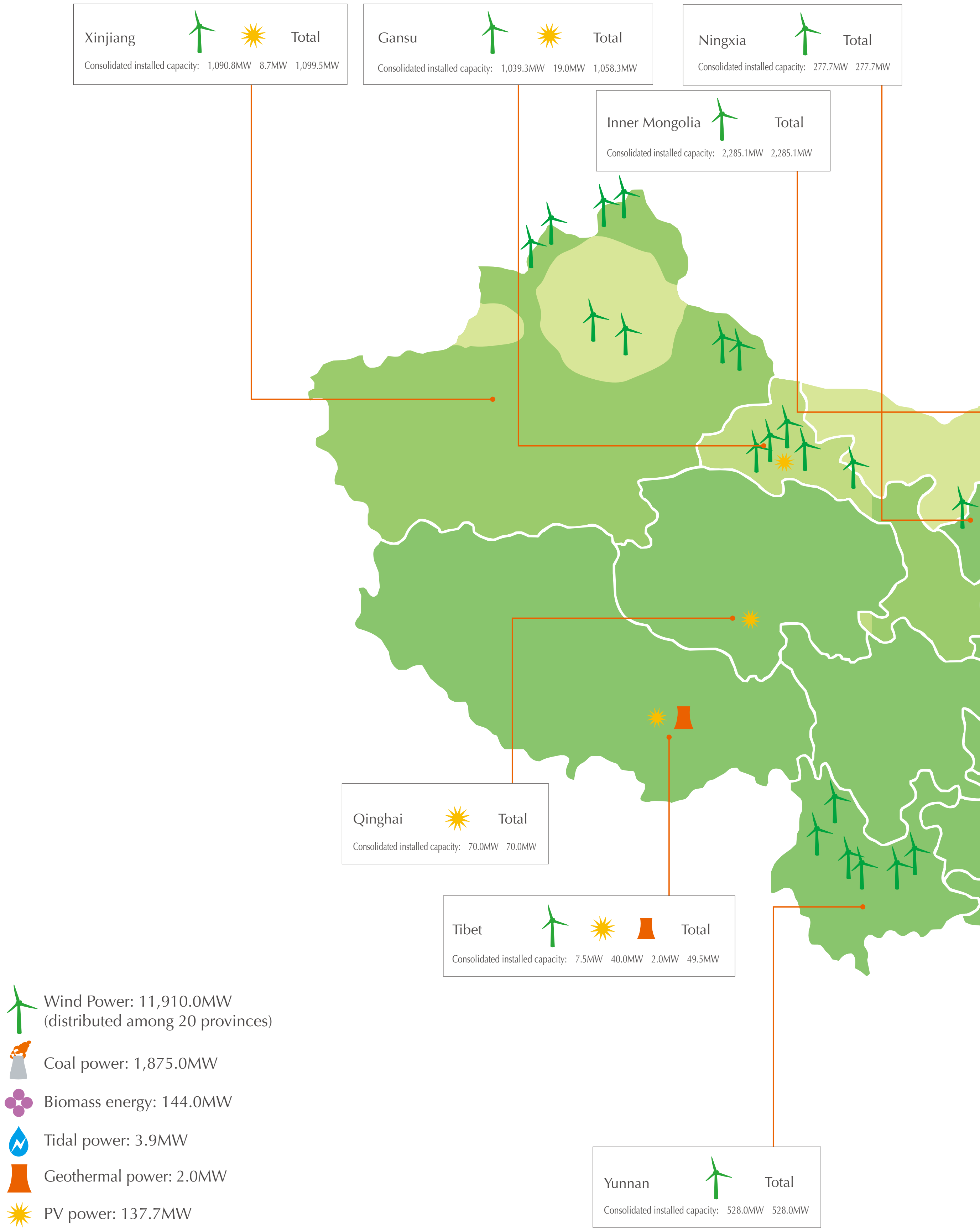

Shareholders of the Company
Guodian Northeast Electric Power Co., Ltd.
China Guodian Group Corporation
H Shareholders
1.17%
57.27%
41.56%
龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited
The Company
Hero Asia Investment Limited
100%
100%
Longyuan Canada Renewables, Ltd.
Hegang Longyuan Xianghe Wind Power Generation Co., Ltd.
100%
Tieli Longyuan Wind Power Generation Co., Ltd.
100%
Tonghe Longyuan Wind Power Generation Co., Ltd. 48.30 MW
80%
Jilin Longyuan Wind Power Generation Co., Ltd. 200.60 MW
66.23%
Longyuan (Tongyu) Wind Power Generation Co., Ltd. 49.30 MW
100%
Longyuan (Changling) Wind Power Generation Co., Ltd. 99.00 MW
100%
Longyuan Gongzhuling Wind Power Generation Co., Ltd.
100%
Tongyu Xingfa Wind Power Generation Co., Ltd.
100%
Yanbian Longyuan Wind Power Generation Co., Ltd.
100%
Longyuan (Nong'an) Wind Power Generation Co., Ltd.
100%
Longyuan Tongyu Xinglongshan Wind Power Generation Co., Ltd.
100%
Longyuan Yitong Wind Power Generation Co., Ltd.
100%
Jilin Dongfeng Longxin Power Generation Co., Ltd. (吉林東豐龍新發電有限公司)
88%
Dandong Haiyanghong Wind Power Generation Co., Ltd. 21.00 MW
100%
Shenyang Longyuan Wind Power Generation Co., Ltd. 141.30 MW
98.60%
Longyuan Shenyang Wind Power Generation Co., Ltd. 247.30 MW
100%
Tieling Longyuan Wind Power Generation Co., Ltd. 98.60 MW
100%
Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. 148.50 MW
100%
Longyuan Kangping Wind Power Generation Co., Ltd. 247.50 MW
100%
Longyuan Fuxin Wind Power Generation Co., Ltd.
100%
Liaoning Longyuan Wind Power Generation Co., Ltd. 99.00 MW
100%
Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd. 99.00 MW
50%
Longyuan Jiantou (Chengde Weichang) Wind Power Generation Co., Ltd. 49.50 MW
55%
Longyuan Hebei Jiantou (Chengde) Wind Power Generation Co., Ltd. 99.00 MW
55%
Hebei Longyuan Wind Power Generation Co., Ltd. 299.10 MW
100%
Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. 325.50 MW
100%
Longyuan (Zhangbei) Wind Power Generation Co., Ltd. 99.00 MW
100%
Gansu Jieyuan Wind Power Generation Co., Ltd. 340.30 MW
77.11%
Gansu Xin'an Wind Power Generation Co., Ltd. 99.00 MW
54.54%
Longyuan (Jiuquan) Wind Power Generation Co., Ltd. 201.00 MW
100%
Gansu Longyuan Wind Power Generation Co., Ltd. 300.00 MW
100%
Longyuan Subei Wind Power Generation Co., Ltd. 49.50 MW
100%
Longyuan Zhangye New Energy Co., Ltd. 49.50 MW
100%
Xinjiang Tianfeng Power Generation Joint Stock Company 249.30 MW
59.52%
Xinjiang Longyuan Wind Power Generation Co., Ltd. 49.50 MW
100%
Longyuan Balikun Wind Power Generation Co., Ltd. 198.00 MW
100%
Longyuan Hami New Energy Co., Ltd. 49.50 MW
100%
Longyuan Alashankou Wind Power Generation Co., Ltd. 148.50 MW
100%
Bu'erjin Tianrun Wind Power Generation Co., Ltd. 49.50 MW
60%
Guodian Xinjiang Alashankou Wind Power Generation Co., Ltd. 99.00 MW
70%
Longyuan Habahe Wind Power Generation Co., Ltd. 99.00 MW
100%
Longyuan Tuoli Wind Power Generation Co., Ltd. 49.50 MW
100%
Longyuan Urumchi Wind Power Generation Co., Ltd. 49.50 MW
100%
Longyuan Turpan New Energy Co., Ltd.
90%
Longyuan Burqin Wind Power Generation Co., Ltd 49.50 MW
100%

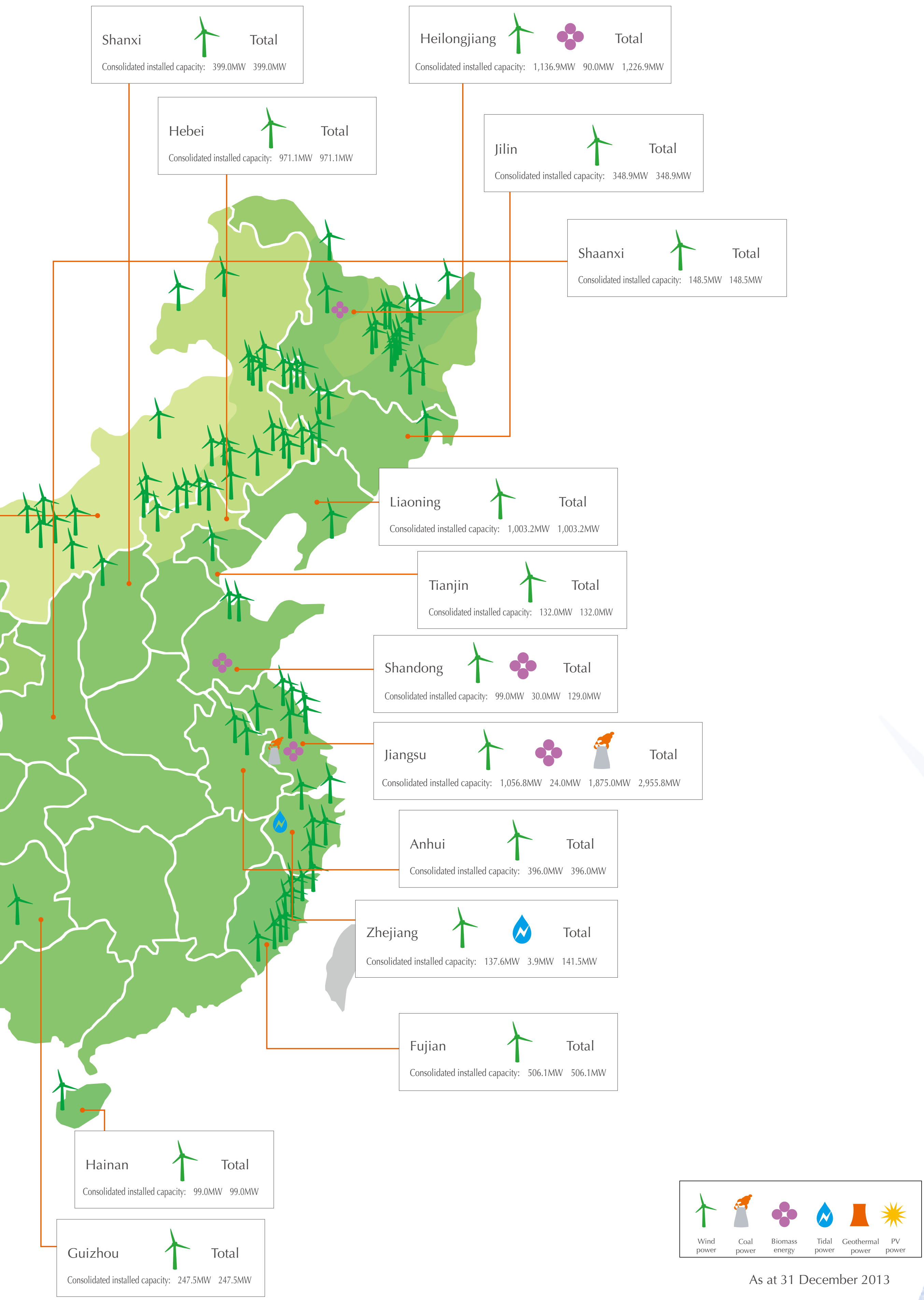
Major Subsidiaries:

Wind Power business | Coal Power business | Other new energy business | Other enterprises


Shareholders of the Company
Guodian Northeast Electric Power Co., Ltd.
China Guodian Group Corporation
H Shareholders
1.17%
57.27%
41.56%
龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited
The Company
Hero Asia Investment Limited
100%
100%
Longyuan Canada Renewables, Ltd.
Longyuan Linyi Wind Power Generation Co., Ltd. (龍源臨沂風力發電有限公司) 100%
Tianjin Longyuan Wind Power Generation Co., Ltd. 132.00 MW 100%
Longyuan (Tianjin Binhai New Area) Wind Power Generation Co., Ltd. 100%
Longyuan Guizhou Wind Power Generation Co., Ltd. 247.50 MW 100%
Shanxi Longyuan Wind Power Generation Co., Ltd. 249.00 MW 100%
Guodian Shanxi Jieneng Youyu Wind Power Generation Co., Ltd. 99.00 MW 100%
Longyuan Ningwu Wind Power Generation Co., Ltd. 100%
Longyuan Pianguan Wind Power Generation Co., Ltd. 100%
Longyuan Kelan Wind Power Generation Co., Ltd. 100%
Longyuan Jingle Wind Power Generation Co., Ltd. 51.00 MW 100%
Longyuan Ningxia Wind Power Generation Co., Ltd. 100%
Longyuan Lingwu Wind Power Generation Co., Ltd. 99.50 MW 100%
Ningxia Tianjing Wind Power Generation Co., Ltd. 79.50 MW 100%
Longyuan Litong Wind Power Generation Co., Ltd. 98.70 MW 100%
Longyuan Shaanxi Wind Power Generation Co., Ltd. 99.00 MW 100%
Longyuan Jingbian Wind Power Generation Co., Ltd. 49.50 MW 100%
Longyuan Dingbian Wind Power Generation Co., Ltd. 100%
Longyuan Tibet Naqu New Energy Co., Ltd. 7.50 MW 100%
Longyuan Power Group (Shanghai) Wind Power Co., Ltd. 100%
Nantong Tianshenggang Power Generating Co., Ltd. 660.00 MW 31.94%
Jiangyin Sulong Heat and Power Generating Co., Ltd. 1,215.00 MW 27%
Longyuan Tibet New Energy Co., Ltd. 42.00 MW 100%
Longyuan Ge'ermu New Energy Development Co., Ltd. 70.00 MW 100%
Longyuan Zhangye New Energy Co., Ltd. 19.00 MW 100%
Zhejiang Wenling Jiangxia Pilot Tidal Power Station 3.90 MW 100%
Longyuan Turpan New Energy Co., Ltd. 8.70 MW 90%
Longyuan (Beijing) New Energy Co., Ltd. 100%
Longyuan Huizhou New Energy Co., Ltd. 100%
Longyuan Donghai Biomass Power Plant 24.00 MW 95%
Guodian Youyi Biomass Power Co., Ltd. 30.00 MW 100%
Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. 30.00 MW 100%
Guodian Tangyuan Biomass Power Co., Ltd. 30.00 MW 100%
Guodian Liaocheng Biomass Power Co., Ltd. 30.00 MW 52%
Zhongneng Power-Tech Development Co., Ltd. 100%
China Fulin Wind Power Engineering Co., Ltd. 100%
Longyuan Beijing Wind Power Projects Design & Consultation Co., Ltd. 100%
Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. 100%
Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. 100%
Longyuan (Beijing) Solar Energy Technology Co., Ltd. 100%
Xinjiang Wind Power Engineering Consultant Co., Ltd. 100%
Suzhou Longyuan Bailu Wind Power Technique Vocational Training Centre Co., Ltd. 60%
Longyuan (Yichun) Wind Power Engineering Services Co., Ltd. 100%

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS





As at 31 December 2013

HONOURS AND AWARDS

In January, the "Development of the Intensive Management of Wind-power Development as a new Energy Generation Group (打造新能源發電集團的風電開發集約化管理)" submitted by the Company won the second class award in the 19th Innovative Achievement Evaluation of Modernised Management of National Enterprises (第十九屆國家級企業管理現代化創新成果評選) jointly organised by SASAC (國資委), MIIT (工信部) and CEC (中國企聯).

On 10 May, two of the Company's projects, the 30MW+150MW Project of Longyuan Rudong Offshore Wind Farm (龍源如東海上風電場30MW+150MW工程) and the 20MWp Longyuan Yangbajing Phase II Grid-connected Photovoltaic Power Generation Station (龍源羊八井二期20MWp併網光伏電站工程) were honoured as "Premium Quality Power Construction in China (中國電力優質工程獎)" respectively.

In July, the Longyuan Rudong Offshore Wind Power Pilot Project (龍源如東海上試驗風電項目) and Hebei Zhuzixia project (河北竹子下項目) were honoured "2012-2013 Premium Quality Investment Project in China (2012-2013年度國家優質投資項目獎)" respectively.

On 5 September, the Company stood out among 31 delegations and 93 candidates from the top five power generation groups and China Three Gorges Corporation, won both the group and individual awards in the First National Wind Power Operation and Inspection Skill Competition (首屆全國風電運檢技能競賽). An employee of the Company was elected to receive the "National Labour Day Award" (全國五一勞動獎章) and three employees obtained the "Labour Day Award for the National Energy Chemical System" (能源化學系統五一勞動獎章) issued by China Energy and Chemical Workers' Union (中國能源化學工會).

On 3 October, Longyuan Rudong Offshore Wind Farm was honoured as "The Best Wind Power Project" at The Asian Power Award 2013 (2013年亞洲電力獎年度最佳風電項目獎) by Asian Power (亞洲電力), a prestigious magazine in the industry.

In October, the Company was selected the Global Top 250 Energy Enterprises for 2013 by Platts, an international energy resources information provider, ranking 189th on the list, and raised by 24 compared with that of last year, being the only one new energy operator of China on the list. Taking advantages of excellent capital returns rate and operating results, the Company has been on the list for three years in a row.

On 6 November, the Company ranked the 35th in the election of "2013 Top 500 Global New Energy Enterprises (2013年全球新能源企業500強)", taking the lead among new energy developers in China. It was also granted "Outstanding Contribution Award (卓越貢獻獎)" and "Independent Innovation Award (自主創新獎)".

On 28 November, Mr. Qiaobaoping, chairman of the Company, was honoured as "The Most Influential Leader of Listed Company (最具影響力上市公司領袖)" while the Company was awarded as "The Best Listed Company in Investment Relations Management (最佳投資者關係管理上市公司)" in the 3rd China Securities Golden Bauhinia Awards (第三屆中國證券「金紫荊」獎).

On 9 December, the TV programme Sing in the Wind (禦風長歌) selected by Longyuan Power won the "CPMG Award First Prize" in comprehensive category (「中電傳媒杯」綜合專題片類一等獎) in the 9th National Exhibition and Appraisal of Outstanding TV programme in the Power Industry and the 2013 China Power News Award (TV) (第九屆「中電傳媒杯」全國電力行業優秀電視片展評活動暨2013年度「中國電力新聞獎(電視)」作品評選活動) jointly organised by China Power Media Group* (中國電力傳媒集團) and China Power Press* (中國電力報刊)

On 21 December, the Company was listed in the Top 100 Enterprises and honoured as "2013 Innovation Team (2013中國企業創新團隊獎)" among Chinese enterprises at the "2013 Chinese Enterprises' Independent Innovation TOP 100 Evaluation Release Conference and the Fourth Chinese Enterprises' Independent Innovation Summit (2013中國企業自主創新TOP100評價發佈暨第四屆中國企業自主創新高峰論壇)" held by CEEA (中國企業評價協會) in Beijing.

CORPORATE MILESTONES IN 2013

On 11 January, the Company donated 4,500 solar hand torches to the region, with an aim to help the Tibet Foundation and Livelihood Team to solve the problem of electricity in the inner rural area.

On 21 January, "20th Anniversary Celebration - Achievements and Workers' Art and Calligraphy Exhibition (20周年成就展暨職工書畫攝影展)" was launched by the Company, during which, the history and achievements of the Company were reviewed through five chapters, highlighting the development history, achievements and employees' style of Longyuan Power for the past 20 years.

From 27 to 28 February, the second session of the first employee representative assembly and 2013 working conference was convened in Beijing. The Company comprehensively summarized work progress for 2012 and principal results and experiences of new energy exploration for the past ten years, analyzed the current situations confronted with and determined development objectives and work emphasis for 2013.

On 26 April, a Board meeting was convened by the Company to announce the change in its management that Mr. Xie Changjun had resigned as president of the Company while Mr. Li Enyi had been appointed as the new president by the Board.

On 10 May, two of the Company's projects, the 30MW+150MW project of Longyuan Rudong Offshore Wind Farm (龍源如東海上風電場30MW+150MW工程) and the 20MWp Longyuan Yangbajing Phase II grid-connected photovoltaic power generation station (龍源羊八井二期20MWp併網光伏電站工程) were honoured as "Premium Quality Power Construction in China (中國電力優質工程獎)" respectively.

From 16 to 18 June, the Company attended "The 3rd China International Distributed Energy and Energy Storage Technology and Equipment Expo and Summit (第三屆中國國際分佈式能源及儲備技術設備展覽會暨高峰論壇)", where the Company promoted its new energy brand and established a good social image. Certain distinguished guests including Mr. Zhangguobao the prior vice chairman of NDRC and current chairman of National Energy Administration visited our booth and acknowledged the achievements made by the Company in the field of new energy, commenting it as a benchmark in China's wind power industry.

On 18 June, an inspection team under the NPC led by Ms. Shen Yueyue, the vice chairman of NPC, visited Jiangsu Province to inspect the enforcement of the Renewable Energy Law. During the visitation, the inspection team fully recognised our achievements in establishing the first intertidal wind farm globally and the first domestic offshore demonstration wind farm as well as the leading position in construction technologies and installed capacity.

On 19 June, an inspection team under the NPC led by Mr. Zhangping, the vice chairman of NPC, visited the site of 200 MW Longyuan Baotou Bayin Concession Project (龍源包頭巴音200兆瓦特許權項目) for inspecting the enforcement of the Renewable Energy Law and paid close attention to the problems encountered by the Group in the process of the development and construction of new energy and the advices thereon.

On 8 July, the Company successfully obtained the construction permit from Ontario Power Authority of Canada for its 100 MW wind power project in Ontario, Canada (加拿大安大略省100兆瓦風電項目), which means that the Longyuan Canada project is officially qualified to commence construction.

In July, the Longyuan Rudong Offshore Wind Power Pilot Project (龍源如東海上試驗風電項目) and Hebei Zhuzixia Project (河北竹子下項目) were honoured "2012-2013 Premium Quality Investment Project in China (2012-2013年度國家優質投資項目獎)" respectively.

On 30 July, the Company convened the 2013 first extraordinary general meeting and appointed Mr. Qiao Baoping as the chairman of the Company, Mr. Xie Changjun as the chief supervisor and Mr. Li Enyi as an executive Director and the general manager of the Company.

On 5 September, the First National Wind Power Operation and Inspection Skill Competition (首屆全國風電運檢技能競賽) co-sponsored by the Company concluded in Zhangjiakou, Hebei. 31 delegations with 93 competitors from five major power generation groups and the Three Gorges Corporation participated in the competition and the Group won both the group and individual awards.

On 3 October, Longyuan Rudong Offshore Wind Farm was honoured as "The Best Wind Power Project" at The Asian Power Award 2013 (2013年亞洲電力獎年度最佳風電項目獎) by Asian Power (亞洲電力), a prestigious magazine in the industry, which recognised the Company as the project as the role model in the electric power industry in Asia with remarkeable social and enviromental benefits.

On 29 October, the Company won the bids of two wind power projects with an aggregate capacity of 244.5 MW in the third renewable energy project bidding invitation organized by Department of Energy of South Africa, representing another breakthrough in expansion of oversea wind power market after the company launched the 100MW wind power project in Canada.

On 31 October, the "Opinion Solicitation on Corporate Reform and Development and the Third Business Plan (我為企業轉型發展、第三次創業獻良策)", a campaign for collecting reasonable advices from staff, was completed with a total of 2,739 rational advices, creating an strong atmosphere of collaboration for the development and unity for business achievement.

On 3 November, 5 units of wind turbine generators in phase I of the Nagchu High Altitude Wind Power Pilot Project (那曲高海拔試驗風電項目), the highest wind farm in the world constructed by the Company, were connected to the grid with 7.5MW of electricity. The project not only marked the first step of the development of wind power projects in Tibet Autonomous Region, which brought wind power development to the last province that had no wind farms in China, but also became the world's highest wind power project, thus setting a new record.

On 27 November, in the activity of "Sprint in the fourth quarter to reach objectives with our best", the Group broke the record of wind power output by reaching 100 million kilowatt hours per day once more after it firstly made a breakthrough at wind power output by reaching 100 million kilowatt hours per day on 26 May.

On 28 November, Mr. Qiaobaoping, chairman of the Company, was honoured as "The Most Influential Leader of Listed Company (最具影響力上市公司領袖)" in the 3rd China Securities Golden Bauhinia Awards (第三屆中國證券「金紫荊」獎) and was invited to give a keynote speech at the Oversea Summit of Chinese Listed Companies. In the meantime, the Company was awarded as "The Best Listed Company in Investment Relations Management (最佳投資者關係管理上市公司)", being one of a few listed companies which won two awards in the 3rd China Securities Golden Bauhinia Awards.

MANAGEMENT DISCUSSION AND ANALYSIS

(The following information disclosure was based on financial information prepared in accordance with International Financial Reporting Standards unless otherwise specified)

I. INDUSTRY REVIEW

Operational environment

In 2013, under the extremely complex domestic and overseas situation, the national economy pressed ahead in stability, showing a stable and positive development trend. The gross domestic product for the year increased by 7.7% as compared with last year. In 2013, the electricity consumption in the PRC increased steadily. According to the "National Power Industry Statistics Express in 2013 (《2013年全國電力工業統計快報》)"(hereafter as "CEC Express") issued by the China Electricity Council, the power consumption across the country was 5,322.3 billion kWh in 2013, representing an increase of 7.49% over last year, 1.89 percentage points higher than that of last year. The total electrical output reached 5,347.4 billion kWh, representing an increase of 7.52% over last year and 2.11 percentage points higher than last year. In terms of types, hydropower generation reached 896.3 billion kWh, representing an increase of 4.96% over last year. It accounted for 16.76% of the national power generation, 0.41 percentage point lower than last year. Coal power generation reached 4,190 billion kWh, representing an increase of 7.05% over last year and 78.36% of national power generation, 0.35 percentage point lower than last year. Nuclear power generation and grid-connected wind power generation reached 112.1 billion kWh and 140.1 billion kWh respectively, representing an increase of 13.97% and 36.35% over last year respectively, 0.12 and 0.55 percentage point higher than last year in terms of the percentage in national power generation. Grid-connected solar power generation reached 8.7 billion kWh, representing an increase of 143.02% over last year and accounted for 0.16% of the national power generation. The percentage of renewable energy power generation in national power generation gradually increased, and the energy structure had been further optimised.

According to the CEC Express, as at the end of 2013, the power generation installed capacity across the country reached 1,247,384 MW, representing an increase of 9.25% over last year. In 2013, the installed capacity of additional national power generation infrastructure facilities was 94,000 MW, among which the additional installed capacity of hydropower, coal power, nuclear power, grid-connected wind power and grid-connected solar power reached 29,925 MW, 36,498 MW, 2,208 MW, 14,064 MW and 11,305 MW, respectively. In 2013, the utilisation hours of wind power reached 2,080 hours, representing an increase of 151 hours over last year.

Policy Support

In 2013, haze threatened most areas in China. Energy saving and environmental protection once again drew close attention of the whole country. In order to reduce the use of fossil fuel and lower the emission of polluted gas, and to implement the atmospheric pollution prevention scheme and address the more and more prominent problem of haze pollution, the government and the market attached more attention to clean energy such as wind power and solar power as alternatives. In January, the National Energy Conference (全國能源工作會議) was held and a general planning on energy administration and a general planning on development of wind power were proposed. Notice of National Energy Administration on Guaranteeing Grid-connection and Consumption of Wind Power in 2013 (《國家能源局關於做好2013年風電併網和消納相關工作的通知》) was released on 16 February to request relevant government departments and energy enterprises to pay close attention to the consumption and utilisation of wind power and eliminate abandonment and curtailment of wind power generation as soon as possible. Notice of Comprehensive Division of National Energy Administration on Clean Heating Supply of Wind Power (《國家能源局綜合司關於做好風電清潔供暖工作的通知》) was released in March, and a pilot project was launched in Baicheng, Jilin for clean heating supply to explore various channels on the consumption and utilisation of wind power. On 15 May, the National Council released Decisions Concerning the Cancellation and Subcontracting a Batch of Administrative Approval Projects and Other Items (《關於取消和下放一批行政審批項目等事項的決定》), pursuant to which approval for the wind power projects and grid supporting projects should be sought from municipal investment department in lieu of from National Development and Reform Commission of the PRC (the "NDRC"). The change provided a favourable environment for the coordinated development of the wind power industry. The Notice of NDRC Regarding Adjusting Surcharge Standards on Renewable Energy Tariffs and Environmental Protection-related Tariffs (《國家發展改革委關於調整可再生能源電價附加標準與環保電價有關事項的通知》) was issued on 27 August. The surcharge standard for renewable energy power would be raised from RMB0.008 per kWh to RMB0.015 per kWh, which expanded the size of development fund for renewable energy and provided necessary capital and policy support for facilitating development of renewable energy and reduction of pollutants emission.

Meanwhile, the national government also issued a series of policies on encouraging and supporting photovoltaic development. Pursuant to relevant requirements of Certain Opinions on Promoting the Sound Development of Photovoltaic Industry of State Council (《國務院關於促進光伏產業健康發展的若干意見》), the NDRC issued the Notice Regarding the Leveraging Effect of Price to Promote the Healthy Development of the Photovoltaic Industry (《國家發展改革委關於發揮價格槓桿作用促進光伏產業健康發展的通知》). It will create favourable conditions for the expansion of the national photovoltaic market, which will foster a reasonable layout for photovoltaic power generation projects and the healthy development of the photovoltaic industry.

II. BUSINESS REVIEW

1. Continuous Optimisation in Layout and Continuous Enhancement of Sustainable Development

In 2013, the Group upheld the development strategy of "vigorously developing clean energy, consolidating and expanding wind power strategic advantages and developing solar energy power generation in a positive and prudent fashion" and improved the intensified management level for the work at the early stage. The Group has established a preliminary platform with unified development planning, technological support, resource integration and risk control. The Company cooperated with professional companies in overall planning, resource integration, standard setting and technical support. Project companies took local conditions into account to develop a system for development, featuring fixed policies for development, specific implementation, top-down coordination that integrated feedbacks, mutual support among regions, progress in stability and efficiency foremost. The development at the early stage has fundamentally formulated a standardised, professional model for back stage and a pioneering, distinctive and comprehensive model for front stage which allows the development work based on precedents and built scientifically.

In the third batch of approval plans for wind power projects issued by National Energy Administration in March during the year, 33 projects of the Group were enlisted with the aggregate capacity of 2,270 MW, which ranked the first among the industry. As at the end of 2013, the National Energy Administration had issued three batches of approval plans for wind power projects and a batch of supplemented approved plans, and an aggregate capacity of 8,874 MW from the Group was enlisted, accounting for 10.7% of the aggregate capacity enlisted, the highest among enterprises of the same category. In 2013, the Group had 37 wind power projects approved with aggregate capacity of 2,760 MW, the historically highest level in terms of the approved capacity, accounting for 10% of the newly added approved capacity in the PRC for the year. In particular, the regions which were not subject to grid curtailment accounted for over 70%. Hubei, Jiangxi and Shanghai, which have never got any approvals had also made a breakthrough with an approved capacity of 144 MW. As at the end of 2013, the wind power projects that had not been put into production by the Group but were included in the first three batches of plans for wind power projects to be approved (including supplemental projects) by National Energy Administration reached 5.8 GW, and the approved wind power projects not put into production reached 4.7 GW. During the year, the Group cooperated with branches (subsidiaries) of Guodian Group in 5 development projects with capacity of 250 MW. These projects were located in Shandong and Guizhou provinces which are situated in areas which are more profitable and specifically promoted by the Group. The layout for wind power development is continuously optimised.

In 2013, the Group obtained approval of 250 MW offshore wind power projects which had achieved the historically highest level. It had obtained the permit for preliminary work for offshore wind power projects with a capacity of 949 MW. In particular, the offshore wind power project of 400 MW in Nanri, Putian, Fujian is the largest integrated offshore wind power farm which obtained the permit in China. The layout for offshore wind power development has been pushed forward steadily.

2. Strict Control of Construction Quality and Cost, Refined Management with Achievement

In 2013, by integrating practices including conducting safety reviews of engineering construction in spring and autumn, conducting specific inspection before sending electricity, holding competitions of wind power engineering construction, conducting target based production and strengthening on-site supervision of key areas and holding monthly meetings of engineering construction, the Group conducted weekly control, monthly reports, quarterly check and annual quality appraisals. It formulated rules such as Measures for Management of Information in Engineering Construction (《工程建設信息管理辦法》) and Guiding Principles of Construction Supervision (《施工監理導則》), and revised the measures for performance evaluation and management of construction periods. It exercised an overall control of the security, the quality and the progress of the projects and timely negotiate and address the problems concerning transportation, equipment supply and so forth, strengthened the management and guidance of the projects and guaranteed their quality and construction progress of the projects.

Leveraging on its rich experience in selecting the models of generating units, optimising the development of system and capitalising on the internal design capability and taking advantages of economics of scale, the Group further regulated the management on procurement procedures by reinforcing the procurement system development. It improved the adaptability of wind turbines equipment through optimising the model selection of wind turbines and streamlining the tendering process. It further reduced the procurement costs with its advantages in scale production. As a result, the average procurement cost for onshore wind turbines in 2013 decreased by 3.6% as compared with that in 2012. In the meantime, the Group made a tighter and more stringent budget during construction and tendering process, increased the accuracy of the reference budget and stringently controlled the construction budget and design modification. Despite the cost of forest and land expropriation and labour increased sharply, the average construction cost per kW of wind power project reduced by 2.7%. The Group insisted to foster the awareness of quality and reinforced meticulous management in the four phases of designing, tendering, construction and inspection. Meanwhile, the Group compared construction plans strictly controlled quality from the beginning. In 2013, two of the Group's projects, the 30 MW+150 MW project of Longyuan Rudong Offshore Wind Farm (龍源如東海上風電場30MW+150MW工程) and the 20 MWp Longyuan Yangbajing Phase II grid-connected photovoltaic power generation station (龍源羊八井二期20MWp併網光伏電站工程) were honoured as "Premium Quality Power Construction in China" (中國電力優質工程獎) and became the first offshore wind power and photovoltaic power generation project, respectively, which won such award within Guodian Group.

In 2013, the Group had 28 wind power projects newly put into production, with an additional consolidated installed capacity of 1,286.7 MW put into production. The Group also completed the acquisition of one wind power project, with an aggregate installed capacity of 79.5 MW. As of 31 December 2013, the consolidated installed capacity of the Group was 14,073 MW, among which the consolidated installed capacity of the wind power business, the consolidated installed capacity of the coal power business and the consolidated installed capacity of other renewable power business were 11,910 MW, 1,875 MW and 288 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as of 31 December 2012 and 31 December 2013:

Region	**As of 31 December 2013** *(MW)*	As of 31 December 2012 *(MW)*	**Percentage of change**
Heilongjiang	**1,136.9**	1,099.4	3.41%
Jilin	**348.9**	348.9	0.00%
Liaoning	**1,003.2**	1,003.2	0.00%
Inner Mongolia	**2,285.1**	2,175.6	5.03%
Jiangsu	**1,056.8**	932.3	13.35%
Zhejiang	**137.6**	137.6	0.00%
Fujian	**506.1**	506.1	0.00%
Hainan	**99.0**	99.0	0.00%
Gansu	**1,039.3**	1,039.3	0.00%
Xinjiang	**1,090.8**	744.3	46.55%
Hebei	**971.1**	971.1	0.00%
Yunnan	**528.0**	346.5	52.38%
Anhui	**396.0**	346.5	14.29%
Shandong	**99.0**	99.0	0.00%
Tianjin	**132.0**	99.0	33.33%
Shanxi	**399.0**	348.0	14.66%
Ningxia	**277.7**	99.5	179.10%
Guizhou	**247.5**	148.5	66.67%
Shaanxi	**148.5**	—	—
Tibet	**7.5**	—	—
Total	**11,910.0**	10,543.8	12.96%

3. Production and Operation Maintained Good Momentum with the Highest Year-on-year Power Generation in Record

In 2013, the Group achieved a historically high record in terms of power generation. It had outperformed the original target set for the wind power generation, and the daily wind power generation exceeded 100 GWh twice. The Group further reinforced benchmarking management, and comprehensively explored the width and depth of the benchmarking analysis. It carried out the measures for regulations and reforms, and continuously maintained its leading position in the industry. It innovated its evaluation and assessment schemes and revised the Methods for the Assessment of Power Generation (《發電量專項考核管理辦法》) with particular attention to the assessment on the power generation of the generating units and the degree of malfunction. It conducted dynamic assessment and management. Annual evaluation has been replaced by daily supervisions, weekly reports, monthly evaluations and feedbacks; cycle for award and punishment has also been shortened and subsidiaries were motivated to increase their power generation. It also strengthened the equipment management. Through the Supervision Center for Wind Power Operation (風電運營監控中心), it tracked the operational status of each wind turbine in real time manner, and conducted specific troubleshooting analysis and check-up with more specific targets. It addressed and handled emergencies in a scientific manner. By making reasonable plans for examination and overhauling pursuant to the seasonality of wind resources, it constructed a three-level management system with reasonable layout, thus shortened the terms for overhauling and effectively raised the utilisation rate of the equipment. It optimised the operation of wind power generating units by forming research groups centralised on specific topics and doing research on controlling strategies such as adjusting the cut-in and cut-out wind speed so as to improve and optimize the performance of the parts of the generating units and continuously raise the power generation capacity of the equipment. It employed multiple measures to confront with grid curtailments. By subcontracting the responsibility to specific individuals, it conducted the work with more specific targets and gradually reduced the loss incurred by grid curtailments. With the goal of establishing a star enterprise, it established a batch of exemplary wind power enterprises which could provide typical guiding functions for production safety, thereby effectively raised the comprehensive management levels. Its Jiangsu and Fujian branches were recognised as four-star enterprises by Guodian Group, and six of its subsidiaries were granted the title of three-star enterprises.

During the year, the Group generated a cumulative gross electricity output of 33,667 GWh, of which electricity generated from our wind power business amounted to 21,929 GWh, representing an increase of 30.38% over last year. The average utilisation hours of the wind power business was 2,111 hours, representing an increase of 126 hours from the corresponding period last year. The increase was primarily attributable to the lessening of grid curtailments, enhancement of the level of production, operation and management as well as the improvement of wind resources.

During the year, the power generation from coal power business of the Group was 11,065 GWh, representing a decrease of 1.49% as compared with 11,232 GWh for 2012. This was primarily affected by denitrification renovation of coal power generating units. The average number of utilisation hours of the Group's coal power business for 2013 was 5,901 hours, representing a decrease of 89 hours as compared with 5,990 hours for 2012.

Geographical breakdown of the consolidated power generation of the Group's wind farms as of 2012 and 2013:

Region	**2013** *(MWh)*	2012 *(MWh)*	**Percentage of change**
Heilongjiang	**2,324,552**	1,807,916	28.58%
Jilin	**556,905**	450,815	23.53%
Liaoning	**1,670,500**	1,317,548	26.79%
Inner Mongolia	**4,659,194**	3,792,876	22.84%
Jiangsu	**2,132,124**	1,612,700	32.21%
Zhejiang	**258,130**	253,326	1.90%
Fujian	**1,331,867**	1,122,493	18.65%
Hainan	**164,233**	153,505	6.99%
Gansu	**1,866,346**	1,497,555	24.63%
Xinjiang	**1,794,251**	1,314,149	36.53%
Hebei	**2,205,561**	1,820,414	21.16%
Yunnan	**736,786**	402,514	83.05%
Anhui	**670,139**	439,314	52.54%
Shandong	**111,862**	82,236	36.03%
Tianjin	**224,735**	196,070	14.62%
Shanxi	**603,991**	334,191	80.73%
Ningxia	**258,179**	98,500	162.11%
Guizhou	**336,186**	123,792	171.57%
Shaanxi	**22,807**	—	—
Tibet	**986**	—	—
Total	**21,929,334**	16,819,914	30.38%

Geographical breakdown of the average utilisation hours / capacity index of wind power of the Company's wind farms for the years 2012 and 2013:

Region	**Average utilisation hours of wind power in 2013** *(hr)*	**Average capacity index of wind power in 2013**	Average utilisation hours of wind power in 2012 *(hr)*	Average capacity index of wind power in 2012	**Percentage of change of the average utilisation hours of wind power**
Heilongjiang	**2,079**	**24%**	1,783	20%	16.60%
Jilin	**1,596**	**18%**	1,292	15%	23.53%
Liaoning	**1,742**	**20%**	1,498	17%	16.29%
Inner Mongolia	**2,135**	**24%**	1,849	21%	15.47%
Jiangsu	**2,266**	**26%**	2,401	27%	−5.62%
Zhejiang	**1,890**	**22%**	1,841	21%	2.66%
Fujian	**2,970**	**34%**	3,049	35%	−2.59%
Hainan	**1,659**	**19%**	1,551	18%	6.96%
Gansu	**1,797**	**21%**	1,578	18%	13.88%
Xinjiang	**2,502**	**29%**	2,540	29%	−1.50%
Hebei	**2,271**	**26%**	2,358	27%	−3.69%
Yunnan	**2,253**	**26%**	2,957	34%	−23.81%
Anhui	**2,103**	**24%**	1,775	20%	18.48%
Shandong	**1,185**	**14%**	1,661	19%	−28.66%
Tianjin	**2,150**	**25%**	2,067	24%	4.02%
Shanxi	**2,034**	**23%**	1,976	22%	2.94%
Ningxia	**1,847**	**21%**	2,388	27%	−22.65%
Guizhou	**2,264**	**26%**	2,144	24%	5.60%
Total	**2,111**	**24%**	1,985	23%	6.35%

During the year, the power generation from coal power business of the Group was 11,065 GWh, representing a decrease of 1.49% as compared with 11,232 GWh for 2012. This was primarily affected by denitrification renovation of coal power generating units. The average number of utilisation hours of the Group's coal power business for 2013 was 5,901 hours, representing a decrease of 89 hours as compared with 5,990 hours for 2012.

4. Steady increase in Tariffs

In 2013, the overall average on-grid tariffs of the power generation business of the Group amounted to RMB545 per MWh (value added tax (VAT) inclusive), representing an increase of RMB8 per MWh from the average on-grid tariffs of RMB537 per MWh (VAT inclusive) in 2012. The average on-grid tariffs for wind power amounted to RMB583 per MWh (VAT inclusive), which remained in line with the average on-grid tariffs for wind power of RMB582 per MWh (VAT inclusive) for 2012. The average on-grid tariffs for the Group's coal power amounted to RMB448 per MWh (VAT inclusive), representing a decrease of RMB4 per MWh as compared with the average on-grid tariffs for coal power of RMB452 per MWh (VAT inclusive) for 2012. The decrease in on-grid tariffs of coal power segment was mainly due to a reduction of on-grid tariffs of coal power enterprises by RMB25 per MWh by Price Bureau of Jiangsu Province on 25 September 2013 in accordance with Notice of NDRC on Adjustment of On-grid Tariffs of Power Generation Enterprises (《國家發改委關於調整發電企業上網電價有關事項的通知》).

5. Strengthen Management and Control of Capital, Strictly Control Cost of Capital and Competitive Advantages Appear

In 2013, confronted with the intense currency market at home and abroad, mounting cost of capital, a wide range of enterprises under the Group and increasingly difficult management, the Group took full advantages of synergy between domestic and foreign businesses and diversity of financing channels, extensively strived to cooperate with various large financial institutions and utilised credit advantages in the market to obtain a great quantity of low-cost capital, including successful issuance of debt financing instruments through non-public placement amounting to RMB5,000 million as well as introduction of short-term debentures of RMB3,000 million and ultra short-term debentures of RMB1,500 million from Guodian Group. Hero Asia Investment Limited, a subsidiary of the Company, successfully issued senior bonds of US$300 million at abroad. At the end of the year, the Company obtained syndicated loan of RMB1,700 million from Hong Kong market. The cost of capital was at a leading position in the industry, enjoying evident competitive advantages.

The Group fully utilised its capital management platform and continuously improved capital management and control level, so as to significantly enhance the efficiency of capital utilization. The average daily reduction of loan balance amounted to over RMB4,000 million, which cut down cost of capital in a large scale. Through centralized management and control of monetary capital and the management of asset liquidity, enhancement of the collection of receivables and improvement of capital turnover efficiency, the Group successfully controlled the increase in interest-bearing liabilities under the condition of completion of expected capital expenditures for the whole year, and improved operation level of capital of the Group.

6. Fully leverage the strengths for ensuring the timely performance of CDM contract and satisfactory payment collection

In 2013, the overall payment collection for CERs sales of the Group was satisfactory. Despite the continual depression in the price of the carbon market, the Group successfully collected RMB1,033 million in 2013 by actively relying on its own strength in project management and the overall strength and satisfactory creditworthiness of purchasers. On one hand, the Group promoted CERs verification to ensure its own timely contract performance. On the other hand, the Group adopted appropriate measures to reasonably request counterparties' performance through an active communication with the purchasers.

In 2013, carbon transactions started in five regional trading pilots, namely Shenzhen, Shanghai, Beijing, Guangdong and Tianjin, allowing the Chinese Certified Emission Reduction (CCER) arisen from the voluntary emission reduction projects in the PRC to be traded within a certain amount. In 2013, the application procedures for the CCER were also started. Despite there is an uncertainty in the demand for and transaction restrictions on the CCER, the Group has made advance preparation and taken the initiative in submitting the first application of voluntary emission reduction project in the PRC. The Group will closely follow the development of policies related to CCER and grasp the possible market opportunities in a responsive manner.

7. **Improve research conditions, enhance technological strength and consolidate foundation for the continuous development of wind power business**

The Group realized the strategy of transformation and development by focusing on the third venture and thereby enhanced its technological strength and completed the construction of the Technical Institute for Wind Power Operation (風電運營技術研究所) and the Research Institute for Marine Geothermal Energy (海洋能地熱研究所), which significantly improved the research conditions for the wind power and new energy technologies, and enhanced its research teams and delivered sound results for its research. In 2013, the Company won the Team Award for the Innovative Enterprise in the PRC (中國創新企業團隊獎) by the China Enterprise Directors Association. Its project named "Key Techniques of New Single-Pole Foundation Design and Construction for Intertidal Wind Power and Its Equipment Development and Engineering Application" (潮間帶風電新型單樁基礎設計與施工關鍵技術、裝備研制和工程應用) was granted the First Prize in the 2013 China Power Science and Technology Progress Award, while the project of Technology for the Observation and Evaluation of the Offshore Wind Resources and Hydrological Information (《海上風資源及水文信息觀測與評價技術》) passed the review conducted by Chinese Society for Electrical Engineering, reaching the advanced standard in the world, which laid a solid technical foundation for the Company's future development of offshore wind power. In 2013, the Company had applied for 9 technological projects of Guodian Group and 2 technological projects of the Company. In addition, the Company executed 7 technological projects at the national level, 10 technological projects of Guodian Group and 15 technological projects of Longyuan. The Company initiated and organised the work of drafting the Standards on Grounding Techniques of Wind Turbine Generating Units (《風力發電機組接地技術規範》) and other national and industrial standards, among which 2 national standards passed preliminary review and 3 industry standards obtained approval upon submission. CNEN Energy (中能公司), Design Company (設計公司) and Technology Company (技術公司), pressed ahead with the new techniques for evaluation of wind resources, the guarantee for the safe operation of wind power, the monitor of turbines and the verification of power curve, which extended the application scope of the technologies. The successful commissioning of Jiangsu Offshore "Longyuan Zhenhua No. 2", the construction vessel, and "Longyuan Yunwei No. 1", the operation support vessel, indicated that the Company has completely owned a platform integrating the construction and operation support for the intertidal and offshore area and its equipment has reached the first-class standard in the world.

8. Material breakthroughs in business overseas

In 2013, the Group's overseas business has made breakthroughs in two key development regions. Success was achieved in the initial stage along with the commencement of wind power construction project in Canada and the wind power project in South Africa was successfully bid. The Group, working together with local public relations companies, consulting firms and the Embassy of the PRC in Canada, has been communicating and coordinating with the ministries of Ontario, Canada. After compiling 18 research reports covering the topics of archeology, cultural heritage, hydrogeology, distribution of plants and animals and finishing more than 3,000 pages of report in relation to the application on the approval of renewable energy, Renewable Energy Approval and the permit on line construction from Ontario, Canada were granted to Dufferin wind power projects in Canada, and ultimately on 8 July 2013 the permit on project construction was granted by Ontario Power Authority. The construction started in August 2013 and the commercial operation is expected to commence in 2014. On 29 October 2013, in the third round of bidding for the renewable energy project organised by the government of South Africa, the Group became the successful bidder for two wind power projects with a total installed capacity of 244.5 MW. Adhering to the principle of opting for countries and regions with a stable political environment, a high degree of market orientation, a sound legal system and the projects which would offer returns as required by the Company, the Group will primarily develop in South Africa, North America, Australia and Central and Eastern Europe.

9. Coordinated growth of different energy sources

In addition to wind power, the Group has been actively developing other renewable energy projects including the solar energy. During the year, one solar power project with an installed capacity of 8.7 MW was put into production. As at 31 December 2013, the consolidated installed capacity of the Group's other renewable energy was 287.6 MW, among which the consolidated installed capacity of solar power generation projects accounted for 137.7 MW, biomass power generation projects accounted for 144 MW, tidal power generation projects accounted for 3.9 MW and geothermal power generation projects accounted for 2 MW.

In addition to reserving quality resources and developing wind power with favourable conditions, the Group continued to develop the centralised grid-connected photovoltaic power generation stations in areas with good resources and construction conditions which formulated economies of scale, and increased efforts in developing distributed photovoltaic power generation projects. The Group promoted the expansion work of coal power generation in areas with high market demand. Based on the summary of the existing experience, the Group has accelerated the research work of the development and utilisation of other new energy sources such as geothermal energy, tidal energy, ocean energy and small-and medium-scale hydropower. As unforeseeable changes had occurred to the environment of China's biomass power generation market and the trend for future development was uncertain, the Group adjusted the biomass power generation business of the Company accordingly and would no longer include biomass power generation business as part of the major business of the Company.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

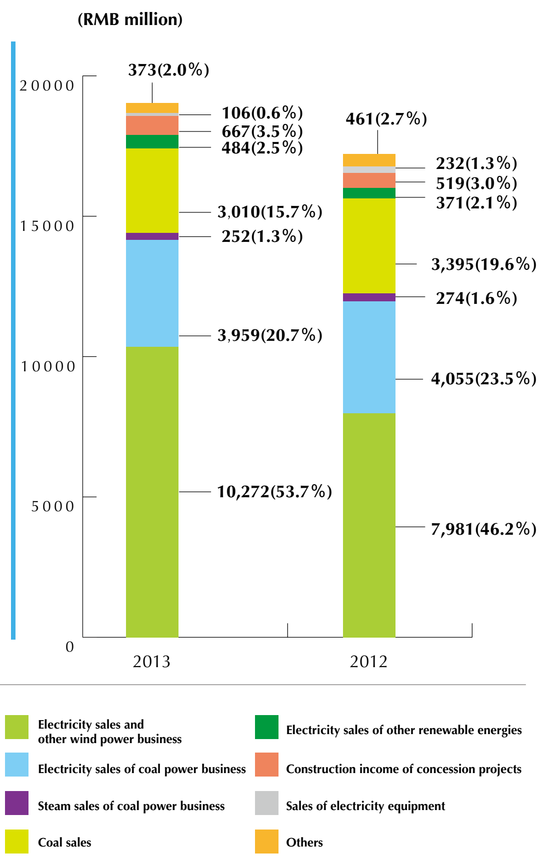
Profit or loss and other comprehensive income

In 2013, the net profit of the Group amounted to RMB2,968 million, representing a decrease of 10.7% as compared to RMB3,325 million in 2012. Net profit attributable to shareholders amounted to RMB2,049 million, representing a decrease of 21.0% as compared to RMB2,593 million in 2012. Earnings per share amounted to RMB25.50 cents, representing a decrease of RMB9.16 cents as compared to RMB34.66 cents in 2012.

Operating revenue

Operating revenue of the Group amounted to RMB19,123 million in 2013, representing an increase of 10.6% as compared to RMB17,288 million in 2012. Such increase in operating revenue was primarily due to: 1) an increase of RMB2,291 million, or 28.7%, in electricity sales and other revenue of wind power business to RMB10,272 million in 2013 as compared to RMB7,981 million in 2012, which is attributable to a large extent of increase in electricity generated from wind power; and 2) a decrease of RMB142 million, or 3.0%, in sales of electricity and steam, and other revenue of coal power segment to RMB4,515 million in 2013 as compared to RMB4,657 million in 2012, which is primarily attributable to the downward adjustment to the benchmark tariff of electricity generated by desulphurization coal-fired power generating units by the PRC government in September 2013. The average tariff of coal power electricity in 2013 decreased by RMB4 per MWh as compared to that in 2012. Revenue of the coal trading business in coal power segment was RMB3,010 million, representing a decrease of RMB385 million or 11.3% as compared to RMB3,395 million in 2012, mainly due to a decrease in coal sales price.

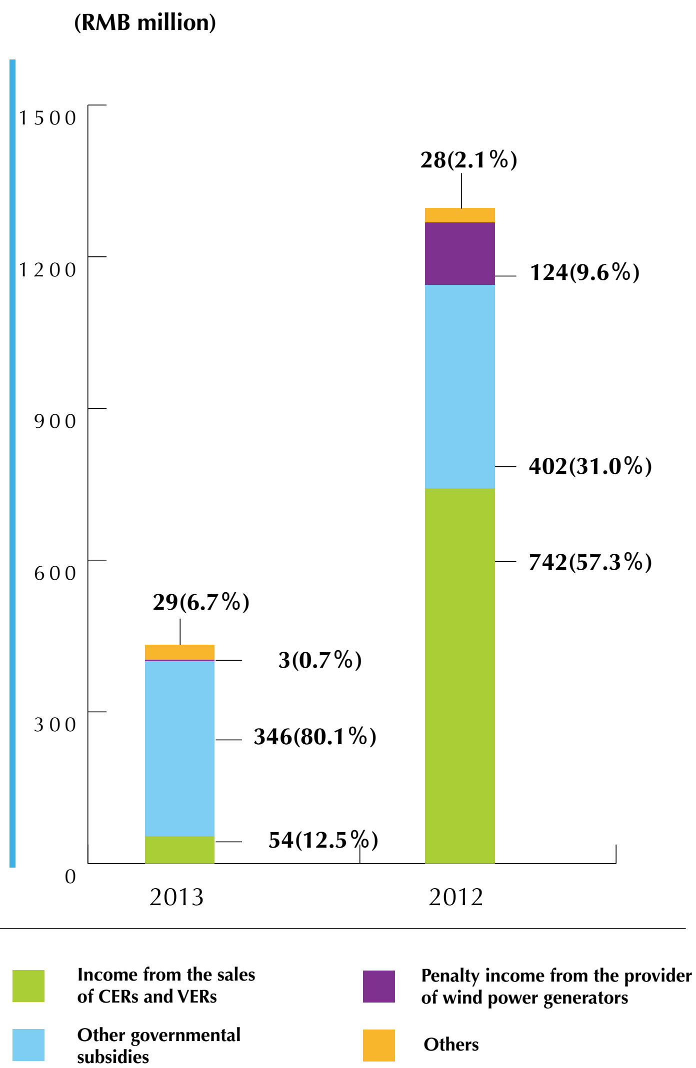
The operating revenue of each segment is set out as below:



Other net income

Other net income of the Group amounted to RMB432 million in 2013, which significantly decreased by 66.7% as compared to RMB1,296 million in 2012. The main reasons are listed as follows: 1) no CERs sales contracts with fixed price were signed by the Group in 2013 and all the fixed price contracts signed in previous years expired at the end of 2012, which led to a decrease of RMB688 million in the total net income from CERs and VERs from RMB742 million in 2012 to RMB54 million in 2013; and 2) a decrease of RMB121 million in the penalty income from wind turbine suppliers from RMB124 million in 2012 to approximately RMB3 million in 2013.

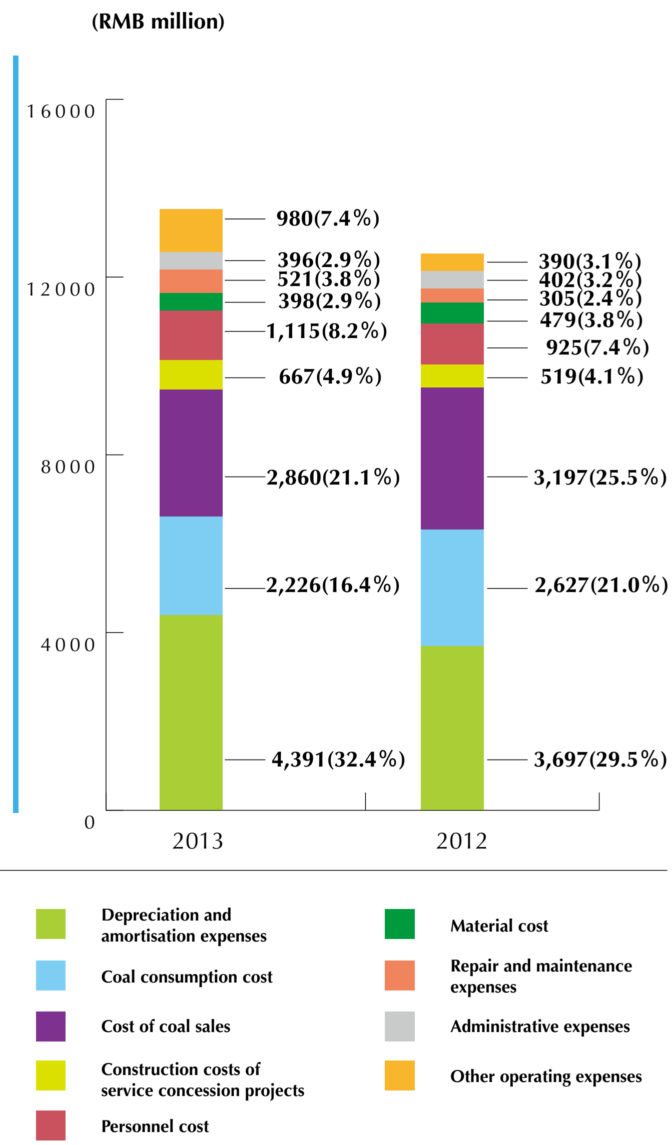
The breakdown of other net income classified by nature is set out as below:



Operating expenses

Operating expenses of the Group amounted to RMB13,554 million in 2013, representing an increase of 8.1% from RMB12,539 million in 2012, primarily due to the increase in the depreciation and amortisation expenses, repair and maintenance expenses and personnel cost of our wind power business and the decrease in the coal consumption costs and cost of coal sales in the coal power business. Furthermore, the provision made by other businesses for diminution in value of certain assets of Biomass Company and the increase in the construction cost of the service concession projects also contributed to the increase.

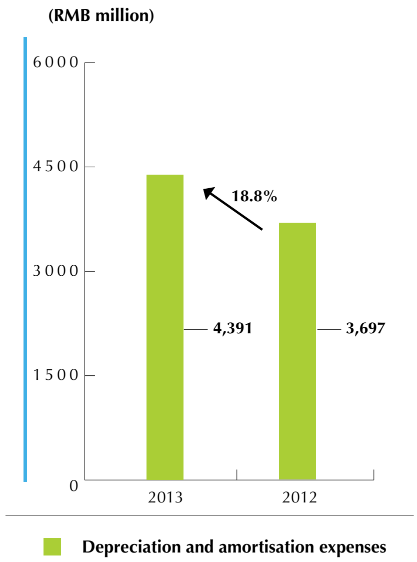
Operating expenses classified by nature are set out as below:



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB4,391 million in 2013, representing an increase of 18.8% as compared to RMB3,697 million in 2012, primarily due to an increase of RMB668 million, or 21.4%, in depreciation and amortisation expenses of wind power business over 2012 as a result of expansion in the operating capacity of wind power projects.

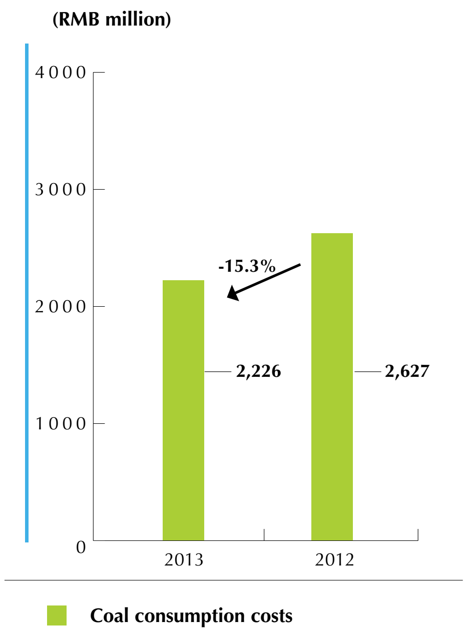
The depreciation and amortisation expenses are set out as follows:



Coal consumption costs

The coal consumption costs of the Group amounted to RMB2,226 million in 2013, representing a decrease of 15.3% as compared to RMB2,627 million in 2012. The main reasons are as follows: 1) a decrease of approximately 13.8% in the average unit price of standard coal for power and steam generation as affected by the decrease in the price of coal in 2013; and 2) a decrease of approximately 1.6% in the coal consumption volume.

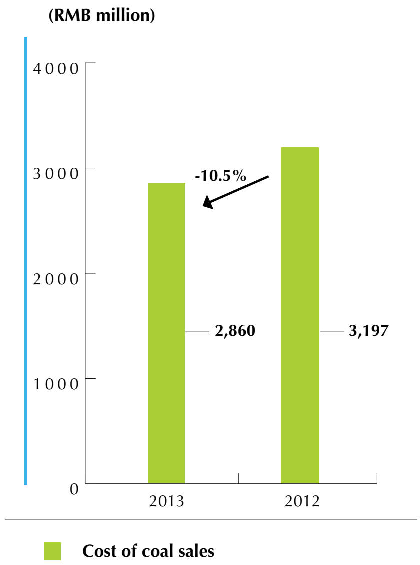
The coal consumption costs are set out as follows:



Cost of coal sales

The cost of coal sales of the Group in 2013 amounted to RMB2,860 million, representing a decrease of 10.5% as compared to RMB3,197 million in 2012. The main reasons are as follows: 1) a decrease of approximately 16.4% in the average procurement price of coal for the year of 2013; and 2) an increase of approximately 6.9% in the sales volume of coal as compared with 2012.

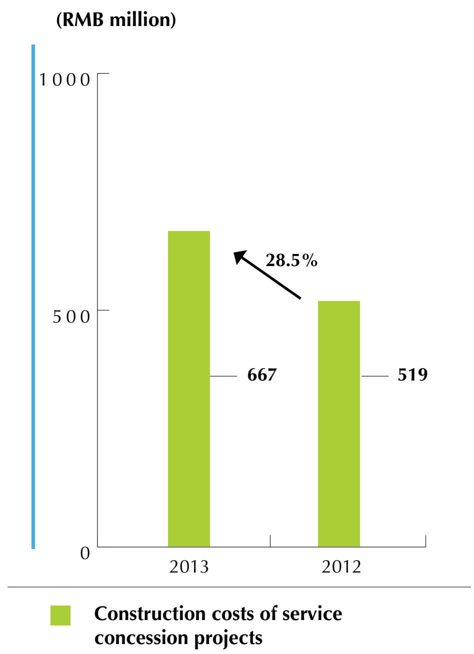
The cost of coal sales is set out as follows:



Construction costs of service concession projects

The Group's construction costs of service concession projects in 2013 amounted to RMB667 million, representing an increase of 28.5% as compared to RMB519 million in 2012, primarily due to an increase of construction activities of service concession projects under construction in 2013 as compared with 2012.

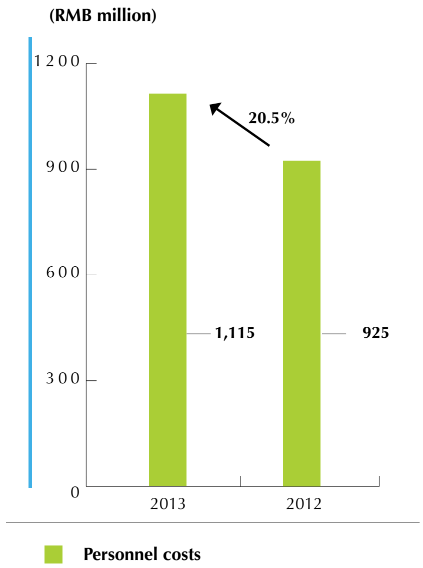
The Construction costs of service concession projects are set out as follows:



Personnel costs

Personnel costs of the Group amounted to RMB1,115 million in 2013, representing an increase of 20.5% as compared to RMB925 million in 2012. The main reasons are as follows: 1) a decrease in the capitalization ratio of personnel costs along with more projects being put into production; 2) In 2013, the Group intensified the operation management, strengthened the awareness of the enterprise to acquire more quota for power generation, thereby the company has broken the historical best record for power generation. Thus the wages attributed to enhancing efficiency increased pursuant to the Appraisal Method of Total Salary Oriented by Economic Benefit of Guodian Group (國電集團工資總額與經濟效益掛鈎考核辦法); 3) a growth of 8.4% in the average number of personnel in 2013 as more manpower were engaged in operation when additional projects went into production; and 4) the upward adjustment of the salaries of production personnel at the front line and increase in the amount of special subsidies for poor regions as the Group lifted the standards of special subsidies for poor regions.

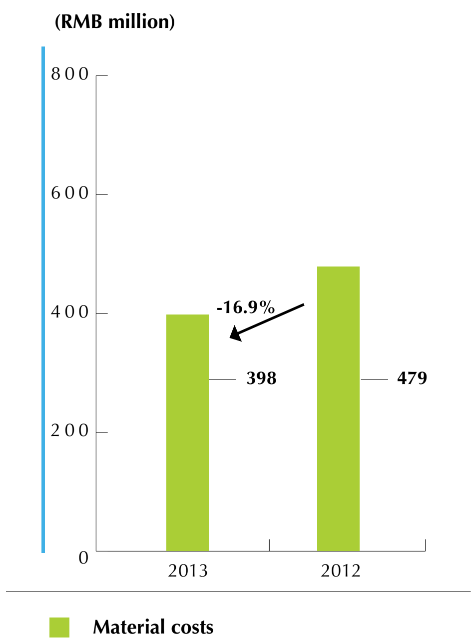
The personnel costs are set out as follows:



Material costs

Material costs of the Group amounted to RMB398 million in 2013, representing a decrease of 16.9% as compared to RMB479 million in 2012, primarily due to the decrease in material costs caused by the decrease in the external sales of products of the Group's subsidiaries, namely Zhongneng Power-Tech Development Company Limited and Longyuan (Beijing) Wind Power Projects Technology Co,. Ltd. in 2013.

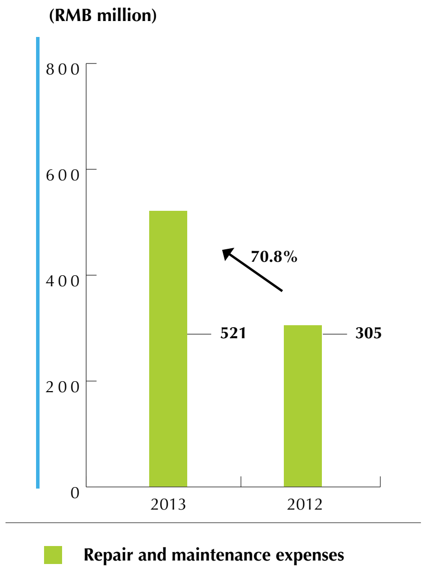
The material costs are set out as follows:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB521 million in 2013, representing an increase of 70.8% as compared to RMB305 million in 2012. The main reasons are as follows: 1) the routine maintenance and repairing of wind turbine was enhanced to improve the operation of the wind farm and the power generation efficiency of the equipment; 2) coal power business carried out overhauls to certain coal power generating units in 2013, resulting in an increase in repair and maintenance expenses; 3) the expiration of warranty period of certain wind power projects.

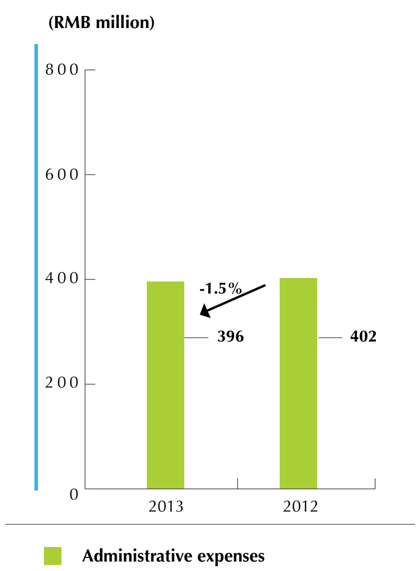
The repair and maintenance expenses are set out as follows:



Administrative expenses

Administrative expenses of the Group amounted to RMB396 million in 2013, representing a decrease of 1.5% as compared to RMB402 million in 2012. Such decrease was primarily due to the effective control on the office and meeting expenses, transportation expenses and other expenses of the Group in the year.

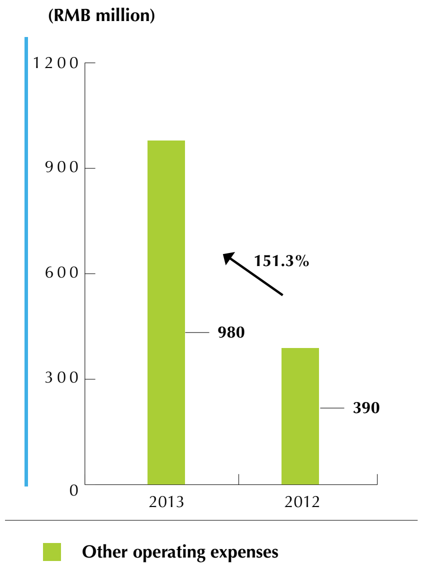
The administrative expenses are set out as follows:



Other operating expenses

Other operating expenses of the Group amounted to RMB980 million in 2013, representing an increase of 151.3% as compared to RMB390 million in 2012. The main reasons are as follows: 1) as unforeseeable changes had occurred to the biomass power generation market and its future development is uncertain, the management of the Company decided to make provision for the impairment loss on certain assets of two biomass companies in 2013 amount to approximately RMB492 million; and 2) the provision for the impairment loss amounting to approximately RMB92 million for the capitalized expenses of the wind power projects at primary stage which the management considered to be impossible to carry out.

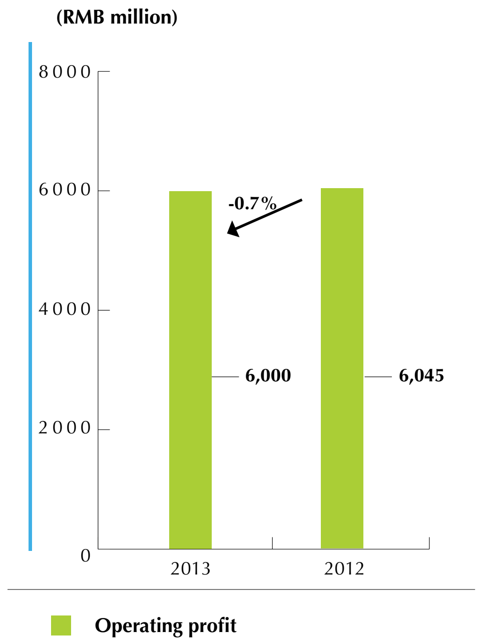
The other operating expenses are set out as follows:



Operating profit

In 2013, the operating profit of the Group amounted to RMB6,000 million, representing a decrease of 0.7% as compared to RMB6,045 million in 2012. The main reasons for the decrease in operating profit are as follows: 1) the provision for the impairment loss made by two biomass companies in 2013 amounted to approximately RMB492 million, thus the aggregated operating profit decreased by approximately RMB497 million as compared with 2012; 2) the operating profit of the wind power business for 2013 amounted to RMB5,265 million, representing an increase of RMB156 million or 3.1% compared with RMB5,109 million in 2012. It was mainly attributable to the increase of the sales of electricity in wind power business caused by the scale effect generated from the increase of the installed capacity of the wind power business and the average utilization hours of the wind power equipment compared with last year; 3) the operating profit of the coal power business in 2013 amounted to RMB1,140 million, representing an increase of RMB150 million or 15.2% compared with RMB990 million in 2012, which was mainly attributable to the decrease in the coal price and the increase in the gross profit ratio in the sales of electricity compared with last year; 4) along with the increase of the average utilisation hours of the equipment in solar power companies, the operating profit increased by RMB64 million as compared with 2012; and 5) in 2013, the operating profit of other businesses increased by RMB82 million.

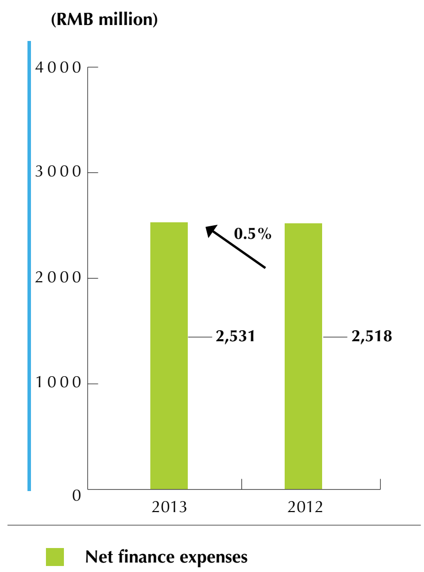
The operating profit is set out as follows:



Net finance expenses

The net finance expenses of the Group amounted to RMB2,531 million in 2013, representing an increase of 0.5% as compared to RMB2,518 million in 2012. The main reasons are as follows: 1) an increase of approximately RMB259 million in the interest expenses as compared with that in 2012 as the capitalised interest expenses decreased since more projects under construction commenced operations in 2013; 2) provision for impairment losses of RMB142 million recognised for the CDM receivables with low recoverability based on the Group's assessment during the year of 2013; and 3) gain on changes in fair value amounting to approximately RMB396 million from the financial assets held for trading of Hero Asia Investment Limited for the year of 2013.

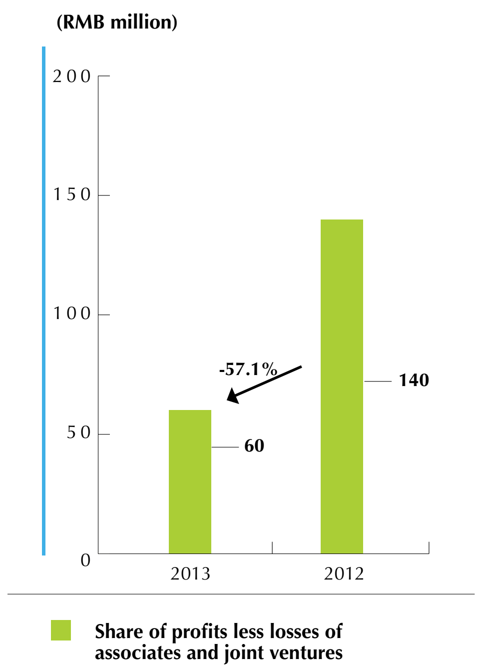
The net finance expenses are set out as follows:



Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB60 million in 2013, representing a decrease of 57.1% as compared to RMB140 million in 2012, primarily due to a decline in the profits of associates and joint ventures in 2013 as compared to 2012.

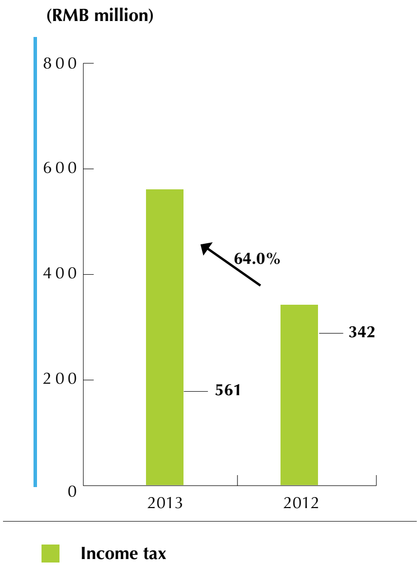
The share of profits less losses of associates and joint ventures is set out as follows:



Income tax

Income tax of the Group amounted to RMB561 million in 2013, representing an increase of 64.0% as compared to RMB342 million in the corresponding period of 2012. The main reasons are as follows: 1) in 2013, profit before tax of the coal power business increased while the Group's coal power business was applicable to the tax rate of 25%; 2) the tax rate increased as compared with the corresponding period of 2012 following the expiry of the preferential period for tax on certain wind power projects in 2013; and 3) the corporate income tax refunds of RMB84 million was recognised in 2012 while there was no similar tax refunds in 2013.

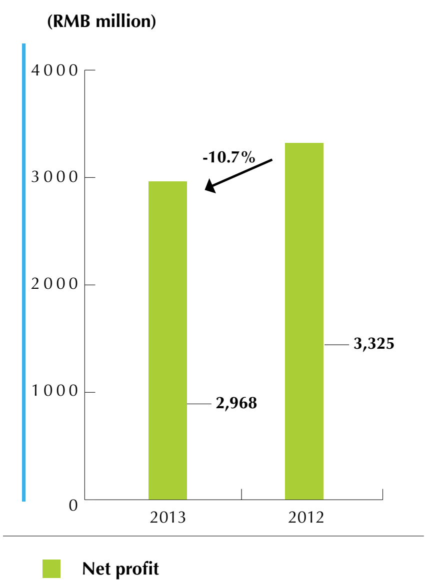
The income tax is set out as follows:



Net profit

In 2013, the net profit of the Group amounted to RMB2,968 million, representing a decrease of 10.7% as compared to RMB3,325 million in the 2012, mainly attributable to the provision of approximately RMB606 million for the impairment of non-current assets of biomass companies and wind power project in the preliminary development stage, provision for bad debts of receivables of CDM amounting to RMB142 million and an increase of RMB396 million in changes in fair value of shares in 2013 as compared to that of last year.

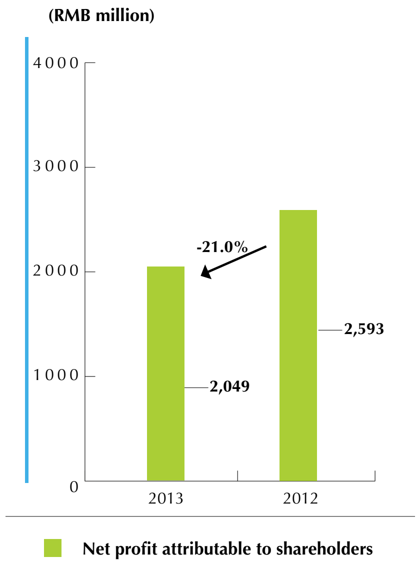
The net profit is set out as follows:



Net profit attributable to shareholders

In 2013, net profit attributable to shareholders of the Group amounted to RMB2,049 million, representing a decrease of 21.0% as compared to RMB2,593 million in 2012, mainly due to the fact that the net profit for the year increased in coal power segment, most interests of which were held by minority shareholders.

The net profit attributable to shareholders is set out as follows:



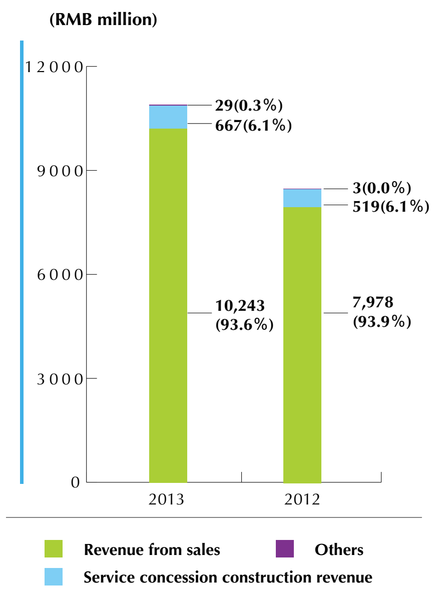
Segment results of operations

Wind power business

Operating revenue

In 2013, the operating revenue of the wind power business of the Group amounted to RMB10,939 million, representing an increase of 28.7% from RMB8,500 million in 2012, primarily due to the continuous increase of installed capacity of wind power and the fact that the restriction on power supply was remitted.

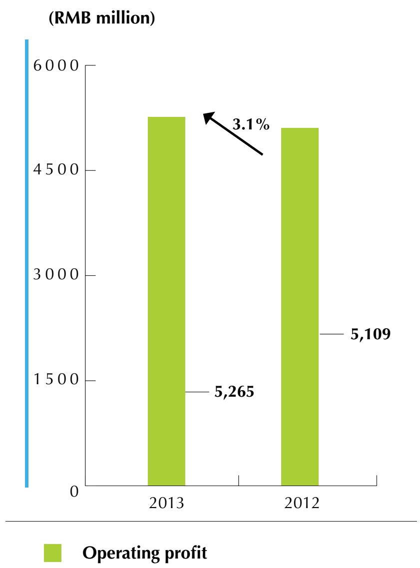
Operating revenue of the wind power business is set out as follows:



Operating profit

In 2013, the operating profit of the wind power business of the Group amounted to RMB5,265 million, representing an increase of 3.1% from RMB5,109 million in 2012, primarily due to the increase of electricity sales of our wind power business. The growth in operating profit of the wind power business of the Group was less than the growth in operating revenue, which was mainly attributable to the fact that the revenue from sales of CERs and VERs under other revenues dropped sharply while repair and maintenance expenses and personnel cost increased, coupled with the provision for the impairment loss for the wind power projects in the preliminary development stage which the management decided to be impossible to carry out.

Operating profit of the wind power business is set out as follows:

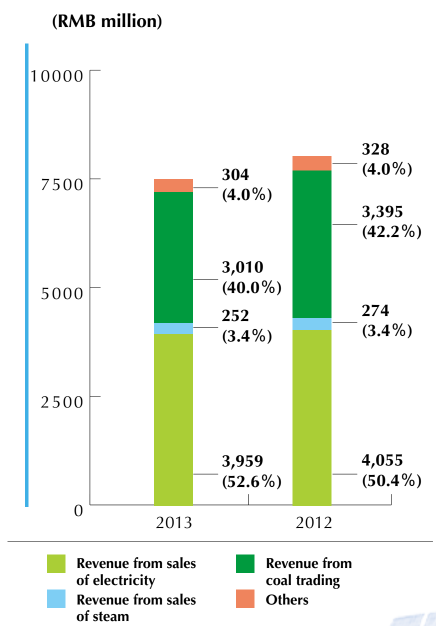


Coal power business

Operating revenue

In 2013, operating revenue of our coal power business amounted to RMB7,525 million, representing a decrease of 6.5% as compared to RMB8,052 million in 2012, primarily attributable to the decrease in revenue resulting from the decrease in unit selling prices of electricity and steam as well as the decrease in the unit selling price of coal.

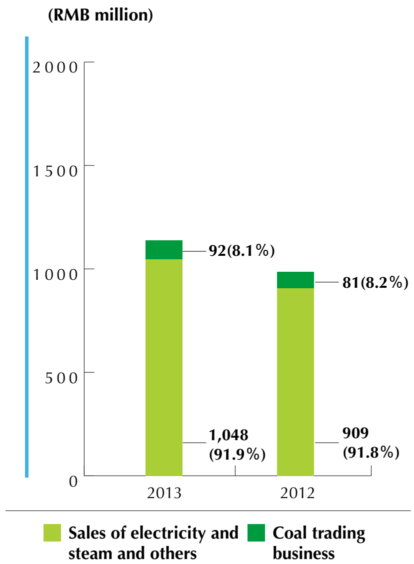
Operating revenue of the coal power business is set out as follows:



Operating profit

In 2013, operating profit of our coal power business amounted to RMB1,140 million, representing an increase of 15.2% as compared to RMB990 million in 2012, was primarily attributable to the increase in gross profit from sales of electricity and steam resulting from the decrease in coal prices. The operating profit excluding coal trading business amounted to RMB1,048 million, representing an increase of 15.3% as compared to RMB909 million in 2012, mainly due to the increase in gross profit from sales of electricity and steam resulting from the decrease in coal prices. The operating profit of the coal trading business amounted to RMB92 million, representing an increase of 13.6% as compared to RMB81 million in 2012, which was primarily due to a decrease in the unit procurement cost of coal, which led to an increase in the operating profit margin.

Operating profit of the coal power business is set out as follows:

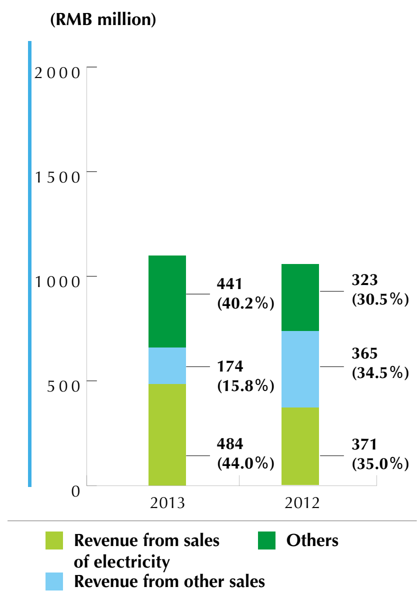


Other segments

Operating revenue

In 2013, the operating revenue of other segments amounted to RMB1,099 million, representing an increase of 3.8% as compared to RMB1,059 million in 2012, which was primarily due to the increase in revenue from sales of electricity as a result of the increase in installed capacity of solar power generation during the year.

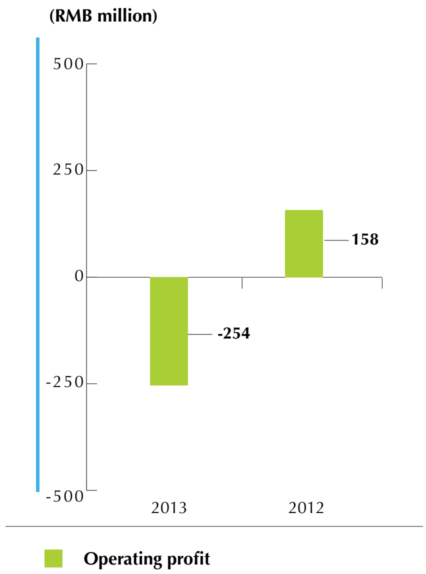
Operating revenue of other segments is set out as follows:



Operating profit

In 2013, the operating loss of other segments of the Group amounted to RMB254 million, representing a decrease of 260.8% as compared to the operating profit of RMB158 million in 2012. Such decrease was primarily attributable to: 1) provision for impairment of biomass business amounting to approximately RMB492 million in 2013; 2) an increase of RMB64 million in operating profit as a result of the increase in production capacity of the solar power business of the Group; 3) an increase of RMB31 million in the net revenue from CDM of biomass business in 2013.

Operating profit of other segments is set out as follows:

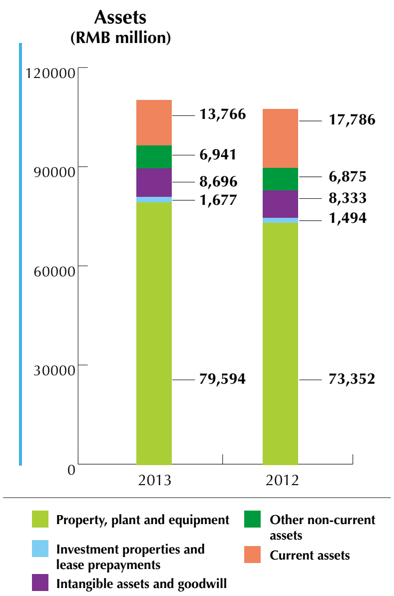


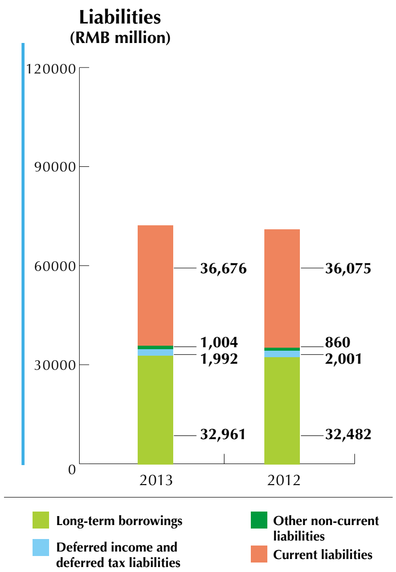
Assets and liabilities

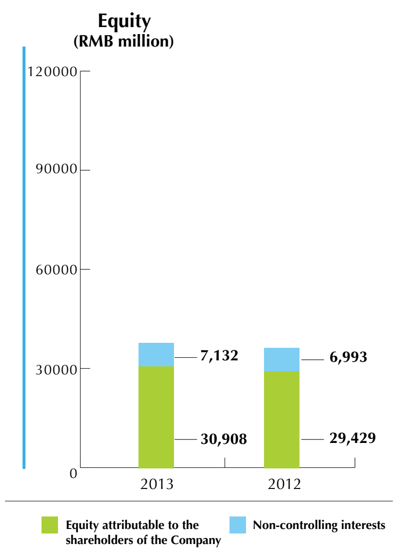
As at 31 December 2013, total assets of the Group amounted to RMB110,674 million, representing an increase of RMB2,834 million as compared with total assets of RMB107,840 million as at 31 December 2012. This was primarily due to: 1) an increase of RMB6,854 million in non-current assets including property, plant and equipment; and 2) a decrease of RMB4,020 million in current assets including receivables and prepayments.

As at 31 December 2013, total liabilities of the Group amounted to RMB72,633 million, representing an increase of RMB1,215 million as compared to total liabilities of RMB71,418 million as at 31 December 2012. This was primarily due to an increase of RMB614 million in non-current liabilities including long-term borrowings for project construction and an increase of RMB601 million in current liabilities including trade creditors and bills payable.

As at 31 December 2013, equity attributable to the shareholders of the Company amounted to RMB30,908 million, representing an increase of RMB1,479 million as compared with RMB29,429 million as at 31 December 2012. Details of assets, liabilities and equity are set out as below:



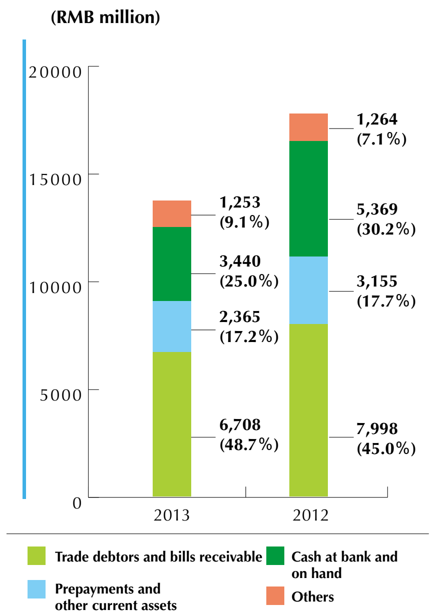




Capital liquidity

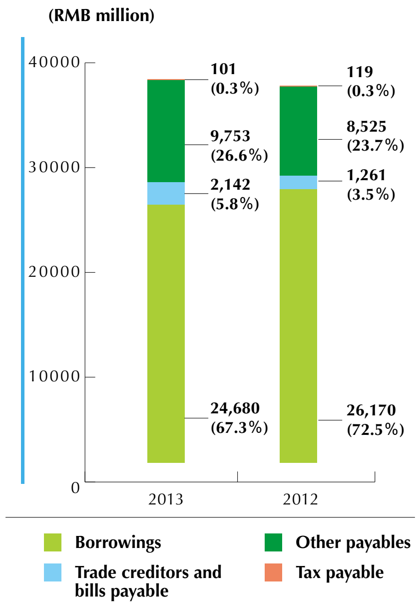
As at 31 December 2013, current assets of the Group amounted to RMB13,766 million, among which, trade debtors and bills receivable primarily consisted of receivables from sales of electricity; prepayments and other current assets primarily consisted of deductible value-added tax and advances.

Current assets are set out as follows:



As at 31 December 2013, current liabilities of the Group amounted to RMB36,676 million, including trade creditors and bills payable (primarily consisting of payables for purchase of fuels such as coal and spare parts) and other payables (primarily consisting of payables for construction of wind power projects and related warranty fund).

Details of current liabilities are set out as follows:



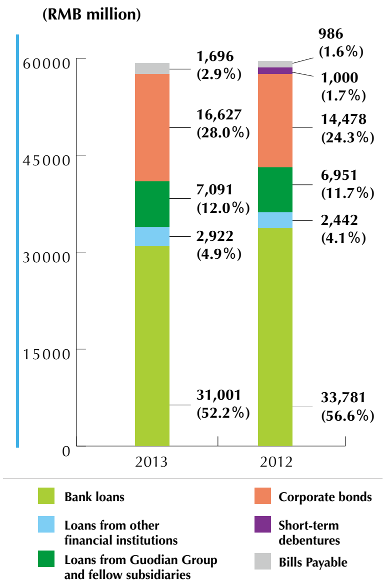
As at 31 December 2013, net current liabilities amounted to RMB22,910 million, representing an increase of RMB4,621 million as compared with RMB18,289 million as at 31 December 2012. The liquidity ratio was 0.38 as at 31 December 2013, representing a decrease of 0.11 as compared with the liquidity ratio of 0.49 as at 31 December 2012. The decrease in liquidity ratio was primarily due to the decrease in current assets as the Group used the proceeds from the issue of new H shares and senior perpetual securities at the end of last year for its projects under construction in 2013.

Restricted deposits amounted to RMB725 million, mainly including deposits for bills and issuance of the letter of credit.

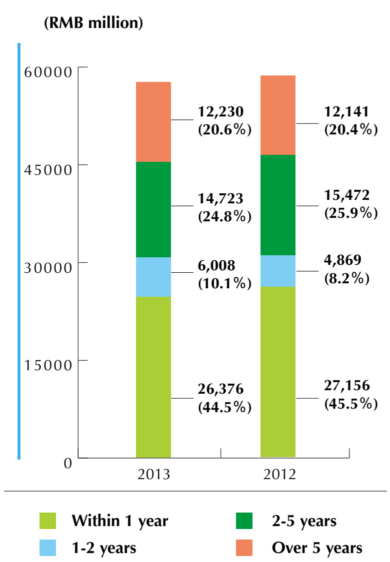
Borrowings and bills payable

As at 31 December 2013, the Group's balance of the borrowings and bills payable amounted to RMB59,337 million, representing a decrease of RMB301 million as compared with the balance of RMB59,638 million as at 31 December 2012. As at 31 December 2013, the Group's borrowings and bills included short-term borrowings and bills payable of RMB26,376 million (including long-term borrowings due within one year of RMB4,151 million and bills payable of RMB1,696 million) and long-term borrowings amounting to RMB32,961 million (including debentures payable of RMB10,374 million). The abovementioned borrowings include borrowings denominated in Renminbi of RMB53,904 million, borrowings denominated in U.S. dollars of RMB4,584 million and borrowings denominated in other foreign currencies of RMB849 million. As at 31 December 2013, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB4,155 million and corporate bonds with fixed interest rates of RMB10,374 million. As at 31 December 2013, the balance of bills payable issued by the Group amounted to RMB1,696 million.

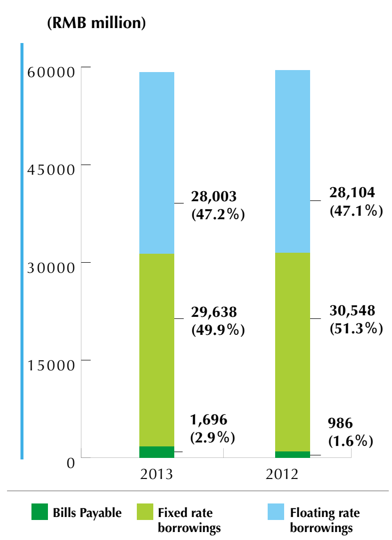
Borrowings and bills payable by category are set out as follows:



Borrowings and bills payable by term are set out as follows:



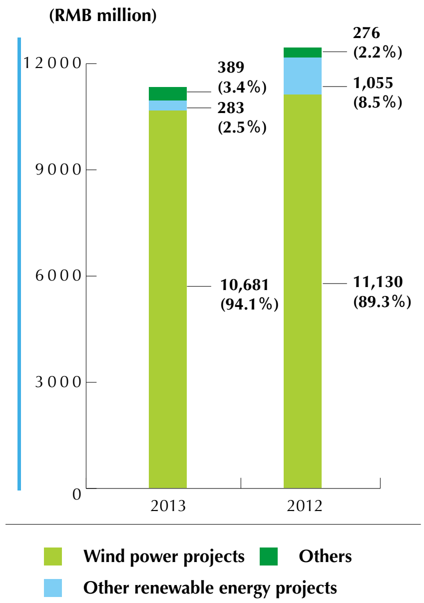
The interest rate structures of borrowings and bills payable are set out as follows:



Capital expenditures

The capital expenditures of the Group amounted to RMB11,353 million in 2013, representing a decrease of 8.9% as compared with RMB12,461 million in 2012, among which, the expenditures for the construction of wind power projects amounted to RMB10,681 million, and the expenditures for the construction of other renewable energy projects amounted to RMB283 million. The sources of funds mainly included the proceeds from the placing of new H shares at the end of 2012, borrowings from banks and other financial institutions and the issue of bonds.

Capital expenditures classified by use are set out as follows:



Net gearing ratio

As at 31 December 2013, the net gearing ratio of the Group, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by the sum of net debt and total equity, was 59.08%, representing a decrease of 0.45 percentage points from 59.53% as at 31 December 2012. This was primarily due to the unchanged debt scale and the increase in total equity of the Group in 2013.

Major investments

The Group made no major investment in 2013.

Material acquisitions and disposals

In 2013, the Group acquired the 100% equity interests in Ningxia Tianjing Wind Power Generation Corporation Limited* (寧夏天淨風力發電股份有限公司) at a consideration of RMB100 million.

In 2013, the Group disposed its 33% equity interests in Shanghai Wind Power Generation Co., Ltd* (上海風力發電有限公司). Upon the completion of the disposal, the Group ceased to hold any interests in that company.

Pledged assets

The Group has pledged wind turbine equipments to secure certain bank loans. As at 31 December 2013, the aggregate net book value of the pledged assets amounted to RMB249 million, representing a decrease of 6.4% as compared with RMB266 million as at 31 December 2012. This was primarily due to the corresponding decrease in the net book value of pledged assets as a result of the depreciation of wind turbines.

Contingent liabilities/ Guarantees

As at 31 December 2013, the Group provided a RMB62 million guarantee for bank loans of an associate, and issued a counter-guarantee of no more than RMB38 million to the controlling shareholder of an associate. As at 31 December 2013, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB22 million.

Cash flow analysis

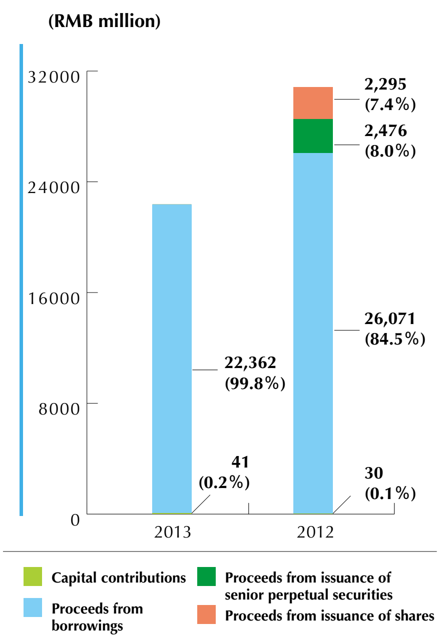
As at 31 December 2013, cash at bank and on hand held by the Group amounted to RMB2,715 million, representing a decrease of RMB2,423 million as compared with RMB5,138 million as at 31 December 2012. The principal sources of funds of the Group mainly include cash inflow generated from operation activities, the issuance of corporate bonds, and bank loans. The Group mainly used the funds for the construction of projects and repayment of borrowings.

The net cash inflow of the Group's operating activities amounted to RMB13,611 million in 2013, among which the cash inflow was primarily attributable to revenue from sales of electricity. The cash outflow was mainly attributable to purchase of fuels and spare parts, various taxation payments and expenses of operating cost.

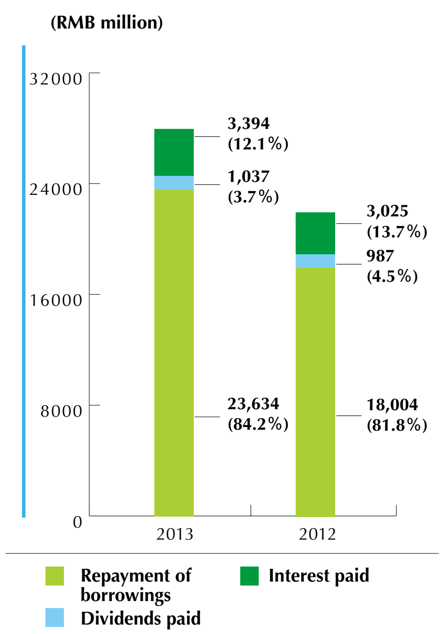
The net cash outflow from investing activities of the Group for 2013 was RMB10,299 million. The cash outflow for investment activities were mainly used for the construction of wind power project.

The net cash outflow from financing activities of the Group for 2013 was RMB5,662 million. The cash outflow for financing activities were mainly used for the repayment of borrowings and payment of interests of these borrowings during the year. Details of the status of cash flow from and cash outflow of financing activities are set out as below:

Cash inflows from financing activities



Cash outflow from financing activities



IV. RISK FACTORS AND RISK MANAGEMENT

Currently, the Group is not exposed to any material operating and development risks but is subject to the following individual factors in the short run:

1. Climatic risk

The amount of electricity generated by wind farms depends on local climatic conditions, particularly on wind resources conditions. Seasonal changes and annual fluctuations exist in wind resources while the location of wind farms also exerts great influence. The Group primarily adopts the strategy of optimising the development layout of wind power to cope with wind resources fluctuations during years of high and low wind speed, so as to curb the fluctuations in the Company's benefits resulting from changes in years of high and low wind speed. The Company, using technical measures such as more intensive wind indicators, laser radar and virtual anemometer, accurately assesses the wind resources, and optimise the selection of generating unit as well as the particular site selection and layout, so as to improve the development and utilisation efficiency of resources. Leveraging the real-time monitoring technology, the Company is able to improve the accuracy of wind power prediction, arrange the time of overhaul and maintenance more reasonably, and minimize the impact of extreme weather on the electricity generated. The Company will continuously strengthen the efforts on technological innovation, using the technological measures such as big data, cloud computing and data mining, etc to improve the quality of post-project evaluation and guide the development of wind power projects.

2. Risks relating to grids

In recent years, the grid curtailment has become an issue with high degree of concern and with much efforts, the Group managed to decrease the loss arising from the grid curtailment in 2013 as compared with last year. However, due to factors such as uneven distribution of power utility loads in the society and unreasonable grid connection structure, the problem of grid curtailment in certain areas still exists. The Group will study the future characteristics and absorption of wind power, accurately judge the changing trends of policies, make adjustments to the development layout of wind power, expand the scale of construction in regions not subject to grid curtailment, and reinforce the selection of generating units in the regions subject to grid curtailment. The Group will enhance proactive communication with the government and grid companies, and take the initiative of capturing market share of power generation. Internally, it will strengthen production and operation management, optimise means of operation, arrange examination and maintenance of power generating units in a reasonable manner and minimize decommission time of power generating units as far as possible.

3. Risks relating to engineering construction

The risks of the engineering construction of wind power projects mainly concern the uncontrollable risk of sub-contracted grid power company failing to deliver the project according to the schedule, the failed products delivery according to the contracts due to the design quality and parts delay of certain turbine manufacturers and difficulties in forest and land seizures of the engineering construction. The Group will fully leverage on the functions of its information centre, technology centre and control centre, dedicating to a comprehensive implementation of construction conditions and a technical plan for the construction, so as to ensure that the construction can commence with a high standard and quality. The Group will further strengthen the communication in relation to the engineering construction and management methods of project companies in order to improve the overall management in the engineering construction of the Company. The Group will refine the resources allocation in the engineering construction field through a better usage efficiency and comprehensive deployment of construction powers such as equipments, construction, design and supervision. In the meantime, to ensure the successful commencement of the engineering construction in 2014, the Group will reinforce the work in checking the construction progress and the settlement management. Streamlined management will be fully applied to the engineering construction. The work in power grid and local governments will also be improved.

4 Interest rate risk

The Group is principally engaged in domestic investment in wind farms, which requires enormous capital expenditure and a large amount of loan fund. Therefore, any changes in interest rate will have certain impacts on the Group's cost of funds. With sound performance and credibility, a stable debt structure and diversified financing channels, the financing interest rate incurred always remain significantly lower than the average level among the peers. Under the circumstances of insufficient liquidity of domestic money market and more severe pressure to make profit of capital, the domestic interest rate level will probably grow in the medium and long run. Meanwhile, the Group will, through active participation in direct financing markets within and outside the PRC, explored new financial products, extensively widen its access to financial products with long term and fixed interest rates in order to effectively avert interest rate risks. The Group will pay close attention to the policies and changes in the domestic and international financial markets, timely adopt a targeted financing model during fluctuation of interest rate so as to partially offset the impacts on financial costs brought by changes in interest rates.

5. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a small portion of the Group's investments are carried out abroad and a small amount of its loans are denominated in foreign currencies, therefore fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group closely monitors and analyses the fluctuations in the foreign exchange rate, reasonably designs approaches to use foreign currencies, reduces cross exchanges transaction and adopts various approaches to improve risk management of the currency exchange rate.

6. Risk in fuel prices

The Company owns two coal power plants with installed capacity of 1,875 MW. The fluctuations in coal prices will have impacts on the operating results of the Company's coal power business. The Group reinforced its investigation and research analysis on coal and shipping markets and proactively sought to achieve the best balance between s stable supply and cost reduction. The Group grasped favourable opportunities, conscientiously maintained coal strategic reserve and continuously explored resources for coal procurement as well as stabilised thermal coal supply channels. By means of proactive liaison and communication with large scale coal supply enterprises, the Group strived to increase the rate of fulfilment of planned coal capacity. Through improving economic coal mixture for burning and blending, the Company aims to adjust the energy level of coal into the furnace (入爐煤) within the range of economy. The Company will enhance its profitability by leveraging various methods of coping with changes in fuel prices and streamlining fuel management.

V. OUTLOOK IN 2014

Outlook for Domestic and Overseas Environment for Operation

Hermann Scheer, a German economist, pointed out in his book *The Energy Imperative: 100 Percent Renewable Now*: "Every year when you miss the chance of transforming towards renewable energy thoroughly and radically would be a loss. Such transformation is the ultimate means given that mankind has not found other natural and sustainable means to produce energy." Power generated from renewable sources such as wind and PV indicates the future trend of energy in the world. Currently, the wind power is the third largest source of power generation in China. At the end of 2013, wind power has become the largest source of power generation in Spain. In 2050, Germany targets to generate power 100% from the renewable energy. The renewable energy has a bright prospect around the world.

The external environment of the Group is undergoing significant and profound changes. From the macro perspective, Chinese economy is making steady progress, epitomised by "three major periods" such as economy growth changes gear, economic structure experience throes arising from the adjustment and the previous stimulus package which needs time to digest. The main task of economic development is to expedite adjustment to the development roadmap and the strategic adjustment to the structures, with special attention on shifting the focus of development to improving the quality and benefits. In the electric power business, the renewable energy industry continues to enjoy a good development prospect through conforming the economic restructuring and expediting the development of key areas in the structural adjustment. From the perspective of industry policies, in face of the serious situation of resource environment and energy security, China shall have a long-term and steadfast determination to adjust the energy structure and develop the renewable energy.

The operation targets of the Company in 2014

In 2014, the general business guidelines of the Group are, in profound adherence to the implementation of the spirits introduced by the 18th National Congress of the Communist Party of China and the Third Plenary Session of the 18th CPC Central Committee in order to follow the leadership of "Five Roads" and thereby achieves the goal of becoming a top tier international listed new energy company. The Group will value more the strategic guidance and the development quality, attach more importance to safe production and economic profit, and improve the reform and innovation, the support role of technology and the building of corporate culture and talents teams, in order to enhance the comprehensive strength, competitiveness and anti-risk capacity of the Group, so as to achieve a healthy and sustainable development.

Regarding the goal of building a top tier international listed new energy company, besides the dominant position in the scale of wind power machinery, the company also aims to achieve the top tier standard in different aspects, namely benefit, management, technology and personnel. Practical work needs to consider the reality of the Company focusing on improving the comprehensive strength and the core competitiveness. The above "Eight More" will always be prioritised. After years of efforts, the Group plans to basically build a top tier international listed new energy company which has a development pattern with the wind power business at the core, supplemented by other power generation business including solar energy and supported by technology services by 2015. The Company will have a stronger competitiveness in the market, apparent enhancement in the working style, overall improvement in the production and living conditions for the employees, significant improvement in the comprehensive strength and more consolidated leading position in the industry to basically build a top tier international listed new energy company. Until 2020, the ultimate goal of building a top tier international listed new energy company will be achieved comprehensively.

In 2014, the Group will endeavour to achieve the following objectives:

1. Strengthen and refine the professional management to improve the operation level of stock assets. Vigorously consolidate the safety foundation, increase the power generation, perfect the operation and management, reinforce the financial control and improve the stock assets' capacity to create value.

2. Step up efforts to improve the quality of developing earned assets. Seize the prime resources and expand new markets. Deepen the preliminary work and improve the lean management of infrastructure project with a better schedule management and process control, so as to develop in a quality, efficient and sustainable way.

3. Deepen the reform of system and mechanism and improve the innovation on the corporate management. Deepen reforms in the aspects of mechanism relating to incentive and restraint, personnel system relating to cadres and technology system, as well as innovating the management of investor relations, and further stimulate the enterprise's development.

4. Comprehensively strengthen the party building and improve the working standards of the cadre team. Positively carry out the practice of mass line education and improve the party's work style and uphold integrity. Inject greater vitality into the enterprise and lay a solid intellectual foundation for the development of the Company.

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 2013 (the "Financial Statements")

BOARD MEETINGS

During the reporting period, eight Board meetings were held and 43 resolutions of the Board were approved by the Company:

1) The first meeting of the second session of the Board was held on 25 March 2013, during which 23 resolutions were considered and approved;

2) The second meeting of the second session of the Board was held on 26 April 2013, during which two resolutions were considered and approved;

3) The third meeting of the second session of the Board was held on 9 June 2013, during which three resolutions were considered and approved;

4) The fourth meeting of the second session of the Board was held on 21 June 2013, during which one resolution was considered and approved;

5) The fifth meeting of the second session of the Board was held on 19 August 2013, during which six resolutions were considered and approved;

6) The sixth meeting of the second session of the Board was held on 31 October 2013, during which four resolutions were considered and approved;

7) The seventh meeting of the second session of the Board was held on 22 November 2013, during which two resolutions were considered and approved;

8) The eighth meeting of the second session of the Board was held on 12 December 2013, during which two resolutions were considered and approved.

Directors' attendance at the Board meetings is as follows:

Name	Position in the Company	Number of Meetings Attended/Held	Attendance rate
Qiao Baoping *(Note 1)*	Chairman of the Board and Non-executive Director	4/4	100%
Zhu Yongpeng *(Note 2)*	Former Chairman of the Board and former Non-executive Director	4/4	100%
Chen Bin	Non-executive Director	8/8	100%
Wang Baole	Non-executive Director	8/8	100%
Luan Baoxing	Non-executive Director	8/8	100%
Li Enyi *(Note 3)*	President and Executive Director	4/4	100%
Xie Changjun *(Note 4)*	Former president and former Executive Director	4/4	100%
Huang Qun	Executive Director	8/8	100%
Lv Congmin	Independent non-executive Director	8/8	100%
Zhang Songyi	Independent non-executive Director	8/8	100%
Meng Yan	Independent non-executive Director	8/8	100%

Notes:

1. Mr. Qiao Baoping was appointed as a non-executive Director and chairman of the Board on 30 July 2013. Subsequent to his appointment, four Board meetings of the Company have been held for the year ended 31 December 2013.

2. Mr. Zhu Yongpeng resigned as a non-executive Director and chairman of the Board on 30 July 2013. Prior to his resignation, four Board meetings of the Company have been held for the year ended 31 December 2013.

3. Mr. Li Enyi was appointed as president of the Company on 26 April 2013 and an executive Director of the Company on 30 July 2013. Subsequent to his appointment as an executive Director of the Company, four Board meetings of the Company have been held for the year ended 31 December 2013.

4. Mr. Xie Changjun resigned as president of the Company on 26 April 2013 and as an executive Director of the Company on 30 July 2013. Prior to his resignation as an executive Director of the Company, four Board meetings of the Company have been held for the year ended 31 December 2013.

Save as disclosed above, during the year of 2013, non-executive Directors (including independent non-executive Directors) held one meeting of non-executive Directors.

SHARE CAPITAL

As of 31 December 2013, the total share capital of the Company was RMB8,036,389,000, divided into 8,036,389,000 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in Note 35(c) to the Financial Statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association of the Company and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Group is principally engaged in the design, development, construction, management and operation of wind farms in areas with abundant wind resources in the PRC and the sales of electricity to the local grid companies. Details of major subsidiaries, associates and joint ventures of the Company are set out in Note 19 and 20 to the Financial Statements respectively.

PERFORMANCE

The audited performance of the Company and its subsidiaries for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 131 to 132. The financial position of the Company and its subsidiaries as of 31 December 2013 is set out in the consolidated balance sheet on pages 133 to 135. The consolidated cash flow of the Company and its subsidiaries for the year ended 31 December 2013 is set out in the consolidated statement of cash flows on pages 140 to 142.

A discussion and analysis of the Group'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 25 to 65 of this annual report.

PROFIT DISTRIBUTION

The Board recommends to distribute a final dividend of RMB0.0475 per share (tax inclusive) in cash to the shareholders for the year ended 31 December 2013. The dividend mentioned above will be distributed upon approval of shareholders at the forthcoming 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 15 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 35(a) to the Financial Statements, among which, details of reserves attributable to the shareholders are set out in Note 35(e) to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2013 are set out in Note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth some information concerning the Directors, supervisors and senior management of the Company for the year ended 31 December 2013.

Name	Position in the Company	Date of Appointment/ Reappointment
Qiao Baoping	Chairman of the Board and Non-executive Director	Appointed on 30 July 2013
Chen Bin	Non-executive Director	Re-elected on 3 July 2012
Wang Baole	Non-executive Director	Re-elected on 3 July 2012
Luan Baoxing	Non-executive Director	Re-elected on 3 July 2012
Li Enyi	Executive Director	Appointed on 30 July 2013
	President	Appointed on 26 April 2013
Huang Qun	Executive Director	Re-elected on 3 July 2012
Lv Congmin	Independent Non-executive Director	Re-elected on 3 July 2012
Zhang Songyi	Independent Non-executive Director	Re-elected on 3 July 2012
Meng Yan	Independent Non-executive Director	Re-elected on 3 July 2012
Xie Changjun	Chairman of the Supervisory Board	Appointed on 30 July 2013
Yu Yongping	Supervisor	Re-elected on 3 July 2012
He Shen	Employee Representative Supervisor	Re-elected on 3 July 2012
Zhang Yuan	Vice President	Re-elected on 3 July 2012
Fei Zhi	Vice President	Re-elected on 3 July 2012
Jia Nansong	Vice President	Appointed on 12 December 2013
	Board Secretary and joint Company Secretary	Re-elected on 3 July 2012
Zhang Baoquan	Vice President	Re-elected on 3 July 2012
Chang Shihong	Chief Accountant	Appointed on 12 December 2013

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered 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 87 to 97 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors. The principal particulars of such service contracts include (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Committee; and (2) subject to termination in accordance with their respective terms.

Each of the supervisors has entered into a contract in respect of, among others, compliance of relevant laws and regulations, observation of the Articles of Association and provision on arbitration with the Company.

Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which is terminable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, supervisors and senior management are set out in Note 9 and 10 to the Financial Statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year 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, directly or indirectly, and in which a Director or supervisor had a material interest subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2013, save as disclosed below, 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:

Name of Director	Position in the Company	Other interests
Qiao Baoping	Chairman of the Board and Non-executive Director	Chairman of Guodian Group
Chen Bin	Non-executive Director	Chief Accountant of Guodian Group
Wang Baole	Non-executive Director	Assistant to General Manager and Head of Plan & Development Department of Guodian Group
Luan Baoxing *(Note 1)*	Non-executive Director	Once served as the Head of Capital Operation and Property Right Management Department of Guodian Group during the reporting period

Note 1: Mr. Luan Baoxing no longer served as the Head of Capital Operation and Property Right Management Department of Guodian Group since December 2013.

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

As at 31 December 2013, none of the Directors, supervisors and 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 Securities and Futures Ordinance (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 registered in the register indicated in the section, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2013, so far as known to the Directors of the Company, the following persons (other than the Directors, cheif executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1) (%)*	Percentage in the Total Share Capital *(Note 1) (%)*
Guodian Group	Domestic shares	Beneficial owner and interest of corporation controlled by substantial shareholders	4,696,360,000 *(Note 2)* (Long position)	100%	58.44%
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	233,758,000 (Long position)	7.00%	2.91%
JPMorgan Chase & Co.	H shares	Beneficial owner, investment manager and custodian - corporation/ approved lending agent	269,237,439 *(Note 3)* (Long position)	8.06%	3.35%
JPMorgan Chase & Co.	H shares	Custodian - corporation/ approved lending agent	193,032,968 *(Note 4)* (share in a lending pool)	5.78%	2.40%
JPMorgan Chase & Co.	H shares	Beneficial owner	179,000 *(Note 5)* (Short position)	0.01%	0.002%
FIL Limited	H shares	Investment manager	268,669,000 (Long position)	8.04%	3.34%
Wellington Management Company, LLP	H shares	Investment manager	235,464,000 (Long position)	7.05%	2.93%
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	202,287,851 *(Note 6)* (Long position)	6.06%	2.52%
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial shareholders	44,667,000 *(Note 7)* (Short position)	1.34%	0.56%
China Life Insurance (Group) Company (中國人壽保險(集團)公司)	H shares	Beneficial owner and interest of corporation controlled by substantial shareholders	199,465,000 *(Note 8)* (Long position)	5.97%	2.48%

Notes:

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 31 December 2013.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 shares were directly held by Guodian Group while the remaining 93,927,200 shares were held by Guodian Northeast Electric Power Co., Ltd., a subsidiary of Guodian Group. Accordingly, Guodian Group was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd.

3. Among these 269,237,439 H shares, 193,032,968 H shares were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., 10,387,974 H shares were held by J.P. Morgan Whitefriars Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 155,497 H shares were held by J.P. Morgan Securities plc, an indirect non-wholly owned subsidiary of JPMorgan Chase & Co., 45,447,000 H shares were held by JF Asset Management Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 3,391,000 H shares were held by JPMorgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 4,380,000 H shares were held by JF International Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 3,745,000 H shares were held by JPMorgan Asset Management (Japan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 8,698,000 H shares were held by China International Fund Management Co., Ltd., an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the equity interests of the H shares held by its aforesaid subsidiaries.

4. These 193,032,968 H shares which have interest in a lending pool were held by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed to have interests in such H shares (lending pool) held by its aforesaid subsidiary.

5. These 179,000 H shares were held by J.P. Morgan Whitefriars Inc., an indirect wholly owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed to have the short position of the H shares held by its aforesaid subsidiary.

6. Among these 202,287,851 H shares, 1,781,300 H shares were held by BlackRock Investment Management, LLC., a wholly-owned indirect subsidiary of BlackRock, Inc., 33,736,000 H shares were held by BlackRock Institutional Trust Company, N.A., an indirect wholly-owned subsidiary of BlackRock, Inc., 41,132,000 H shares were held by BlackRock Fund Advisors, an indirect wholly-owned subsidiary of BlackRock, Inc., 3,391,000 H shares were held byBlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 339,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 280,000 H shares were held by BlackRock Japan Co Ltd, an indirect wholly-owned subsidiary of BlackRock, Inc., 195,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 9,958,871 H shares were held by BlackRock Asset Management North Asia Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 2,391,000 H shares were held by BlackRock (Netherlands) B.V., an indirect wholly-owned subsidiary of BlackRock, Inc., 1,250,000 H shares were held by BlackRock Fund Managers Ltd, an indirect wholly-owned subsidiary of BlackRock, Inc., 37,313,448 H shares were held by BlackRock Advisors (UK) Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 2,154,200 H shares were held by BlackRock International Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., 36,245,000 H shares were held by BlackRock (Luxembourg) S.A., an indirect wholly-owned subsidiary of BlackRock, Inc., 19,582,032 H shares were held by BlackRock Asset Management Ireland Limited, an indirect wholly-owned subsidiary of BlackRock, Inc. and 107,000 H shares were held by BlackRock Fund Management Ireland Limited, an indirect wholly-owned subsidiary of BlackRock, Inc., thus BlackRock, Inc. was deemed as the holder of the H share equity interests owned by its aforesaid subsidiaries.

7. Among these 44,667,000 H shares, 30,546,000 H shares were held by BlackRock Institutional Trust Company, N.A., an indirect wholly-owned subsidiary of BlackRock, Inc., 13,305,000 H shares were held by BlackRoack Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 357,000 H shares were held by BlackRock (Luxembourg)S.A., an indirect wholly-owned subsidiary of BlackRock, Inc., thus BlackRock, Inc. was deemed as the holder of short position in H shares owned by its aforesaid subsidiaries.

8. Among these 199,465,000 H shares, 1,903,000 H shares were directly held by China Life Insurance (Group) Company, and 197,562,000 H shares were held by China Life Insurance (Overseas) Company Limited, a wholly-owned subsidiary of China Life Insurance (Group) Company. Accordingly, China Life Insurance (Group) Company was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

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 2013.

SUBSEQUENT EVENTS

Since the last day of the reporting period, there have been no significant changes or subsequent events which need to be adjusted or disclosed in the financial statements.

CONNECTED TRANSACTIONS

Details of substantial connected transactions occurred during the reporting period of the Company are set out in the Connected Transactions section of this report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the purchase from the Group's five largest fuel suppliers in aggregate contributed 62.9% of the Group's total purchase of fuel for the year, among which, the total purchase from the largest fuel supplier contributed 19.5% of the Group's total purchase of fuel for the year.

For the year ended 31 December 2013, the sales to the Group's five largest customers in aggregate contributed 51.1% of the Group's total sales for the year, among which, the sales to the largest customer contributed 27.9% of the Group's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors, associates of the Directors nor shareholders of the Company (who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in Note 32 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance practices and complying with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 106 to 125 of this annual report for details.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued share capital of the Company was held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules.

MATERIAL LITIGATION

As at 31 December 2013, the Group was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

AUDIT COMMITTEE

The 2013 annual results of the Group and the Financial Statements for the year ended 31 December 2013 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) and RSM China Certified Public Accountants Co., Ltd. (中瑞岳華會計師事務所) were appointed as the Company's auditors for the financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2013. RSM China Certified Public Accountants Co., Ltd. was renamed as "Ruihua Certified Public Accountants (special general partner) (瑞華會計師事務所（特殊普通合夥）)" on 1 July 2013 upon the merger with Crowe Horwath China CPAs (國富浩華會計師事務所) due to business expansion. The enclosed Financial Statements of the Company prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has appointed KPMG and Ruihua Certified Public Accountants (special general partner) as the Company's auditors since the date of preparation of its listing.

By order of the Board
China Longyuan Power Group Corporation Limited*
Chairman of the Board
Qiao Baoping

Beijing, 17 March 2014

CONNECTED TRANSACTIONS

The following disclosed connected transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules, and conform to the relevant disclosure requirements. In relation to the connected transactions mentioned below, the Directors are of the opinions that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules. Please refer to the announcements disclosed on the website of the Hong Kong Stock Exchange and the website of the Company.

NON-EXEMPT ONE-OFF CONNECTED TRANSACTION

1. Provision of Entrusted Loan to Guodian Suqian

On 21 June 2013, JSPG and Wuxi branch of China Merchants Bank; and Wuxi branch of China Merchants Bank and Guodian Suqian entered into entrusted loan agreements respectively, pursuant to which JSPG will provide an entrusted loan of RMB200 million to Guodian Suqian through Wuxi branch of China Merchants Bank, with a term of one year. As at the time of the transaction, Guodian is the controlling Shareholder of the Company, holding approximately 58.44% interests in the total issued share capital of the Company (as at the date of the Report: 58.44%). Guodian is also the controlling shareholder of Guodian Suqian, holding approximately 51% interest in the total issued share capital of Guodian Suqian. JSPG is a non-wholly owned subsidiary of the Company, in which the Group holds, directly and indirectly, 27% of its equity interest. Thus, under Chapter 14A of the Listing Rules, Guodian Suqian is a connected person of the Company and as such, the provision of the entrusted loan by the Group to it constitutes a connected transaction of the Company.

In accordance with the entrusted loan agreements entered into by JSPG and Wuxi branch of China Merchants Bank; and Wuxi branch of China Merchants Bank and Guodian Suqian respectively, JSPG would provide an entrusted loan of RMB200 million to Guodian Suqian through Wuxi branch of China Merchants Bank with a term from 21 June 2013 to 20 June 2014. For details of the agreements, please refer to the Company's announcement dated 21 June 2013. The entrusted loan arrangements would help enhance the efficiency in the use of the Group's capital and that it would be beneficial to the Group in terms of return.

2. Establishment of Linqu Wind Power, Jinan Wind Power, Sishui Wind Power and Duyun Wind Power (together "Four Joint Venture Companies")

On 1 November 2013, the Company entered into four capital contribution agreements, among which, three were entered into with Guodian Shandong and the other with Guodian Guizhou, to establish Four Joint Venture Companies. As at the time of the transaction, Guodian Group directly and indirectly holds approximately 58.44% of the issued share capital of the Company (as at the date of the Report: 58.44%) and thus it is the Company's controlling shareholder. Both Guodian Shandong and Guodian Guizhou are wholly-owned subsidiaries of Guodian Group. Pursuant to Rule 14A.11(4) of the Listing Rules, Guodian Shandong and Guodian Guizhou constitute connected persons of the Company and the establishment of the Four Joint Ventures Companies constitutes connected transactions of the Company.

The aggregate amount of the total registered capital of the Four Joint Venture Companies was RMB335,962,000. Pursuant to the four capital contribution agreements entered into by the Company, the Company would contribute RMB167,981,000, representing 50% of the aggregate amount of the total registered capital of the Four Joint Venture Companies. Upon completion of the four capital contribution agreements, the Company will held 50% equity interests of each of the Four Joint Venture Companies. For major terms of the capital contribution agreements in relation to the establishment of the Four Joint Venture Companies, please refer to the announcement of the Company dated 1 November 2013. The establishment of the Four Joint Venture Companies will enhance the cooperation among the Company, Guodian Shandong and Guodian Guizhou, and the Four Joint Venture Companies can benefit from the industry expertise and technology superiority of the Company and regional resources advantage and management advantage of Guodian Shandong and Guodian Guizhou.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

In respect of the type 1 to type 2 non-exempt continuing connected transactions as set out below, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from complying the announcement and independent shareholders' approval requirements. For type 1 and type 2 non-exempt continuing connected transactions as set out below, the annual caps for each year from 2012 to 2014 have been approved at the second extraordinary general meeting of 2011 held on 29 December 2011.

The table below has set out the annual caps for 2013 and the actual transaction amounts of such connected transactions:

	Connected Transactions	**Connected Person**	**Annual Cap for 2013** *(RMB'000)*	**Actual Transaction Amount for 2013** *(RMB'000)*
1	Provision of products and services by the Group	Guodian Group	992,815	494,500
2	Provision of products and services to the Group	Guodian Group	5,569,160	2,625,200
3	Provision of financial services to the Group	Guodian Finance	Deposit Services: 3,000,000	Maximum outstanding balance: 1,729,600

1. Provision of products and services by the Group

1.1 The Company entered into the New Guodian Master Agreement with Guodian Group on 21 November 2011. Pursuant to the agreement, the Group shall provide Guodian Group with products and services, mainly including flanges, entire equipment, spare parts, consulting and design services, technical services, safety monitoring services, CDM consulting services, wind power vocational training, coal supply, alternative power and property leasing services.

Material terms and conditions of the agreement are set out as follows:

- the provision of products and services by the Group to Guodian Group mainly include flanges, entire equipment, spare parts, consulting and design services, technical services, safety monitoring services, CDM consulting services, wind power vocational training, alternative power, coal supply and property leasing services;

- the provision of products and services by Guodian Group to the Group mainly include wind power generating units, polysilicon cell module, installation and construction, alternative power, coal supply, and evaluation on projects by Guodian Power Research Institute (國電能源研究院);

- if the terms and conditions of similar materials, products and services offered by one party are no worse than those offered by an independent third party, the other party shall give priority in sourcing the requisite materials, products and services from the first party;

- relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of provision of products, services and terms and conditions of providing such products and services according to the principles laid down by the New Guodian Master Agreement;

- pricing of products will be based on the following policies: the price will be adopted when it is prescribed by the state (including any price prescribed by any relevant local government), if applicable; where there is no state-prescribed price but there is a state-guidance price, then the state-guidance price will be adopted; where there is neither a state-prescribed price nor a state-guidance price, the market price will be adopted; where none of the above is applicable or where it is not practical to apply the above pricing policies, implement the price agreed between the relevant parties will be adopted, it shall be the reasonable costs incurred in providing the products plus reasonable profits;

- the services to be provided under the agreement will be based on the following pricing policies: the accrued price will be based on bidding price where the bidding process is required for selecting the service provider; where bidding process is not required to determine the service price, the market price; and

- the New Guodian Master Agreement has a term of three years commencing on 1 January 2012 and expiring on 31 December 2014, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules.

Guodian Group is a controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2013 was RMB992,815,000 and the actual transaction amount was RMB494,500,000.

2. Provision of products and services to the Group

2.1 The Company had entered into the New Guodian Master Agreement with Guodian Group on 21 November 2011. Pursuant to the agreement, Guodian Group shall provide the Group with products and services mainly including wind power generating units, polysilicon cell module, installation and construction, alternative power, coal supply and evaluation on projects by Guodian Power Research Institute.

For details of the major terms and conditions of the agreement, please refer to the relevant disclosure of the non-exempt continuing connected transaction set out in section 1.1 above.

Guodian Group is a controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for year 2013 was RMB5,569,160,000 and the actual transaction amount was RMB2,625,200,000.

3. Provision of financial services to the Group

3.1 On 6 September 2010, the Company entered into the financial services agreement with Guodian Finance, pursuant to which, Guodian Finance provides financial services to the Group. Pursuant to the agreement, the services to be provided by Guodian Finance to the Group include credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing advice and consultation services, financial consultation and training services and other services.

The principal terms and conditions of the agreement are set out as follows:

- Guodian Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk of assets and liabilities so as to satisfy the payments needs of the Group;

- In respect of the provision of the loan services under the financial services agreement, Guodian Finance will grant integrated credit facilities of RMB2.5 billion to the Group. The credit facilities shall be utilised as fixed assets loans, project financing loans, working capital loans, letter of guarantee and accounts receivable factoring etc.;

- In respect of the provision of the deposit services under the financial services agreement, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Guodian Finance shall be up to RMB2.2 billion for each of the three years ending 31 December 2010, 31 December 2011 and 31 December 2012;

- The financial services agreement is for a term of three years commencing from 6 September 2010 and ending on 5 September 2013. The term can be extended for another three years subject to the consents of both parties and full compliance with relevant laws and the Listing Rules, as appropriate; and

- Guodian Finance shall provide the aforementioned financial services to the Group based on the following pricing principles: the interest rate for the Group's deposits with Guodian Finance shall be fixed as the deposit interest rate as published by the People's Bank of China ("PBOC") from time to time; the interest rate for loans granted to the Group by Guodian Finance shall be 10% below the benchmark interest rates as published by the PBOC from time to time; and the fees charged by Guodian Finance for the provision of financial services other than deposits and loans services shall not be higher than the rate charged by the other financial institutions in the PRC for similar services.

3.2 The Company entered into the New Financial Services Agreement (revised by the Supplemental Agreement dated 22 November 2013) with Guodian Finance on 13 December 2012, pursuant to which, the services provided by Guodian Finance to the Group include credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing advice and consultation services, financial consultation and training services and other services.

Material terms and conditions of the agreement are as below:

- Guodian Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk of assets and liabilities so as to satisfy the payments needs of the Group;

- In respect of the provision of the loan services under the New Financial Services Agreement, Guodian Finance will grant integrated credit facilities of RMB3 billion to the Group. The credit facilities shall be free of any security and utilised as fixed assets loans, project financing loans, working capital loans, letter of guarantee and accounts receivable factoring, etc.;

- In respect of the provision of the deposit services under the New Financial Services Agreement, the maximum amount of the daily deposit balance for the Group's deposits with Guodian Finance shall be RMB3 billion (Note1) for each of the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 (including any interest accrued thereon);

  Note 1: The maximum amount of the daily deposit balance (including any interest accrued thereon) for the Company's deposits with Guodian Finance is increased from RMB1.5 billion under the Agreement Dated 13 December 2012 to RMB3 billion by the Supplemental Agreement entered into by the Company and Guodian Finance on 22 November 2013.

- The term of the New Financial Services Agreement shall be three years, namely from 1 January 2013 to 31 December 2015. The term can be extended for another three years subject to the consents of both parties and full compliance with relevant laws and the Listing Rules, as appropriate; and

- Guodian Finance provides the aforementioned financial services to the Group based on the following pricing principles: the interest rate for the Group's deposits with Guodian Finance shall be fixed as the deposit interest rate as published by PBOC from time to time; the interest rate for loans granted to the Group by Guodian Finance shall be 10% below the benchmark interest rates as promulgated by the PBOC from time to time; and the fees charged by Guodian Finance for the provision of financial services other than deposits and the charge for loans services shall not be higher than the rate charged by the other financial institutions in the PRC for similar services.

Guodian Group is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person of the Company under the Listing Rules. Guodian Finance is a subsidiary of Guodian Group, and is therefore a connected person of the Company.

During the reporting period, the cap of daily deposit balance for deposit services under this continuing connected transaction for year 2013 was RMB3,000,000,000 and the actual maximum amount of daily deposit balance was RMB1,729,600,000.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company have reviewed each of the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

1. in the usual course of business of the Group;

2. on normal commercial terms or, if there are no sufficient comparable transactions to determine whether the transaction terms are on normal commercial terms, those transaction terms should be, from the perspective of the Group, no less favourable than the terms obtained from or provided by independent third parties; and

3. in accordance with relevant terms of the transaction agreements, and the transactions terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION OF AUDITORS

The Company has engaged its external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. 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's letter has been provided by the Company to Hong Kong Stock Exchange.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Qiao Baoping, aged 58, is a non-executive director and the chairman of the Company. Mr. Qiao graduated from Nankai University with a bachelor's degree in economics and is a senior economist. He was appointed as a non-executive director and the chairman of the second session of the Board of the Company on 30 July 2013. Mr. Qiao had served as the deputy secretary-general of All-China Students Federation. He had worked at an institution directly under the Central Commission of China Communist Youth League as executive deputy secretary of the Party Committee and secretary of the Commission for Disciplinary Inspection. At the Central Commission of China Communist Youth League, he had served successively as the deputy head of the United Work Front Department, member of the Standing Committee and head of the Juvenile Rights and Interests Department, member of the Standing Committee and head of the Organisation Department. Further, he had served as head of Mass Work Department of the Working Committee of Central Government-owned Enterprises, secretary of the Central Government-owned Enterprises Working Committee of China Communist Youth League, head of the Mass Work Department (Mass Work Department of the Party Committee) and head of the United Work Front Department at the SASAC, as well as member of the Party Group and chief of the Discipline Inspection Group at China Power Investment Corporation. Mr. Qiao acted as secretary of the Party Group and vice president of China Guodian Corporation, a director of GD Power Development Co., Ltd. (SSE: 600795) and the chairman of the Supervisory Board. Mr. Qiao currently acts as the chairman of China Guodian Corporation and secretary of the Party Group.

Mr. Chen Bin, aged 54, is a non-executive Director of the Company. Mr. Chen graduated from North China Electric Power University, major in business management and is a senior accountant. Mr. Chen acted as a non-executive Director of the first session of the Board of the Company from August 2011 to July 2012 as well as a non-executive Director of the second session of the Board of the Company since July 2012. Mr. Chen has served successively as chief accountant of Dalian Power Plant, Liaoning, deputy head of Financial Division of Financial Department of Northeast Power Industry Management Bureau of Ministry of Electric Power (電力部東北電業管理局), chief accountant and deputy head of Finance Department of Northeast Electric Power Group Company, head of Financial Budget Division as well as head of Assets Division of Finance and Property Right Management Department of State Power Corporation, chief accountant of China Hydropower Construction Company, chief accountant, vice president and member of the Party Group of GD Power Development Co., Ltd.(SSE: 600795), deputy chief accountant and head of Finance and Property Department of China Guodian Corporation, and assistant to president and head of Financial Management Department of China Guodian Corporation. Mr. Chen served as the supervisor of the Company from July 2009 to August 2011 and is currently the chief accountant of China Guodian Corporation.

Mr. Wang Baole, aged 57, is a non-executive Director of the Company. He graduated from Xiamen University with a bachelor's degree in Economics and has completed post-graduate studies on Statistics (Investment Decision-making Analysis). He is a senior statistician. Mr. Wang acted as a non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as a non-executive Director of the second session of the Board of the Company since July 2012. Mr. Wang has served successively as deputy head of Statistics Division of Planning Department of the Ministry of Water Resources and Electric Power, deputy head and head of Statistics Division of General Planning Department of the Ministry of Energy Resources, head of Statistics & Analysis Division and deputy general director of Planning Department of the Ministry of Electric Power, deputy head of Planning & Investment Department and deputy head of Strategic Study & Planning Department of the State Power Corporation. Mr. Wang is currently an assistant to president and head of Plan & Development Department of China Guodian Corporation.

Mr. Luan Baoxing, aged 46, is a non-executive Director of the Company. He graduated from Harbin Institute of Technology with a master degree in Business Administration and is a senior accountant. Mr. Luan acted as a non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as a non-executive Director of the second session of the Board of the Company since July 2012. Mr. Luan has served successively as deputy head of Property and Fund Division and head of Accounting Cost Division of Finance Department of Heilongjiang Electric Power Company, deputy head and head of Accounting Cost Division of Finance Department and deputy head of Finance Department of China Northeast Electric Power Group Company, deputy chief accountant and head of Finance Department of Chongqing Electric Power Company, deputy head of Finance and Property Department and deputy head of Capital Operation and Property Management Department and head of Capital Operation and Property Right Management Department of China Guodian Corporation. Mr. Luan is currently the president of Guodian Capital Holding Co., Ltd. and a supervisor of Guodian Sichuan Power Generation Co., Ltd. (國電四川發電有限公司).

EXECUTIVE DIRECTORS

Mr. Li Enyi, aged 50, is an executive Director and president of the Company. He obtained a master's degree in North China Electric Power University. He is a senior engineer. He was as an executive Director of the second session of the Board of the Company on 30 July 2013. Mr. Li joined the Group in 2013. He has served successively as the deputy head of Weifang Power Plant, Shandong (山東濰坊發電廠), the head of Heze Power Plant Shandong (山東菏澤發電廠廠長), the president of Luneng Development and Property Co., Ltd., Shandong (山東魯能拓展置業有限公司), the president of Luneng Minerals Development Company Limited, Shandong (山東魯能物礦開發有限公司), the vice president and general manger of Northern China branch of China Guodian Corporation (中國國電集團公司華北分公司) as well as the executive director and president of Guodian North China Power Co., Ltd. (國電華北電力有限公司).

Mr. Huang Qun, aged 52, is an executive Director and vice president of the Company. He graduated from Tongji University with a bachelor's degree in Engineering. He is a senior engineer. He acted as an executive Director of the first session of the Board of the Company from May 2012 to July 2012 as well as an executive Director of the second session of the Board of the Company since July 2012. Mr. Huang joined the Group in 1993 and worked as an engineer at Power Department of the Ministry of Energy Resources and Policy Research Office of the Ministry of Water Resources and Electric Power. He had successively served at China Longyuan Electric Power Group Corporation (the predecessor of the Company) as deputy head and head of Manager Department, head of the First Division of the Operation Department, chief economist and head of Operation Department, as well as assistant to president, and vice president.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lv Congmin, aged 75, is an independent non-executive Director of the Company. He graduated from the department of Foreign Languages of Nankai University majoring in English. Mr. Lv acted as an independent non-executive Director of the first session of the Board of the Company from May 2012 to July 2012 as well as an independent non-executive Director of the second session of the Board of the Company since July 2012. He had successively worked at the China's Charge d'affaires Office in the U.K. (中國駐英國代辦處), Department of European and American Affairs at the Ministry of Foreign Affairs, Embassy of the PRC in Canada, Department of North American and Oceanian Affairs at the Ministry of Foreign Affairs. Since completion of his service at the Ministry of Foreign Affairs, he has thereafter served successively as deputy director of the Foreign Affairs Office of the State Council and secretary to the Prime Minister. Mr. Lv had been a member of the 9th and 10th National People's Congress of the PRC, the deputy general secretary and Party Secretary (機關黨委書記) of the Standing Committee of the 9th National People's Congress of the PRC, the vice chairman of the Foreign Affairs Committee of the 10th National People's Congress of the PRC and a special expert on foreign affairs of the 11th National People's Congress. Besides, Mr. Lv held a number of positions such as the vice chairman representing China in Sino-US Inter-parliamentary Exchange Program (中美議會交流機制), the chairman representing China in Sino-Canada Parliament Association (中國-加拿大議會協會), the chairman representing China in Sino-Chile Parliamentary Political Dialogue Committee (中國-智利議會政治對話委員會), a member of executive committee of the Inter-Parliamentary Union, a member of the Steering Committee of the Parliamentary Conference on the WTO (議會世貿大會指導委員會), an observer at the Latin-American Parliament and the director of the International Law Research Center in China Law Society. Mr. Lv is currently the vice president of Theoretical Research Institution of the System of The National People's Congress of the PRC (中國人民代表大會制度理論研究會副理事長), and an adjunct professor at universities such as Nankai University and China Foreign Affairs University and so forth.

Mr. Zhang Songyi, aged 58, an independent non-executive Director of the Company. He holds a Juris Doctor from Yale University. Mr. Zhang acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as an independent non-executive Director of the second session of the Board of the Company since July 2012. Mr. Zhang practiced law at Milbank, Tweed, Hadley & McCloy LLP from 1985 to 1993. Mr. Zhang Songyi was a non-executive director of China Lumena New Materials Corp. (formerly known as Lumena Resources Corp., which changed its name on 8 December 2010) (0067.HK) and served as a director of Suntech Power Holdings Co., Ltd. (NYSE:STP) as well as an independent non-executive director of China Renewable Energy Investment Limited (formerly known as Hong Kong Energy (Holdings) Limited, which changed its name on 1 June 2011) (0987.HK). He was the vice chairman, executive director, managing director, and head of joint department joint head of Morgan Stanley Limited. Mr. Zhang is currently a director of Sina Corporation (NASDAQ:SINA).

Mr. Meng Yan, aged 58, an independent non-executive Director of the Company. He holds a doctorate degree in Economics (Accounting) from the Research Institute for Fiscal Science of Ministry of Finance and the qualification of PRC Certified Public Accountant. Mr. Meng acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012 as well as an independent non-executive Director of the second session of the Board of the Company since July 2012. Mr. Meng received the special government allowance from the State Council in 1997. Mr. Meng was also the expert consultant of the Accounting Standards Committee of the Ministry of Finance for accounting standards, the expert of the Ministry of Finance for enterprise performance evaluation, an independent director of Beijing Bashi Media Co., Ltd (SSE:600386), an independent director of Henan Splendor Science and Technology Co (SZSE:002296) as well as an independent director of China Merchants Property Development Co. (SZSE:000024; 200024)(SGX:C03). At present, Mr. Meng serves as an independent director of Jolimark Holdings Limited (2028.HK), Yantai Wanhua Polyurethanes Co., Ltd. (SSE:600309) and an independent director of COFCO Property (Group) Co., Ltd (SZSE: 000031). Mr. Meng is currently the dean, professor and supervisor of doctorate students in the School of Accountancy of Central University of Finance and Economics. He is also the executive director of the Accounting Society of China and the Banking Accounting Society of China, member of the Master of Professional Accounting (MPAcc) Education Steering Committee under the Ministry of Education and member of Instruction Committee on Teaching and Learning of Business Administration Disciplines of Higher Education Institutions under the Ministry of Education.

SUPERVISORS

Mr. Xie Changjun, aged 56, is the chief supervisor of the Company. He graduated from Northeast Dianli University with a bachelor's degree in Engineering. He is a professor-grade senior engineer. He acted as a supervisor and the chairman of the session of the supervisory board of the Company on 30 July 2013. Mr. Xie served for the Group from 1993 to 2013. He has served successively as engineer of Science & Technology Department of the Ministry of Water Resources and Electric Power, deputy head of Planning Division of Science & Technology Department of China Electricity Council, assistant to president and vice president of Zhongneng Power-Tech Development Company Limited, vice president and president of China Longyuan Electric Power Group Corporation, president and executive director of China Longyuan Power Group Corporation Limited*, and assistant to president of China Guodian Corporation. He is currently serving as vice president of China Guodian Corporation.

Mr. Yu Yongping, aged 53, is a supervisor of the Company. He graduated from Liaoning Institute of Finance and Economics with a bachelor's degree in Economics and has completed post-graduate studies on Civil Economics. He is a senior accountant. Mr. Yu acted as a supervisor of the first session of the supervisory board of the Company from July 2009 to July 2012 as well as a supervisor of the second session of the supervisory board of the Company since July 2012. Mr. Yu had served as accountant of Finance Division of Machinery Manufacturing Construction Bureau of the Ministry of Water Resources and Electric Power. He had also served in the Emigration and Development Bureau of the State Council Three Gorges Project Construction Committee as deputy head and head of Finance Division of Financial Planning Department, deputy head of Planning Department, deputy head of Resettlement Department, and assistant Ombudsman of General Office. He held positions as head of Market Development Division of Marketing Department of Guodian Group, vice president of Guodian Finance Corporation Ltd., vice president and chief accountant of Guodian Northeast Electric Power Co., Ltd., deputy head of Finance and Property Department of China Guodian Corporation. Mr. Yu is currently head of Audit Department of China Guodian Corporation.

Mr. He Shen, aged 39, is an employee representative supervisor of the Company. Mr. He graduated from Renmin University of China with a master's degree in management. Mr. He is a senior economist and acted as the employee representative supervisor of the first session of the supervisory board of the Company from June 2011 to July 2012 as well as the employee representative supervisor of the second session of the supervisory board of the Company since July 2012. Mr. He had successively served as project engineer and project manager of Project Engineering Department of China National Electric Equipment Corporation, secretary of President's Office and project manager of China Longyuan Electric Power Group Corporation, secondary employee at division 1 of personnel and director management department of State Power Corporation, deputy chief of leading personnel management office of human resource department of China Guodian Corporation (in charge), deputy director (in charge) and director of human resource department of GD Development Co., Ltd.. Mr. He is currently the head of disciplinary inspection team and chairman of labour union of the Company.

SENIOR MANAGEMENT

Mr. Li Enyi is an executive Director and president of the Company. Biographical details of Mr. Li Enyi as at the date hereof are set out on Page 90 of this annual report.

Mr. Huang Qun is an executive Director and vice president of the Company. Biographical details of Mr. Huang Qun as at the date hereof are set out on Page 90 of this annual report.

Mr. Zhang Yuan, aged 57, is a vice president of the Company. He graduated from Northwest Telecommunication Construction University with a bachelor's degree. He is a professor-grade senior engineer. Mr. Zhang joined the Group in 2003. Mr. Zhang has worked as engineer and office director of Energy Research Institute of Qinghai Province and has worked as engineer of Rural Electrification Department of the Ministry of Energy Resources. He has successively served as the deputy division chief of Hydropower and Agriculture Electricity Department of the Ministry of Electric Power, the division chief of Hydropower and New Energy Development Department and Power Construction Department of the State Power Corporation, and the deputy president of China Longyuan Electric Power Group Corporation.

Mr. Fei Zhi, aged 46, is a vice president and the chief legal advisor of the Company. He graduated from Shanghai Institute of Electric Power in Engineering and graduated from Southeast University as well as Jiangsu University and is a doctor of Management. He is a senior engineer. Mr. Fei joined the Group in 1995. Mr. Fei has successively served as deputy section chief of Technology Education Section of Tianshenggang Power Plant, head of Fuel Department and Maintenance Department, assistant to president and president of Nantong Tianshenggang Power Generation Co., Ltd.. Mr. Fei has also worked as director of the Preparation Office of Guodian Jiangsu Haimen Power Plant.

Mr. Jia Nansong, aged 51, is a vice president, the board secretary and one of the joint company secretaries of the Company. He graduated from North China Electric Power University majoring in engineering and served as a senior engineer. He joined the Group in 1994. Mr. Jia held positions in the Power Generation Division of the Electric Power Planning and Design Institute and the Information Centre of the Ministry of Electric Power. He also successively served as the deputy manager of Technical Development Department, the manager of the Market Exploitation and Technical Development Department, the manager of the Project Development Department and the manager of the Technical Development Department of China Longyuan Electric Power Group Corporation as well as the standing vice president of Longyuan West Heat. He was also the manager of the Human Resource Department and the Auditing Supervision Department, the deputy chief economist and the assistant to president as well as the director of the Office of President of China Longyuan Electric Power Group Corporation, and the board secretary and one of the joint company secretaries of China Longyuan Power Group Corporation Limited*.

Mr. Zhang Baoquan, aged 53, is a vice president of the Company. Mr. Zhang graduated successively from Tsinghua University and the Hydropower Department of China Electric Power Research Institute (水利電力部電力科學研究院) with a master's degree in Engineering. Mr. Zhang is a professor-grade senior engineer. Mr. Zhang joined the Company in 1993. He had served in China Electric Power Research Institute and China Electricity Council. He had successively worked as the deputy manager of the Engineering Project Department of Zhongneng Power-Tech, the president of Zhongneng Power Technology Trading Company (中能電技術貿易公司), assistant to president and president of Zhongneng Power-Tech, president of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited, assistant to president and chief economist of China Longyuan Electric Power Group Corporation, as well as the standing deputy director and director of Renewable Energy Research and Development Centre.

Mr. Chang Shihong, aged 39, is the chief accountant of the Company. Mr. Chang graduated from Dongbei University of Finance & Economics with a master's degree in Accounting. He is a senior accountant. Mr. Chang joined the Group in 2009. Mr. Chang had successively worked as a member of the Party Committee and the chief accountant of Guodian Datong No. 2 Power Plant, deputy head (in charge) of Finance Division of Finance and Property Right Management Department of China Guodian Corporation, deputy head (in charge) of Accounting Division of Finance Management Department of China Guodian Corporation, director of Finance and Property Right Management Department of China Longyuan Electric Power Group Corporation, and director of Finance and Property Right Management Department and deputy chief accountant of China Longyuan Power Group Corporation Limited*.

JOINT COMPANY SECRETARIES

Mr. Jia Nansong, is the board secretary of our Company and one of the joint company secretaries. Mr. Jia Nansong has profound knowledge and understanding of the PRC power industry and abundant operational and management experience. Biographical details of Mr. Jia Nansong as at the date hereof are set out on Page 96 of this annual report.

Ms. Soon Yuk Tai, aged 47, was appointed as one of the joint company secretaries on 20 November 2010. She is a director of the Corporate Services Division of Tricor Services Limited. Prior to joining Tricor Group in 2002, she was a senior manager of company secretarial services department at Ernst & Young and Tengis Limited in Hong Kong. Ms. Soon is a chartered secretary and a fellow member of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. Ms. Soon has extensive experience in a diversified range of corporate services and has been providing professional secretarial services to many companies listed in Hong Kong.

HUMAN RESOURCES

SUMMARY OF HUMAN RESOURCES

As at 31 December 2013, the Group had a total of 6,600 staff, of which 5,557, or 84.20%, were male, while 1,043, or 15.80%, were female. The staff structure is as follows:

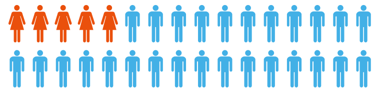


Chart 1: Analysis of the Group's staff by business segments

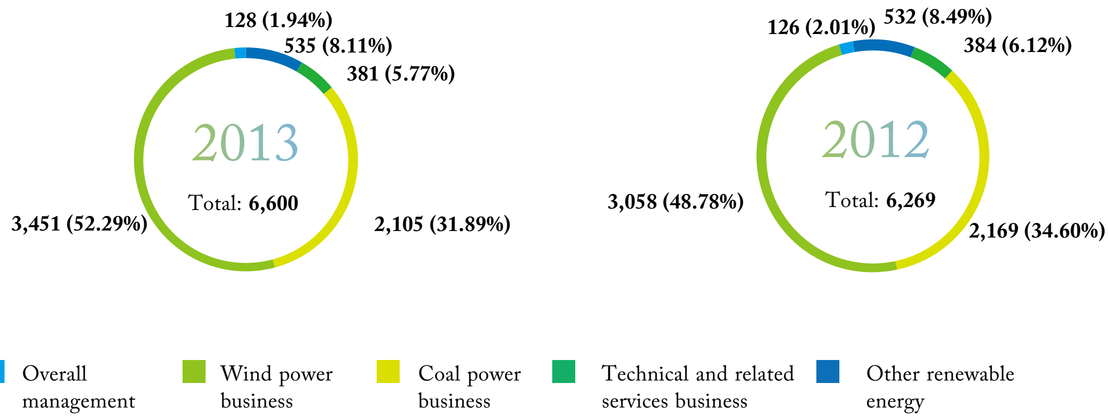


Chart 2: Analysis of the Company's staff by academic qualifications

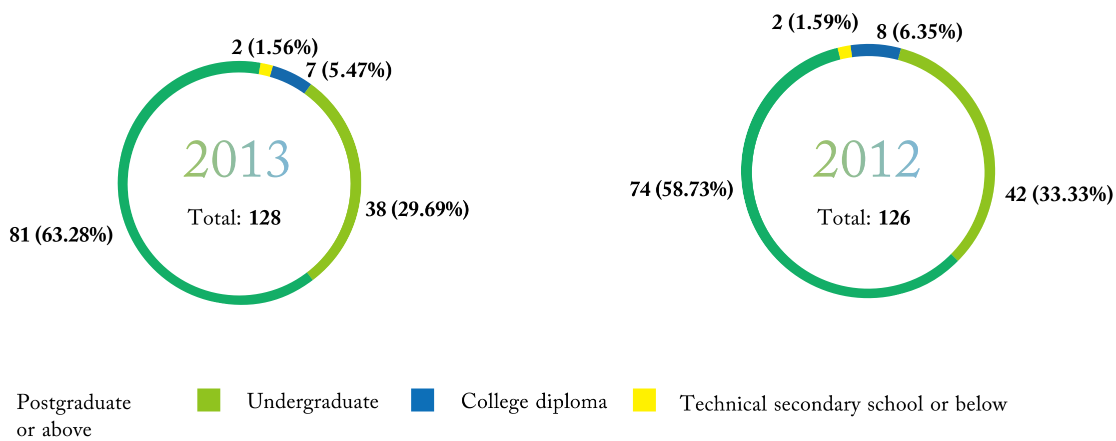


Chart 3: Analysis of the Company's staff by age

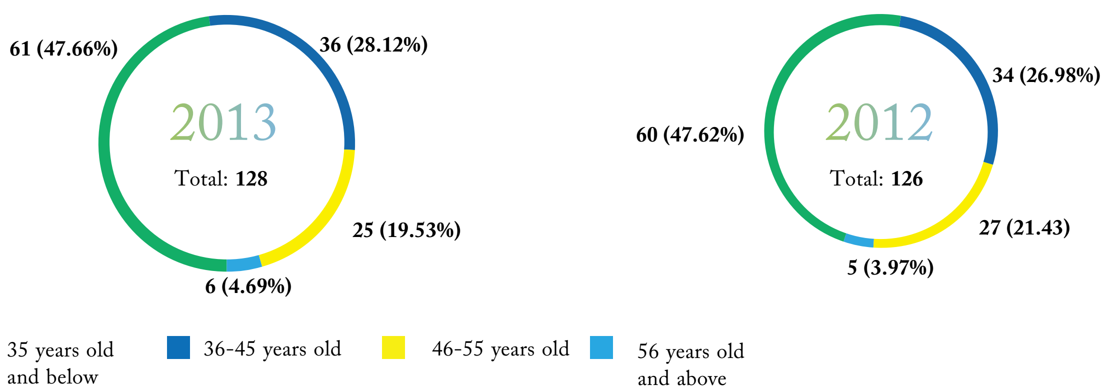


Chart 4: Analysis of the Group's staff by academic qualifications

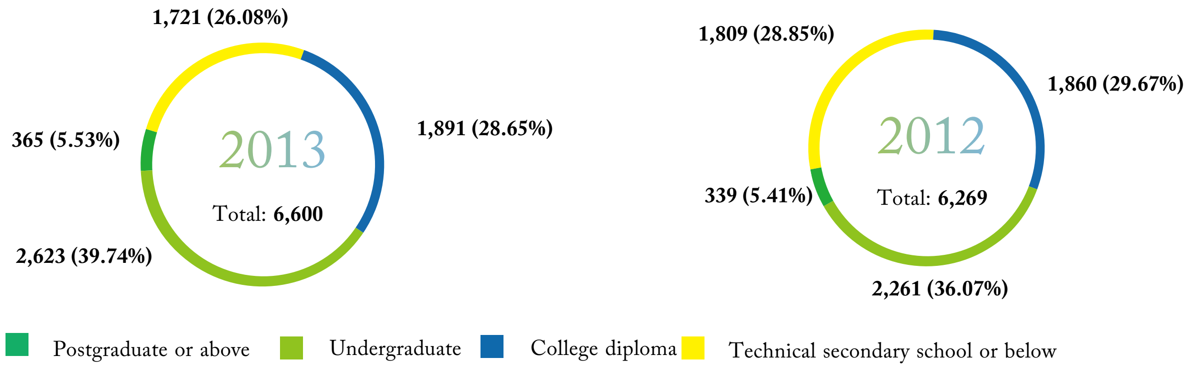
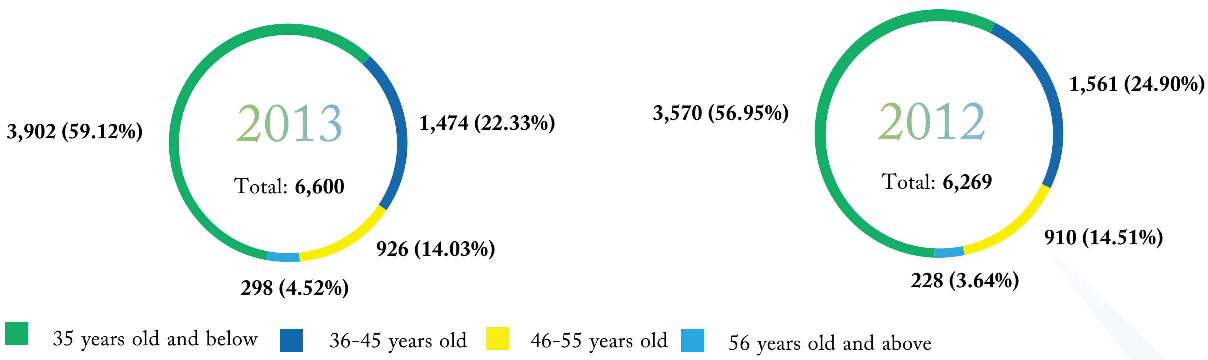


Chart 5: Analysis of the Group's staff by age



STAFF INCENTIVES

In order to cater to its development needs, the Group, on the basis of its existing position-based accountability system, has further perfected an effective mechanism for staff performance appraisal and management. Standardisation of the establishment for the organisation of the enterprise and the allocation of personnel to positions were promoted by adhering to the headcount standard in evaluating headcount. By maintaining a clear division of the Group's objectives for the year, identification of the performance targets of different positions, formulation of performance standards, appraisal of staff performance in an objective and accurate manner, stimulation of the potential and enthusiasm of the employees, the Group has made clear its approach of stressing on both motivations and regulations and established "dual-track" management mechanism for administrative positions and technical operation positions, which has broadened the career prospects of the staff.

STAFF TRAINING

The Group has adopted a two-tier training system, established training centres, built a team of internal trainers of the Company and formulated relevant management system, revised and edited internal training materials for the Company's internal trainings and established a talent team with high quality and a sound staff training system which meet the needs for development of the Group in a bid to duly implement the strategy of strengthening the enterprise by talents, and standardise and strengthen the education and training of the Group's system. The Group has formulated annual training programs and organised to implement training projects for the duty requirements of the management, technical and skilled personnel.

In 2013, the Group continued its efforts in training all kinds of talents by providing its staff with various forms of training, primarily include regular trainings for operation and management, orientation training for new staff, licensed induction training for operation and maintenance staff in wind farms, professional qualification training, international cooperation program training and others. The training system was refined. The various training courses in total were 481, propping up the percentage of staff training to 71.53%. A total of 2,103 production technicians were trained, propping up to the percentage of staff training to 85.5%.

Through continuous development of various training courses, the Group has continuously improved staff quality, reinforced the modern management concept among its management and enhanced the overall management efficiency.

STAFF DEVELOPMENT

The Group paid special attention to personnel training and development, increased efforts to train young cadres through constant innovation of selection and appointment mechanism, continuously optimised leadership structure of enterprises and kept innovation capabilities of the Company. The Group established a talent pool according to profession categories, created professional profiles for key personnel, conducted dynamic assessment of talents via formulation of rules and regulations and kept the overall external competitiveness of talent team of the Group by improvement of internal competition. The Group attached importance to trainings of senior management and key professional technicians, formulated and implemented customised trainings per year through specific survey in accordance with talents' needs and paid special attention to improve operation capabilities of corporate affairs. By optimisation and strict performance of the remuneration system, the Company gave full play to the guiding role of remuneration incentive, increased the linkage between income and performance indicators, implemented dynamic process assessment and feasibly improved staff's subjective initiatives. Meanwhile, the system laid emphasis to support front-line staff and staff from difficult and remote regions, which could keep stability of the Company. The Group set up "Sunshine Huimin Welfare Plan (陽光惠民福利保障計劃)" which provided protection with insurance types such as 40 kinds of critical diseases, complete disability due to illness, traffic accidental injuries and so forth. In recent years, staff of the Group, especially the management, and technician team remained stable.

STAFF REMUNERATION POLICY

The staff remuneration of the Group comprises of basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment on the employees. The Group insisted the orientation towards efficiency and results as well as the focus on front-line staff. It also strived to ensure scientific and reasonable allocation of income. The administration of the remuneration of the management of different types of entities of the Group was further improved. Categorised management was implemented to coal power entities, technology entities, new energy entities, entities located in Qinghai and Tibet areas and overseas entities, and the Company increased allowance to those in the difficult and remote regions.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY STRATEGIES AND MANAGEMENT

The Group attaches great importance to shouldering corporate social responsibility (hereafter abbreviated as "CSR"), making it an important part of the mission in "developing green energy, creating harmonious environment" and the strategic goal of "establishing a corporation of new energy ranking high among international players" (創建國際一流的新能源企業集團). Under the guidance of work principles "Grouping and internationalization" (集團化、國際化), striking "equal importance on scale and benefits, corporate development and employee interests" (規模和效益並重、企業發展和員工利益並重), and "equal importance on hard power and soft power" (硬實力和軟實力並重), it strives to integrate CSR to the Company's operations and management to improve the results and performance of CSR continuously.

The Group explores the management and practice of CSR proactively to achieve mutual improvement between CSR and corporate operations.

It implements the CSR management concept in its corporate decisions, systems and procedures, business operations, daily management and corporate culture comprehensively with the goals of sustainable development, maximization of consolidated value by involving all the employees and omnibearing integration, and through transparent and ethical corporate behaviour. It shall improve its ability comprehensively to create consolidated value, transparency in its operations and influence of its brands to establish a new-energy enterprise image of integrity, improvement and harmony.

ADVANCE ECOLOGICAL ENVIRONMENT PROTECTION

In the process of creation of green energy, the Group endeavored to establish clean development system and gave great impetus ecological environmental protection. During the reporting period, the Group delivered 22,602 million kWh of green power, representing the saving of 6.78 million tons of standard coal and an emission reduction of 22.6 million tons of carbon dioxide and 0.67 millions tons of sulphur dioxide. In the meantime, the Group had established and participated in various projects and activities regarding the conservation of biological diversity, which earned esteem from the government and people from the business locations.

Nantong Tianshenggang Power Generation Co., Ltd. made significant endeavors in launching the scientific research of technological and energy saving projects, with 28 energy saving and renovation projects completed.

Longyuan (Beijing) Solar Energy Technology Co., Ltd. promoted distributed photovoltaic power generation technology into campus and constructed the first campus roof power station project on the roof of Chaoyang Campus of Attached Middle School of Tsinghua University.

Subsidiaries such as Longyuan Liaoning, Longyuan Zhejiang and so forth carried out the activity of sowing to green land in a large area, planted lawn on both sides of main roads and branch roads to wind power plants, covering a green area of 112,600 square metres.

Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. of the Group insisted to carrying out the activity of breeding fish fry named "breed and release" every summer, bred millions of fish fry, so as to enlarge the number of fish bearing in the sea area of Rudong.

Bird observation station of Longyuan Rudong Offshore Wind Farm of the Group was established for assistance to observe migration of birds and protect birds in a long run. Ecological restoration project of Longyuan Rudong 150 MW Offshore Wind Farm was entered into contract, thus the Group will invest over RMB10 million to the implementation of various ecological projects such as the breed and release, establishment of cultivation demonstration area, bird protection and so forth, so as to provide technological support and ecological guarantee for sustainable development of society and economy of coastal area of Jiangsu.

PUBLIC WELFARE

The Group proactively participates in public welfare, performing CSR with actual action. It introduced the "Longyuan's Green Care Action" plan (「龍源綠色關愛」行動) with efforts. It earned trust and respect by its integrity, offerings and mutual development and strived to have a harmonious development between corporate and social development, creating the positive image of a responsible corporation in green development. This year, the Group repays the society in various channels such as proactive launch of subsidies of education and to the handicapped, assistance to the poor and people with difficulties, and low carbon practices. Its donations to public welfare amounted to over RMB7 million.

Longyuan Golmud New Energy Development Co., Ltd. has undertaken the construction of solar streetlights for the emigrant village of Qumarleb County settled in Golmud City, Yushu, Qinghai, which was an aid project of China Guodian Corporation. The project, with a total investment of RMB1 million, has been completed and put into use.

Longyuan Tibet New Energy Co., Ltd. has carried out the Golden Sun project in areas without electricity supply in Tibet, which provided power for 168,000 families of farmers and herdsmen, or approximately 673,000 people, and improved the power quality for some residents. In the meantime, the project has provided electricity for 1,455 public places in villages, 17 primary schools, 196 teaching locations, 666 temples, 143 management committees of temples, and 64 railway or highway maintenance squads (work areas).

Longyuan Canada Renewables, Ltd. has been taking the initiate to integrate into the local community. It has donated for local schools, food bank, clubs of ice hockey, skiing and ATV, and different activities including concert and horse racing. In the meantime, it also launched educational activities on green energy in the local community.

The volunteers from Longyuan Xinjiang Co., Ltd. (龍源新疆公司) donated books, including the Handbook on Preventing Juvenile Delinquency (《預防青少年犯罪手冊》) and Public Security and Self Help of Teenagers (《青少年公共安全與自救》) to the primary and secondary schools in Bortala Mongol Autonomous Prefecture, Xinjiang. The Youth League Committee of the Autonomous Prefecture was entrusted to deliver the books to the students for their reading and learning.

Longyuan Gansu Co., Ltd. (龍源甘肅公司) implemented the poverty relief activity of "Connecting villages and families for the improvement of livelihood" (「聯村聯戶、為民富民」). It has raised more than RMB200,000 and completed the restoration of village committee, activity room for Party members and cultural square in Malong Village, which improved the study and cultural life of the villagers.

PROMOTION OF LOW-CARBON LIVING

The Group has been actively promoting low carbon living and its philosophy by nurturing and propelling voluntary reduction among domestic enterprises of the society, giving support to enterprises which are willing to cut back on carbon emission voluntarily or refraining from personal emission of carbon. In order to expedite the development of low-carbon living, the Group promoted a low-carbon style of work and life at corporate level, meaning the staff is encouraged to take real action to save resources, protect environment and lead the new trend of society proactively.

The Group has been keen to undertake the construction-related work for the system of the voluntary emission-reduction methodology in the PRC and is strived to devote itself to the development of emission reduction in the country. It issued the pamphlet of "Promote Low-Carbon Life, Support Green Energy" (「倡導低碳生活，支持綠色能源」). The Group also launched the "Blue Sky, Green Earth, Pure Wind, Nice Scenery" (「天藍、地綠、風清、景美」) activity of green energy base to promote civilised construction and the sense of environmental protection. 30 entities of the Group have set up volunteer organisations of juvenile employees to launch service activities on regular basis with increasing number of participants over years.

Longyuan Zhejiang Wenling Jiangxia Pilot Tidal Power Station participated in the theme campaign which is the first "Low-carbon Day of the State" of Zhejiang Province and set up an exhibition area to the significance of tidal energy as green energy to the promotion of low-carbon and environmental protection.

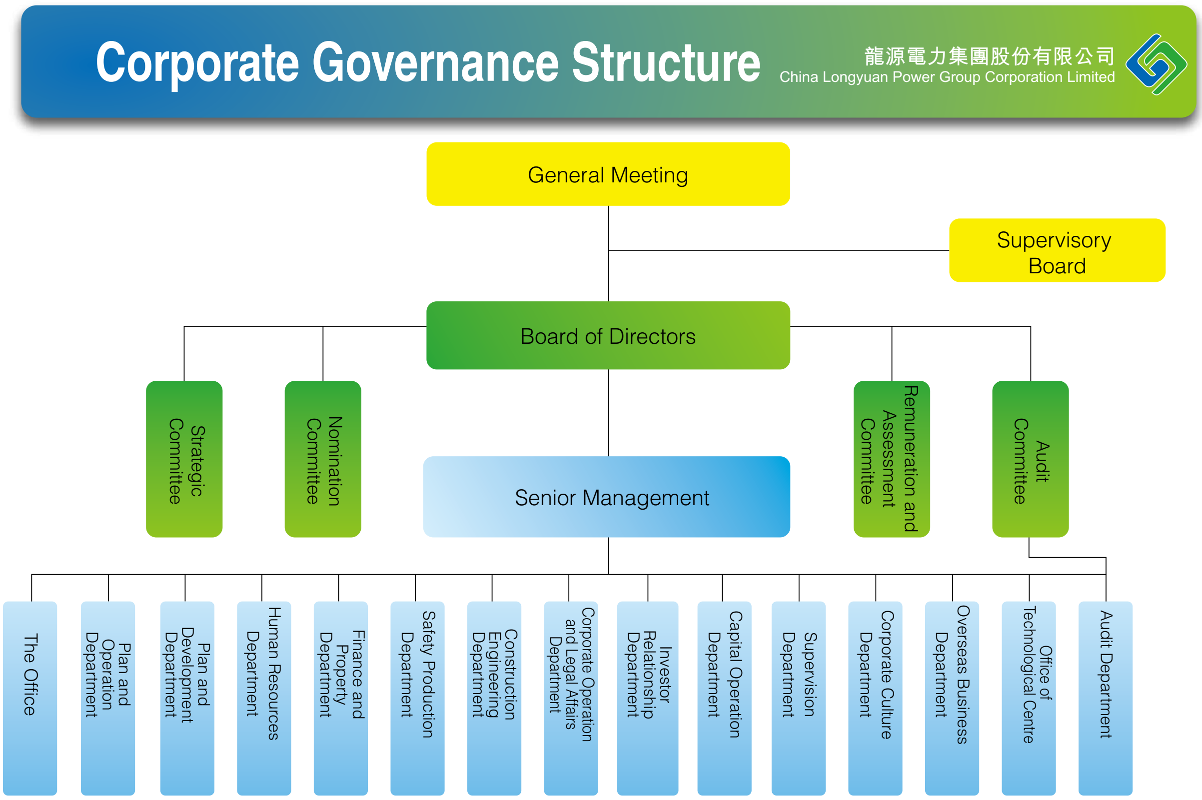
Volunteer service team from Longyuan Hebei Company developed environmental protection activity themed "Care Nature and Protect Environment", distributed handbooks and preached in Chengde City, Weichang County as well as villages and towns surrounding five wind power stations in Weichang County, and received good social effect.

Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. and Beijing Environment Exchange concluded a transaction of VER amounting to 16,000 tons for "Low-carbon Transportation Card" project in the Twelfth National Games, so as to offset the carbon emission from citizens traveling by bus and metro, which was the first attempt in the history of the National Games.

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the shareholders the corporate governance report for the year ended 31 December 2013.

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



CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties of the Company, which are specifically as follows: (1) formulating and reviewing the Company's policies and practices on corporate governance; (2) reviewing and monitoring the training and continuous professional development of directors and senior management; (3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (4) formulating, reviewing and monitoring the code of conduct of employees and directors; and (5) reviewing the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report contained in annual report.

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a higher standard of corporate governance practices. For the year ended 31 December 2013, save as the deviation from the code provision E.1.2 disclosed in paragraph 8 below, the Company has complied with all the code provisions as set out in the "Corporate Governance Code" contained in Appendix 14 to the Listing Rules. The Company has also adopted certain recommended best practices contained in the above Code, as appropriate.

Corporate governance practices adopted by the Company are summarised below:

1. The Board

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

1.1 Composition of the Board

As at 31 December 2013, the Board consisted of nine Directors, including two executive Directors, four 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 87 to 92 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 requirement of Rule 3.10(1) of the Listing Rules requiring the appointment of at least three independent non-executive Directors. It has also complied with the subsequent new requirement of Rule 3.10A of the Listing Rules which requires that independent non-executive Directors shall represent at least one third of the Board. The Company is also in compliance with the requirement under Rule 3.10(2) of the Listing Rules about the qualifications requirement of at least one of the independent non-executive Directors. 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 considers all independent non-executive Directors to be independent pursuant to the requirements as set out in the Listing Rules.

The Company firmly believes that the increasing diversity at the board level is one of essential elements in supporting the attainment of its strategic objectives and its sustainable development, therefore, the Company formulated Board Diversity Policy in October 2013. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can be brought to the Board. All nominees proposed by the Board shall comply with the principle of appointment based on merits and fully take into account objective conditions and benefits of diversity of the Board while considering candidates. The nomination committee will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board.

The current composition of the Board is set out as follows:

Name	Position in the Company	Date of Being Appointed/Re-elected
Qiao Baoping	Chairman of the Board and Non-executive Director	30 July 2013
Chen Bin	Non-executive Director	3 July 2012
Wang Baole	Non-executive Director	3 July 2012
Luan Baoxing	Non-executive Director	3 July 2012
Li Enyi	Executive Director and	30 July 2013
	President	26 April 2013
Huang Qun	Executive Director	3 July 2012
Lv Congmin	Independent Non-executive Director	3 July 2012
Zhang Songyi	Independent Non-executive Director	3 July 2012
Meng Yan	Independent Non-executive Director	3 July 2012

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year, to be convened by the Chairman of the Board. A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state relevant information such as the time, venue, agenda and the subject matters to be discussed, etc.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is 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 is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

The details regarding Board meetings convened during the reporting period and the attendance of Directors at such meetings are set out in the Directors' Report in this annual report.

1.3 Powers Exercised by the Board and the Management

The powers and duties of the Board and the management have been clearly provided in the Articles of Association, which aims to provide adequate check and balance 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 for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

1.4 Chairman and President

The roles of the Chairman of the Board and President (i.e. the chief executive pursuant to the relevant Listing Rules) of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. Mr. Qiao Baoping acts as the Chairman of the Board (Mr. Zhu Yongpeng, the former Chairman, resigned on 30 July 2013) and Mr. Li Enyi acts as the President (the former President Mr. Xie Changjun resigned on 26 April 2013). The Board considered and approved the Rules and Procedures of the Board Meeting and the Terms of Reference of the Senior Management of the Company, which clearly defined the division of duties between the Chairman and the President.

Mr. Qiao Baoping, 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. Li Enyi, the President, is mainly responsible for the Company's day-to-day operation and management, including organising the implementation of Board resolutions, making day-to-day decisions, etc.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at shareholders' meetings with a term of office of three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

1.6 Directors' Remuneration

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

2. Board Committees

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

2.1 Audit Committee

The audit committee consists of three Directors: Mr. Luan Baoxing (non-executive Director), Mr. Zhang Songyi (independent non-executive Director) and Mr. Meng Yan (independent non-executive Director). Mr. Meng Yan serves as the chairman of the audit committee.

The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectivity of external auditors and effectiveness of audit process; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board; oversee the financial reporting system and internal control procedures of the Company; evaluate the effectiveness of the internal control and risk management system; ensure co-ordination between the internal and external auditors and ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have sufficient capabilities and experience and are provided with regular training programs or similar arrangement.

During the reporting period, the audit committee held four meetings, details of which are as follows:

- On 25 March 2013, the 2013 first meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report made by the external auditor in respect of the audit of the Company's 2012 annual financial statements was heard; (2) the Company's 2012 annual financial statements were considered and approved; (3) the Company's 2012 annual report and results announcement were considered and approved; and (4) the re-appointment of auditors for 2013 and their remuneration were considered and approved.

- On 26 April 2013, the 2013 second meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report made by the external auditor in respect of the review of the Company's 2013 first quarterly results announcement was heard; and (2) the Company's 2013 first quarterly results announcement were considered and approved.

- On 19 August 2013, the 2013 third meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report made by the external auditor in respect of the review of the Company's 2013 interim financial statements was heard; (2) the Company's 2013 interim financial statements were considered and approved; (3) the Company's 2013 interim report and interim results announcement were considered and approved; and (4) the fees payable to KPMG for 2013 interim review were considered and approved.

- On 31 October 2013, the 2013 fourth meeting of the audit committee of the second session of the Board was held, at which the following works were performed: (1) the report relating to the third quarterly results announcement for 2013 of the Company was heard; and (2) the third quarterly results announcement for 2013 of the Company was considered and approved.

All members of the audit committee, i.e. Mr. Meng Yan, Mr. Zhang Songyi and Mr. Luan Baoxing attended the above four meetings. The attendance rate of all the meetings was 100%.

2.2 Remuneration and Assessment Committee

The remuneration and assessment committee consists of three Directors: Mr. Wang Baole (non-executive Director), Mr. Lv Congmin (independent non-executive Director) and Mr. Zhang Songyi (independent non-executive Director). Mr. Zhang Songyi is the chairman of the remuneration and assessment committee.

The Company has adopted the model of making recommendations by the remuneration and assessment committee to the Board in deciding the remuneration packages of executive Directors and senior management.

The primary responsibilities of the remuneration and assessment committee are to make recommendations to the Board with respect to the establishment of policies, schemes or proposals for Directors' and senior management's remuneration; review, approve and oversee the overall remuneration proposals for Directors and senior management; formulate the evaluation standards on Directors and senior management and assess the said standards; and ensure that neither the Director nor any of his or her associates may determine his or her own remuneration etc.

During the reporting period, the remuneration and assessment committee held one meeting, details of which are as follows:

- On 25 March 2013, the 2013 first meeting of the remuneration and assessment committee of the second session of the Board was held, at which the following works were performed: (1) the briefing on the remuneration proposals for Directors, supervisors and senior management of the Company for 2013 was heard; (2) the remuneration of Directors, supervisors and senior management for 2013 was considered and approved; (3) the briefing on the withdrawal plan of the Board's fund for 2013 was heard; and (4) the withdrawal plan of the Board's fund for 2013 was considered and approved.

All members of the remuneration and assessment committee who were in office on the date on which the above meeting was held, being Mr. Wang Baole, Mr. Lv Congmin and Mr. Zhang Songyi attended the meeting. The attendance rate is 100%.

2.3 Nomination Committee

The nomination committee consists of three Directors: Mr. Qiao Baoping (non-executive Director), Mr. Lv Congmin (independent non-executive Director) and Mr. Meng Yan (independent non-executive Director). Mr. Qiao Baoping was appointed as the chairman of nomination committee on 30 July 2013 and Mr. Zhu Yongpeng, a former non-executive Director and Chairman, resigned as the chairman of the nomination committee on the same day.

The primary responsibilities of the nomination committee are to review the structure, size and composition of the Board, formulate the procedures and standards for nominating candidates for Directors and senior management, conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management and comment and review the independence of independent non-executive Directors.

In addition, in accordance with the Board Diversity Policy issued by the Company in October 2013, the nomination committee shall supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. Meanwhile, the nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board. The nomination committee considered that during the reporting period, the composition of the members of the Board was in accordance with the requirements of the Board Diversity Policy.

During the reporting period, the nomination committee held three meetings, details of which are as follows:

- On 26 April 2013, the 2013 first meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the changes of the President was heard; and (2) the changes of the President were considered and approved.

- On 9 June 2013, the 2013 second meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the changes of the Directors was heard; and (2) the changes of the Directors was considered and approved.

- On 12 December 2013, the 2013 third meeting of the nomination committee of the second session of the Board was held, at which the following works were performed: (1) the report concerning the re-appointment of vice president was heard; (2) the appointment of vice president was considered and approved; (3) the report concerning the change of chief accountant was heard; and (4) the change of chief accountant was considered and approved.

All members of the nomination committee who were in office on the dates on which the above three meetings were held, being Mr. Zhu Yongpeng, Mr. Lv Congmin and Mr. Meng Yan for the meeting on 26 April 2013 and 9 June 2013 and Mr. Qiao Baoping, Mr. Lv Congmin and Mr. Meng Yan for the meeting on 12 December 2013, attended the said meetings. The attendance rate was 100%.

2.4 Strategic Committee

The strategic committee consists of four Directors: Mr. Li Enyi (executive Director), Mr. Wang Baole (non-executive Director), Mr. Chen Bin (non-executive Director) and Mr. Huang Qun (executive Director). Mr. Li Enyi was appointed as the chairman of the strategic committee on 30 July 2013 and Mr. Xie Changjun, the former executive Director, resigned on the same day from the position of the chairman of the strategic committee.

The primary responsibilities of the strategic committee are to formulate the Company's overall development plans and investment decision-making procedures; review the Company's long-term development strategies; review the Company's strategic planning and implementation reports; and review significant capital expenditure, investment and financing projects that require approval of the Board.

During the reporting period, the strategic committee held one meeting, details of which are as follows:

- On 25 March 2013, the 2013 first meeting of the strategic committee of the second session of the Board was held, at which the following works were performed: (1) the report on the comprehensive scheme and arrangement of the Company for 2013 was heard; (2) the comprehensive scheme and arrangement of the Company for 2013 was considered and approved; (3) the report on the safety production scheme and arrangement of the Company for 2013 was heard; (4) the safety production scheme and arrangement of the Company for 2013 was considered and approved; (5) the report on the construction scheme and arrangement of the Company for 2013 was heard; and (6) the construction scheme and arrangement of the Company for 2013 was considered and approved.

All members of the strategic committee who were in office attended the abovementioned meeting, being Mr. Xie Changjun, Mr. Wang Baole, Mr. Chen Bin and Mr. Huang Qun attended the meeting dated 25 March 2013. The attendance rate reached 100%.

3. 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 2013.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, inside 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 and approval, as appropriate, of the financial information and position of the Group.

There are no material uncertainties relating to events or conditions that may have a severe impact on the Company's ability to continue as a going concern.

In addition, the Company has arranged appropriate insurance cover in respect of possible legal actions and liabilities against the Directors.

4. Compliance with the Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its Directors and supervisors in the securities of the Company. Having made specific enquiry of 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 are on no less exacting terms than the Model Code. The Company is not aware of 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 compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

5. Training of Directors and Company Secretaries

All existing Directors participated in continuous professional development in 2013 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all existing Directors' training are set out as below:

Name	Position	Training Received in 2013 *(hours)*	Areas covered in the Training
Qiao Baoping	Chairman of the Board and Non-executive Director	387	Corporate governance and relevant regulations, corporate management, industry research, strategic planning, financial management and capital operation, etc.
Chen Bin	Non-executive Director	285	Corporate governance, relevant regulations, accounting, financial management and corporate operations, etc.
Wang Baole	Non-executive Director	317	Corporate governance, relevant regulations, industry research, corporate management, planning studies, market planning and system formulation, etc.
Luan Baoxing	Non-executive Director	248	Corporate governance, relevant regulations, accounting, capital operations and financial management, etc.
Li Enyi	President and Executive Director	262	Corporate governance and relevant regulations, corporate management, energy studies, strategic management, human resources etc.
Huang Qun	Executive Director	232	Corporate governance, relevant regulations, financial management, capital operations and relevant business of the Company, etc.
Lv Congmin	Independent Non-executive Director	272	Corporate governance, relevant regulations and research, energy, economy, international political and economic situation and hot issues in the international law field, etc.
Zhang Songyi	Independent Non-executive Director	416	Corporate governance, finance, economy, energy and economics, etc.
Meng Yan	Independent Non-executive Director	270	Corporate governance and relevant regulations, accounting and financial management, etc.

In addition, Mr. Jia Nansong and Ms. Soon Yuk Tai, Joint Company Secretaries of the Company, took part in relevant training respectively in 2013 and, therefore, have complied with the requirement under Rule 3.29 of the Listing Rules.

6. Internal Controls

The Company highly recognises the importance of internal control. A sound and effective internal control system has been established to protect shareholders' investments and the Company's assets.

In respect of rules and regulations, the Company set up systems on internal control, including "Rules and Procedures of Board Meetings" (《董事會議事規則》), "Rules and Procedures of Meetings of the Audit Committee" (《審計委員會議事規則》), "Rules and Procedures of Meetings of the Remuneration and Assessment Committee" (《薪酬與考核委員會議事規則》), "Rules and Procedures of Meetings of the Nomination Committee" (《提名委員會議事規則》), "Rules and Procedures of Meetings of the Strategic Committee" (《戰略委員會議事規則》), "Provisions on Information Disclosure" (《信息披露事務管理規定》), "Rules on the Management of Connected Transactions" (《關連交易管理辦法》), "Tentative Risk Management Framework" (《風險管理框架(試行)》), "Template for Regular Declaration Requirement by Directors and Senior Management" (《董事與高管定期聲明規定模板》), "Terms of Reference of the Senior Management of the Company" (《公司高管職責說明書》), "Interim Measures on Anti-Corruption, Complaints and Reports" (《反舞弊及接收投訴、舉報的暫行辦法》) and "Management System of Internal Audit" (《內部審計管理制度》), etc.

In terms of organisational structure, the Company established the Finance and Property Department, Audit Department and Supervision Department with adequate personnel to take charge of specific works such as financial and operational controls, risk management, internal audit and anti-corruption. Besides, the Company provides reasonable budgets and arranges regular training 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 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 is able to submit relevant information to the Board smoothly. Being the most senior point of contact to each department, the President of the Company has the duty to effectively report to the Board in relation to the operation conditions of each department, and to coordinate and mobilise the demands of each department to enhance 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 accurately and timely, and be exercised with supervision.

During the reporting period, the Board assessed the internal control systems of the Company and subsidiaries, covering financial, operational and compliance controls and risk management etc, and was not aware of any material deficiencies or any material defaults with respect to internal controls. The Board believes that the current monitoring control systems of the Company are effective and considers that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions are adequate.

7. Auditors and Their Remuneration

KPMG and Ruihua Certified Public Accountants (special general partner) were appointed as auditors for the Company's financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises for the year ended 31 December 2013, respectively.

For the year ended 31 December 2013, the fees payable to KPMG and Ruihua Certified Public Accountants (special general partner) for audit services were RMB12,400,000 and RMB7,850,000 respectively, and the fees for interim review were RMB6,800,000. For the year ended 31 December 2013, the fees payable to KPMG for the provision of non-audit services in respect of bonds issuance for Longyuan Group amounted to US$80,000.

The statements of the reporting responsibility of KPMG, the Company's external auditor, in respect of the financial statements are set out on pages 129 to 130 of this annual report.

8. Shareholders' Meetings

During the reporting period, the Company held three general meetings in total.

On 31 May 2013, the Company held the annual general meeting for 2012. Executive Director of the Company, Mr. Xie Changjun who was in office on the date on which the annual general meeting was held (resigned on 30 July 2013) and non-executive Directors, Mr. Chen Bin and Mr. Luan Baoxing, and independent non-executive Director, Mr. Lv Congmin were present at such annual general meeting. Non-executive Directors of the Company, Mr. Zhu Yongpeng (resigned) and Mr. Wang Baole; executive Director, Mr. Huang Qun, and independent non-executive Directors, Mr. Zhang Songyi and Mr. Meng Yan were absent from the abovementioned annual general meeting due to work reasons.

On 30 July 2013, the Company held the first extraordinary general meeting for 2013. Executive Director of the Company, Mr. Xie Changjun (resigned); non-executive Directors, Mr. Chen Bin and Mr. Luan Baoxing; and independent non-executive Directors, Mr. Lv Congmin and Mr. Meng Yan were present at the meeting. Non-executive Directors of the Company, Mr. Zhu Yongpeng (resigned) and Mr. Wang Baole, executive Director, Mr. Huang Qun, and independent non-executive Director, Mr. Zhang Songyi were absent from the abovementioned general meeting due to work reasons.

On 10 October 2013, the Company held the second extraordinary general meeting for 2013. Non-executive Directors of the Company, Mr. Chen Bin and Mr. Luan Baoxing; executive Director, Mr. Li Enyi; and independent non-executive Director, Mr. Lv Congmin were present at the meeting. Non-executive Directors, Mr. Qiao Baoping and Mr. Wang Baole, executive Director, Mr. Huang Qun, and independent non-executive Directors, Mr. Zhang Songyi and Mr. Meng Yan were absent from the abovementioned general meeting due to work reasons.

The Company will arrange the Board and relevant committee members to attend and answer questions from shareholders at the Company's annual general meeting for 2013.

A circular to shareholders, containing resolutions to be put forward at the annual general meeting for 2013 and relevant information, has been dispatched to the shareholders together with this annual report.

9. Communication Policy with Shareholders

The Company highly values shareholders' opinions and advice, and proactively organises various investor relations activities to maintain connections with shareholders and satisfies timely response to the reasonable requests of shareholders in a timely manner.

9.1 Shareholders' rights

The Board is committed to maintaining an on-going dialogue with shareholders and makes timely disclosure to shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between shareholders and the Board. A forty-five (45) days' prior written notice for convening a general meeting shall be served to notify shareholders, whose names appear in the register of shareholders, of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall serve their written replies on the Company twenty (20) days prior to the date of the meeting.

Two or more than two shareholders who severally or jointly hold more than 10% (including 10%) of the issued and voting shares of the Company may request the Board, in writing, to convene an extraordinary general meeting or a shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall as soon as possible after receipt of the request proceed to convene an extraordinary general meeting or a shareholders' class meeting within two months. The calculation of the above-mentioned shareholdings shall be based on the information as at the date of deposit of the request.

If the Board fails to issue a notice to convene such a meeting within 30 days from the date of receipt of the above written request, shareholders severally or jointly holding more than 10% (including 10%) of the issued and voting shares of the Company are entitled to request the Supervisory Board to convene an extraordinary general meeting or a shareholders' class meeting and such request should be made in written form. The Supervisory Board may itself convene such a meeting within four months of the receipt of the requisition by the Board. In the case of the failure of the Supervisory Board to convene and preside over such a meeting, shareholders severally or jointly holding more than 10% (including 10%) of the Company's shares for more than 90 consecutive days shall be entitled to convene the meeting. The procedures of convening such a meeting should follow, as far as possible, those of a general meeting convened by the Board.

In the event the Company convenes an annual general meeting, shareholders holding an aggregate of 3% (including 3%) or more of the Company's shares with voting rights are entitled to propose ad hoc motions in writing to the Company. The Company should include those motions which fall within the scope of duties and functions of general meetings into the agenda of the meeting. The ad hoc motions proposed by shareholders shall be subject to the following requirements: (i) the contents shall not contravene any requirements of the laws and regulations and shall fall within the scope of the Company's operations and duties and functions of general meetings; (ii) they shall relate to definite topics and specific matters to resolve; and (iii) they shall be made in writing and delivered to the Board at least ten days prior to the holding of the general meeting.

9.2 Shareholders' Enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on its website at www.clypg.com.cn, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on pages 275 to 276 of this annual report.

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

10. Investor Relations

10.1 Investor Relations Activities

Results Roadshows

In 2013, the Company published 2012 annual results and 2013 interim results in March and August, respectively, and organised results roadshows. During the period of annual report conference, the main financial media, 104 investment and analysis institutions, nearly 130 analysts and investors attended the meeting. During the period of annual report roadshow, the management of the Company communicated with new and existing shareholders in a face-to-face manner through 15 investor meetings. A total of 20 media from Hong Kong and 189 investment and analysis institutions attended the interim report conference. 14 investor meetings were organised for the interim report roadshow and in-depth communications were conducted with 59 representatives from investment institutions.

Since announcement of first quarterly results and third quarterly results for 2013, the Company organised and convened teleconference with global investors. 72 and 96 large institutional investors and investment bank analysts from Hong Kong, Singapore, Europe, the US and so forth attended the two quarterly report teleconferences respectively.

Investors' Routine Calls and Visits

In 2013, the Company arranged 110 routine investor meetings by way of one-to-one/group/teleconference meetings and fully and effectively communicated and exchanged opinions with over 230 corporate investors and analysts. In addition, the Company organised 4 visits to wind farms for foreign investors, conducted on-site investigation of wind farms in Inner Mongolia, Fujian, Jiangsu and so forth, and showed large-scale wind power base and advanced operation and management standard of the Group to international investors.

Investment Summits

In 2013, the Company received 42 invitations from international major investment summits, participated in the summit held by four well-known investment banks, and held face-to-face conversations with 63 investment institutions through 14 one-to-one/group meetings.

10.2 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fairly disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company for easy inquires. In 2013, the Company published 73 pieces of information on the Stock Exchange and 28 articles concerning the latest news.

11. Contact Person of Joint Company Secretary

Ms. Soon Yuk Tai from Tricor Services Limited, being an external service provider, is acting as the joint company secretary of the Company. Mr. Jia Nansong, the Board secretary of the Company, is her primary contact person.

SUPERVISORY BOARD'S REPORT

On 3 July 2012, the Supervisory Board was established upon the approval of the extraordinary general meeting of the Company. The current session of the Supervisory Board consists of three supervisors.

In 2013, the Supervisory Board of the Company acted in strict compliance with relevant laws and regulations (such as the Company Law of the PRC), rules, regulatory documents and the Articles of Association, Rules and Procedures of the Supervisory Board of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司監事會議事規則》) and Listing Rules of the Hong Kong Stock Exchange, and for the purposes of the Company's long-run interests and shareholders' interests, it earnestly performed its duties of supervision as to the acts of Directors and senior management of the Company during the exercise of their respective duties of the Company. Major work of the Supervisory Board in the reporting period is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

The 2013 first meeting of the second session of the Supervisory Board was held on 25 March 2013, at which the Resolution Regarding the 2012 Annual Report and Results Announcement of China Longyuan Power Group Corporation Limited (《關於龍源電力集團股份有限公司二零一二年度報告及業績公告的議案》) and the Resolution Regarding the 2012 Annual Report of the Supervisory Board of China Longyuan Power Group Corporation Limited (《關於龍源電力集團股份有限公司二零一二年度監事會報告的議案》) were considered and approved.

The 2013 second meeting of the second session of the Supervisory Board was held on 9 June 2013, at which the Resolution Regarding the Changes in the Supervisors of China Longyuan Power Group Corporation Limited (《關於更換龍源電力集團股份有限公司監事的議案》) and the Resolution Regarding the Election of New Chief Supervisor of China Longyuan Power Group Corporation Limited (《關於選舉龍源電力集團股份有限公司監事會主席的議案》) were considered and approved..

The 2013 third meeting of the second session of the Supervisory Board was held on 19 August 2013, at which the Resolution Regarding the 2013 Interim Report and Interim Results Announcement of China Longyuan Power Group Corporation Limited (《關於龍源電力集團股份有限公司二零一三年度中期報告及中期業績公告的議案》) were considered and approved.

II. WORK OF THE SUPERVISORY BOARD

The Supervisory Board mainly carried out the following work:

1. Inspection of the Legal Compliance of the Company's Operation

During the reporting period, members of the Supervisory Board attended all general meetings held by the Company and attended all Board meetings as non-voting participants, and also considered the proposals which were submitted to the Board for consideration. Through attending such meetings as participants and non-voting participants, the Supervisory Board was able to supervise the major decision-making processes and the performance of duties by the Board members and the senior management members of the Company. The Supervisory Board is of the opinion that the material decision-making process of the Company has been in compliance with laws and regulations, that all Directors and senior management members of the Company have faithfully performed their duties with due diligence, earnestly implemented the resolutions of the general meetings, stuck to lawful operation and prudent decision-making and no violation of laws, regulations, and the Articles of Association and prejudice to the interests of the Company's shareholders have been found during the execution of their respective duties.

2. Inspection of the Company's Financial Condition

During the reporting period, the Supervisory Board reviewed the relevant financial information and the auditors' reports of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China, the accounting system issued by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns has been found. Having duly reviewed the 2013 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditors with an unqualified opinion, the Supervisory Board is of the opinion that the annual report reflects the financial condition and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

3. Inspection of the Company's Material Acquisitions, Disposal of Assets and Connected Transactions

During the reporting period, the Supervisory Board reviewed all information related to the Company's acquisitions, disposal of equity interests and assets and connected transactions with the controlling shareholder of the Company. The Supervisory Board 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 senior management members of the Company have exercised the rights granted by the shareholders and discharged their obligations in good faith and with due diligence. So far, the Supervisory Board 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. Inspection of the Company's Information Disclosure

During the reporting period, the Supervisory Board reviewed all the relevant documents the Company publicly published. The Supervisory Board is of the opinion that the Company has disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

III. Opinions of the Supervisory Committee on the Company's work

The Supervisory Committee opines that during the reporting period, staff at all levels of Company united as one and insisted on the base note of seeking improvement in stability whilst facing complicated political and economic situations at home and abroad. With the guide of optimisation of investment structure and reasonable planning of development layout, the Company focused on the development of its principal business of wind power, strengthened its capability of technological research and development, deepened safety production management, intensified the completion of project construction objectives with fulfilment of quantity and quality requirements, positively explored other renewable energy projects, overcame all the difficulties to achieve a rapid growth in production and maintained the industrial leading advantages in production level of wind power, resulting in new achievements and new breakthroughs in numerous works. The Supervisory Committee is satisfied with the achievement of the Company during the reporting period and is confident on the development prospects of the Company.

Chief Supervisor
Xie Changjun

Beijing, 17 March 2014

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
China Longyuan Power Group Corporation Limited*
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Longyuan Power Group Corporation Limited (the "Company") set out on pages 131 to 270, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with 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.

* *For identification purpose only*

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 2013 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 disclosure requirements of the Hong Kong Companies Ordinance.

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

17 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Revenue	4	**19,122,630**	17,288,185
Other net income	5	**431,900**	1,295,837
Operating expenses			
Depreciation and amortisation		**(4,391,178)**	(3,696,763)
Coal consumption		**(2,225,914)**	(2,627,216)
Coal sales cost		**(2,859,817)**	(3,197,217)
Service concession construction costs		**(667,060)**	(518,519)
Personnel costs		**(1,114,717)**	(924,754)
Material costs		**(398,202)**	(478,519)
Repairs and maintenance		**(521,154)**	(304,780)
Administration expenses		**(396,318)**	(401,614)
Other operating expenses		**(980,040)**	(389,651)
		(13,554,400)	(12,539,033)
Operating profit		**6,000,130**	6,044,989
Finance income		**539,733**	142,752
Finance expenses		**(3,070,501)**	(2,660,423)
Net finance expenses	6	**(2,530,768)**	(2,517,671)
Share of profits less losses of associates and joint ventures		**59,730**	140,069
Profit before taxation	7	**3,529,092**	3,667,387
Income tax	8	**(560,945)**	(342,093)
Profit for the year		**2,968,147**	3,325,294

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Exchange difference on translation of senior perpetual securities	41	**(74,667)**	(2,962)
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets: net movement in the fair value reserve		**(69)**	1,002
Exchange difference on translation of financial statements of overseas subsidiaries		**(20,254)**	(3,207)
Exchange difference on net investment		**(16,621)**	67
Other comprehensive income for the year, net of tax	12	**(111,611)**	(5,100)
Total comprehensive income for the year		**2,856,536**	3,320,194
Profit attributable to:			
Shareholders of the Company		**2,049,465**	2,593,239
Non-controlling interests		**918,682**	732,055
Profit for the year		**2,968,147**	3,325,294
Total comprehensive income attributable to:			
Shareholders of the Company		**2,012,521**	2,591,101
Non-controlling interests		**844,015**	729,093
Total comprehensive income for the year		**2,856,536**	3,320,194
Basic and diluted earnings per share *(RMB cents)*	13	**25.50**	34.66

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	**79,594,134**	73,352,443
Investment properties		**19,596**	76,163
Lease prepayments	16	**1,657,490**	1,417,432
Intangible assets	17	**8,684,012**	8,321,840
Goodwill	18	**11,541**	11,541
Investments in associates and joint ventures	20	**2,296,788**	2,127,151
Other assets	21	**4,481,856**	4,552,962
Deferred tax assets	31(b)	**162,086**	194,214
Total non-current assets		**96,907,503**	90,053,746
Current assets			
Inventories	22	**753,117**	816,414
Trade debtors and bills receivable	23	**6,707,952**	7,997,537
Prepayments and other current assets	24	**2,365,001**	3,155,428
Tax recoverable	31(a)	**184,102**	145,883
Trading securities	25	**315,932**	301,737
Restricted deposits	26	**725,425**	231,530
Cash at bank and on hand	27	**2,714,742**	5,137,584
Total current assets		**13,766,271**	17,786,113

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Current liabilities			
Borrowings	28(b)	24,680,237	26,169,965
Trade creditors and bills payable	29	2,142,169	1,261,005
Other payables	30	9,752,710	8,525,118
Tax payable	31(a)	101,115	118,860
Total current liabilities		36,676,231	36,074,948
Net current liabilities		(22,909,960)	(18,288,835)
Total assets less current liabilities		73,997,543	71,764,911
Non-current liabilities			
Borrowings	28(a)	32,961,219	32,482,141
Deferred income	33	1,876,106	1,903,165
Deferred tax liabilities	31(b)	116,158	97,691
Other non-current liabilities	34	1,003,691	859,988
Total non-current liabilities		35,957,174	35,342,985
NET ASSETS		38,040,369	36,421,926

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
CAPITAL AND RESERVES			
Share capital	35(c)	**8,036,389**	8,036,389
Reserves	35(d)	**22,871,644**	21,393,045
Total equity attributable to the shareholders of the Company		**30,908,033**	29,429,434
Non-controlling interests		**7,132,336**	6,992,492
TOTAL EQUITY		**38,040,369**	36,421,926

Approved and authorised for issue by the board of directors on 17 March 2014.

Qiao Baoping
Chairman

Li Enyi
Executive Director

The notes on pages 143 to 270 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	**375,240**	383,811
Investment properties		**110,596**	158,379
Lease prepayments		**4,609**	4,667
Intangible assets		**618**	614
Investments in subsidiaries	19	**20,745,951**	17,681,706
Investments in associates and joint ventures	20	**913,638**	939,728
Other assets	21	**19,316,450**	21,205,494
Total non-current assets		**41,467,102**	40,374,399
Current assets			
Inventories		**1,979**	639
Trade debtors and bills receivable	23	**8,771**	14,377
Prepayments and other current assets	24	**19,247,256**	17,254,417
Restricted deposits	26	**12,306**	11,960
Cash at bank and on hand	27	**1,785,558**	3,713,545
Total current assets		**21,055,870**	20,994,938
Current liabilities			
Borrowings	28(b)	**15,347,167**	13,927,988
Trade creditors and bills payable		**5,570**	252
Other payables	30	**5,488,223**	4,685,800
Total current liabilities		**20,840,960**	18,614,040
Net current assets		**214,910**	2,380,898
Total assets less current liabilities		**41,682,012**	42,755,297

The notes on pages 143 to 270 form part of these financial statements.

BALANCE SHEET

AT 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Borrowings	28(a)	**16,290,251**	17,795,311
Deferred income		**35,686**	44,060
Deferred tax liabilities		**2,287**	2,310
Total non-current liabilities		**16,328,224**	17,841,681
NET ASSETS		**25,353,788**	24,913,616
CAPITAL AND RESERVES			
Share capital	35(c)	**8,036,389**	8,036,389
Reserves	35(d)	**17,317,399**	16,877,227
TOTAL EQUITY		**25,353,788**	24,913,616

Approved and authorised for issue by the board of directors on 17 March 2014.

Qiao Baoping
Chairman

Li Enyi
Executive Director

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

		Attributable to the shareholders of the Company							Non-controlling interests			
	Note	Share capital RMB'000	Capital reserve RMB'000 *(Note 35 (d)(i))*	Statutory surplus reserve RMB'000 *(Note 35 (d)(ii))*	Exchange reserve RMB'000 *(Note 35 (d)(iii))*	Fair value reserve RMB'000 *(Note 35 (d)(iv))*	Retained earnings RMB'000	Subtotal RMB'000	Senior perpetual securities RMB'000 *(Note 41)*	Others RMB'000	Subtotal RMB'000	Total equity RMB'000
At 1 January 2012		7,464,289	13,816,693	148,171	(16,544)	(1,954)	4,497,936	25,908,591	—	4,416,626	4,416,626	30,325,217
Changes in equity:												
Profit for the year		—	—	—	—	—	2,593,239	2,593,239	8,810	723,245	732,055	3,325,294
Other comprehensive income		—	—	—	(3,140)	1,002	—	(2,138)	(2,962)	—	(2,962)	(5,100)
Total comprehensive income		—	—	—	(3,140)	1,002	2,593,239	2,591,101	5,848	723,245	729,093	3,320,194
Capital contributions		—	—	—	—	—	—	—	—	29,500	29,500	29,500
Issuance of shares upon placing, net of issuing costs		572,100	1,723,273	—	—	—	—	2,295,373	—	—	—	2,295,373
Appropriation		—	—	126,982	—	—	(126,982)	—	—	—	—	—
Dividends by subsidiaries to non-controlling equity owners		—	—	—	—	—	—	—	—	(554,531)	(554,531)	(554,531)
Dividends to shareholders of the Company	35(b)(ii)	—	—	—	—	—	(515,215)	(515,215)	—	—	—	(515,215)
Issuance of senior perpetual securities, net of issuing costs	41	—	—	—	—	—	—	—	2,475,746	—	2,475,746	2,475,746
Disposal of a subsidiary		—	—	—	—	—	—	—	—	2,829	2,829	2,829
Acquisition of businesses under common control	40	—	(830,608)	—	—	—	—	(830,608)	—	—	—	(830,608)
Acquisition of non-controlling interests		—	(19,808)	—	—	—	—	(19,808)	—	(106,771)	(106,771)	(126,579)
At 31 December 2012		8,036,389	14,689,550	275,153	(19,684)	(952)	6,448,978	29,429,434	2,481,594	4,510,898	6,992,492	36,421,926

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

		Attributable to the shareholders of the Company							Non-controlling interests			
	Note	Share capital RMB'000	Capital reserve RMB'000 *(Note 35 (d)(i))*	Statutory surplus reserve RMB'000 *(Note 35 (d)(ii))*	Exchange reserve RMB'000 *(Note 35 (d)(iii))*	Fair value reserve RMB'000 *(Note 35 (d)(iv))*	Retained earnings RMB'000	Subtotal RMB'000	Senior perpetual securities RMB'000 *(Note 41)*	Others RMB'000	Subtotal RMB'000	Total equity RMB'000
At 1 January 2013		8,036,389	14,689,550	275,153	(19,684)	(952)	6,448,978	29,429,434	2,481,594	4,510,898	6,992,492	36,421,926
Changes in equity:												
Profit for the year		–	–	–	–	–	2,049,465	2,049,465	143,017	775,665	918,682	2,968,147
Other comprehensive income		–	–	–	(36,875)	(69)	–	(36,944)	(74,667)	–	(74,667)	(111,611)
Total comprehensive income		–	–	–	(36,875)	(69)	2,049,465	2,012,521	68,350	775,665	844,015	2,856,536
Capital contributions		–	–	–	–	–	–	–	–	41,065	41,065	41,065
Appropriation		–	–	177,642	–	–	(177,642)	–	–	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(619,223)	(619,223)	(619,223)
Dividends to shareholders of the Company	35(b)(ii)	–	–	–	–	–	(511,918)	(511,918)	–	–	–	(511,918)
Interest payment for senior perpetual securities		–	–	–	–	–	–	–	(143,017)	–	(143,017)	(143,017)
Acquisition of non-controlling interests		–	(22,004)	–	–	–	–	(22,004)	–	17,004	17,004	(5,000)
At 31 December 2013		8,036,389	14,667,546	452,795	(56,559)	(1,021)	7,808,883	30,908,033	2,406,927	4,725,409	7,132,336	38,040,369

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	2013	2012
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit before taxation	**3,529,092**	3,667,387
Adjustments for:		
Depreciation	**3,938,659**	3,291,986
Amortisation	**452,519**	404,777
Impairment losses on property, plant and equipment and lease prepayment	**606,353**	—
Gain on disposal of unquoted equity investments	**—**	(5,004)
Gain on disposal of an associate	**(4,935)**	—
Gain on disposal of property, plant and equipment and intangible assets	**(6,214)**	(8,032)
Interest expenses on financial liabilities	**2,810,036**	2,550,867
Foreign exchange differences, net	**(57,566)**	(26,491)
Interest income on financial assets	**(60,324)**	(60,279)
Dividend income	**(55,817)**	(45,500)
Share of profits less losses of associates and joint ventures	**(59,730)**	(140,069)
Changes in working capital:		
Decrease in inventories	**64,489**	109,370
(Increase)/decrease in trading securities	**(14,195)**	104,304
Decrease/(increase) in trade debtors and bills receivable	**1,297,238**	(2,567,600)
Decrease in prepayments and other current assets	**1,630,804**	335,237
Increase in trade and other payables	**244,188**	22,156
Decrease in deferred income	**(137,474)**	(164,523)
Cash generated from operations	**14,177,123**	7,468,586
Income tax paid	**(566,291)**	(470,951)
Net cash generated from operating activities	**13,610,832**	6,997,635

The notes on pages 143 to 270 form part of these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	2013	2012
	RMB'000	*RMB'000*
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	**(10,318,377)**	(13,744,664)
Payments for loans and advances	**(168,287)**	(78,515)
Payments for acquisition of investments in associates and joint ventures, non-controlling interests and unquoted equity investments	**(174,970)**	(912,090)
Payment for acquisition of businesses, net of cash acquired	**(197,110)**	(846,765)
Government grant received	**110,415**	74,965
Proceeds from disposal of property, plant and equipment and intangible assets	**43,505**	352,454
Proceeds from disposal of an associate	**35,219**	—
Proceeds from repayment of loans and advances	**10,000**	565,295
Dividends received	**217,629**	91,266
Interest received	**85,692**	87,433
Time deposits	**56,866**	293,134
Net cash used in investing activities	**(10,299,418)**	(14,117,487)

The notes on pages 143 to 270 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in Renminbi unless otherwise stated)

	2013 *RMB'000*	2012 *RMB'000*
Cash flows from financing activities		
Capital contributions	**41,065**	29,500
Proceeds from borrowings	**22,361,537**	26,071,014
Repayment of borrowings	**(23,633,776)**	(18,003,981)
Dividends paid by subsidiaries to non-controlling equity owners	**(525,319)**	(471,716)
Dividends paid to shareholders of the Company	**(511,918)**	(515,215)
Interest paid for borrowings	**(3,250,705)**	(3,025,108)
Interest paid for senior perpetual securities	**(143,017)**	—
Proceeds from issuance of senior perpetual securities	**—**	2,475,746
Proceeds from issuance of shares	**—**	2,295,373
Net cash (used in)/generated from financing activities	**(5,662,133)**	8,855,613
Net (decrease)/increase in cash and cash equivalents	**(2,350,719)**	1,735,761
Cash and cash equivalents at the beginning of year	**5,080,718**	3,358,190
Effect of foreign exchange rate changes	**(15,257)**	(13,233)
Cash and cash equivalents at the end of year *(note 27)*	**2,714,742**	5,080,718

The notes on pages 143 to 270 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") are principally engaged in wind and coal power generation and sale, coal trading and other related business in the People's Republic of China (the "PRC").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements set out in this report have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable 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 The Stock Exchange of Hong Kong Limited ("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 2(c) 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 2013 comprise the Group and its interest in associates and joint ventures.

The consolidated financial statement have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2013 amounting to RMB22,909,960,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure (see note 36(b)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Basis of preparation of the financial statements *(Continued)*

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 (see note 2(i)) are stated at their fair value.

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

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

Judgements 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 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and new 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 annual financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7, *Disclosures – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to IAS 36, *Impairment of assets – Recoverable amount disclosures for non-financial assets*, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The disclosures about the Group's impaired non-financial assets in notes 15 and 16 have been conformed to the amended disclosure requirements. Impacts of the adoption of other new or amended IFRSs are discussed below:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies *(Continued)*

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group has early adopted the amendments to IAS 1 in previous years, therefore there is no impact on the Group's annual financial report.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with its subsidiaries and other entities as at 1 January 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies *(Continued)*

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 19 and 20.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Changes in accounting policies *(Continued)*

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 36. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

(d) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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 unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised 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.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders 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(q) depending on the nature of the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Subsidiaries and non-controlling interests *(Continued)*

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 resulting 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(i)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(n)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to net assets of the arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Associates and joint ventures *(Continued)*

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). 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(n)). 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 profit or loss whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, 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 interests that in substance form part of the Group's net investment in the associate or the joint venture.

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

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Associates and joint ventures *(Continued)*

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, 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(i)) .

In the Company's balance sheet, its investments in associates and joint venture are stated at cost less impairment losses (see note 2(n)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(g) 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(n)).

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)*

(h) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholders 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 shareholders' consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the shareholders that control 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.

(i) 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 joint ventures, are as follows:

Investments in debt and equity securities are initially stated at cost, which is generally their transaction price. Cost includes attributable transaction costs, except where indicated otherwise below. 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 the 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(x)(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(n)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) 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(n)).

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(x)(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(x)(vi). When these investments are derecognised or impaired (see note 2(n)), 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 or they expire.

(j) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest (see note 2(m)) 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(n)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives ranging from 30 to 50 years. Rental income from investment properties is accounted for as described in note 2(x)(iv).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Other property, plant and equipment

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

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(z)).

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 or valuation 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:

—	Land, buildings and structures	10-40 years
—	Wind turbines	15-20 years
—	Other machinery and equipment	4-30 years
—	Motor vehicles	5-15 years
—	Furniture, fixtures and others	4-18 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(l) Intangible assets

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 amortisation and accumulated impairment losses (see note 2(n)).

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

Amortisation 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 amortised from the date they are available for use and their estimated useful lives are as follows:

—	Concession assets	20 - 25 years
—	Software and others	5 years

Both the period and method of amortisation are reviewed annually.

(m) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Leased assets *(Continued)*

(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, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(j)); and

— land held for own use under an operating lease, where the fair value cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(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 is included in fixed assets 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(k). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(n). 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Leased assets *(Continued)*

(iii) 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 amortised on a straight-line basis over the period of the lease term.

(n) 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 amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date 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 reorganisation;

— 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

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

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

— For investments in subsidiaries, associates and joint ventures (including those recognised using the equity method (see note 2(f)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(n)(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(n)(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)*

(n) Impairment of assets *(Continued)*

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

If any such evidence exists, any impairment loss is determined and recognised as follows *(Continued)*:

— For trade and other current receivables and other financial assets carried at amortised 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

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

If any such evidence exists, any impairment loss is determined and recognised as follows *(Continued)*:

— For available-for-sale securities, the cumulative loss that has been recognised directly in equity 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 directly 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

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

If any such evidence exists, any impairment loss is determined and recognised as follows *(Continued)*:

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.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— investment property;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets;

— goodwill; and

— investment in subsidiaries, associates and joint ventures in the Company's balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

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 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 first 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 of disposal (if measurable), or value in use (if determinable).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) 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.

(o) Inventories

Inventories excluding spare parts are carried at the lower of cost and net realisable value. 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 realisable 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 sale.

When inventories are sold, 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 realisable 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(n)), 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.

(q) 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 amortised 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.

(r) Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any interests and distributions are discretionary. Interests and distributions on perpetual securities classified as equity are recognised as distributions within equity.

(s) 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(w)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(t) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(u) 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.

(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.

(v) 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 balance sheet date, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax *(Continued)*

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 utilised, 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 utilised.

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 realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date 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 utilised. 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)*

(v) 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 realise 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 realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) 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 amortised 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(w)(ii) 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 amortisation.

(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(w)(iii). Contingent liabilities acquired 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(w)(iii).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(iii) 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.

(x) 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, steam and goods

Electricity revenue is recognised when electricity is supplied to the provincial grid companies. Revenue of steam is recognised when steam is supplied to customers. Revenue of goods is recognised when the title of the goods has been passed to customers, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Revenue recognition *(Continued)*

(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.

(iii) Rendering of services

Revenue from the rendering of services is recognised in the statement of profit or loss and other comprehensive income 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Revenue recognition *(Continued)*

(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 deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation expenses.

The Group sells carbon credits known as Certified Emission Reductions ("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. The Group also sells Voluntary Emission Reductions ("VERs"), which are attributable to electricity generation from CDM projects before being registered with CDM EB. Revenue in relation to the CERs and VERs is recognised when following conditions are met:

— the counterparties have committed to purchase the CERs or VERs;

— the sales prices have been agreed; and

— relevant electricity has been generated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(y) 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 balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

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.

The results of those entities, the functional currency of which is other than RMB, are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When the exchange differences related to a foreign operation that is consolidated but not wholly-owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the consolidated balance sheet.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

Exchange differences arising on net investment in a foreign operation are recognised in profit or loss in the separate financial statements. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(z) 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 capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation 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. Capitalisation 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.

(aa) Related parties

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

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

(ii) has significant influence over the Group; or

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(aa) Related parties *(Continued)*

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

(i) 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).

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

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

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

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

(vi) The entity is controlled or jointly controlled by a person identified in note (a).

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial statements 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 CRITICAL ACCOUNTING JUDGEMENTS 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 judgements 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 judgements 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 judgements and estimates used in the preparation of the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS 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 be 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, investment properties, lease prepayments, intangible assets, goodwill and investments in associates and joint ventures, 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 judgement 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 tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred 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 judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

3 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES *(CONTINUED)*

(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.

(e) Income tax

The Group files income taxes in numerous tax authorities. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

(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.

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4 REVENUE

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

	2013 ***RMB'000***	2012 *RMB'000*
Sales of electricity	**14,685,829**	12,404,282
Sales of steam	**252,482**	273,608
Service concession construction revenue *(note 44)*	**667,060**	518,519
Sales of electricity equipment	**105,587**	232,115
Sales of coal	**3,009,557**	3,395,362
Others	**402,115**	464,299
	19,122,630	17,288,185

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5 OTHER NET INCOME

	2013 *RMB'000*	2012 *RMB'000*
Government grants		
— CERs and VERs income	**53,631**	742,136
— Others	**346,055**	401,764
Rental income from investment properties	**9,268**	11,262
Net gain on disposal of plant, property and equipment	**6,214**	8,032
Penalty income from wind turbine suppliers *(note (i))*	**2,577**	124,081
Gain on disposal of an associate	**4,935**	—
Others	**9,220**	8,562
	431,900	1,295,837

Note:

(i) Penalty income from wind turbine suppliers mainly represented compensations from third party wind turbine suppliers for revenue losses incurred due to the delay on delivery of the wind turbines and certain domestic spare parts of the wind turbines not running stably at the early stage of the operation.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

6 FINANCE INCOME AND EXPENSES

	2013 RMB'000	2012 RMB'000
Interest income on financial assets	60,324	60,279
Gain on disposal of unquoted equity investments	—	5,004
Foreign exchange gains	96,704	31,969
Net realised and unrealised gains on trading securities	326,888	—
Dividend income from other investments	55,817	45,500
Finance income	539,733	142,752
Interest on bank and other borrowings wholly repayable within five years	2,334,742	2,134,732
Interest on bank and other borrowings repayable more than five years	907,111	1,072,151
Less: interest expenses capitalised into property, plant and equipment and intangible assets	(431,817)	(656,016)
	2,810,036	2,550,867
Foreign exchange losses	39,138	5,478
Net realised and unrealised losses on trading securities	—	69,250
Provision/(reversal) of impairment losses on trade and other receivables	162,544	(5,475)
Bank charges and others	58,783	40,303
Finance expenses	3,070,501	2,660,423
Net finance expenses recognised in profit or loss	(2,530,768)	(2,517,671)

The borrowing costs have been capitalised at rates of 4.50% to 7.05% for the year ended 31 December 2013 (2012: 4.57% to 7.40%).

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2013 *RMB'000*	2012 *RMB'000*
Salaries, wages and other benefits	992,694	819,605
Contributions to defined contribution retirement plan	122,023	105,149
	1,114,717	924,754

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7 PROFIT BEFORE TAXATION *(CONTINUED)*

(b) Other items

	2013 RMB'000	2012 RMB'000
Amortisation		
— lease prepayment	**47,101**	45,525
— intangible assets	**405,418**	359,252
Depreciation		
— investment properties	**2,095**	3,704
— property, plant and equipment	**3,936,564**	3,288,282
Impairment losses		
— property, plant and equipment	**593,273**	—
— lease prepayment	**13,080**	—
Auditors' remuneration-audit services		
— annual audit service	**20,250**	27,500
— interim review service	**6,800**	6,800
Operating lease charges		
— hire of plant and equipment	**5,842**	5,223
— hire of properties	**8,995**	9,536
Direct outgoings for investment properties		
— occupied	**2,701**	1,040
— vacant	**—**	16
Cost of inventories	**5,723,049**	6,501,715
Including: personnel costs, depreciation, amortisation and operating lease charges	**1,732**	1,867

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2013 *RMB'000*	2012 *RMB'000*
Current tax		
Provision for the year	**524,369**	445,375
Over provision in respect of prior years *(note (ii))*	**(14,042)**	(86,701)
	510,327	358,674
Deferred tax		
Origination and reversal of temporary differences *(note 31(b))*	**50,618**	(16,581)
	560,945	342,093

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents: *(Continued)*

Notes:

(i) The provision for income tax of the Group is calculated based on statutory rate of 25% of the assessable profit of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2012 and 2013, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment ("Circular 46"), certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year ("3+3 tax holiday").

(ii) Amount for 2012 represented the tax refunds due to a newly issued interpretation in 2012. Pursuant to CaiShui [2012] No.10, the Notice on Tax Issues Related to Enterprise Income Tax Preferential Policies for Public Infrastructure, Environmental Protection, Energy Saving and Water Conservation Projects (關於公共基礎設施項目和環境保護節能節水項目企業所得稅優惠政策問題的通知) issued on 5 January 2012, income derived by an enterprise from engaging in qualified public infrastructure projects which were approved prior to 31 December 2007 shall be eligible for the 3+3 tax holiday. Certain subsidiaries of the Group, which are qualified for the 3+3 tax holiday but were taxed at the statutory rate of 25% prior to 2012, are eligible to request refunds for tax paid prior to 2012.

(iii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the years ended 31 December 2012 and 2013. Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

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

	2013 *RMB'000*	2012 *RMB'000*
Profit before taxation	**3,529,092**	3,667,387
Applicable tax rates	**25%**	25%
Notional tax on profit before taxation	**882,273**	916,847
Tax effect of non-deductible expenses	**5,812**	14,927
Tax effect of share of profits less losses of associates and joint ventures	**(14,933)**	(35,017)
Tax effect of non-taxable income	**(13,954)**	(11,375)
Effect of differential tax rate of certain subsidiaries of the Group	**(481,973)**	(541,214)
Use of unrecognised tax losses in prior years	**(2,374)**	(251)
Tax effect of unused tax losses and timing differences not recognised	**201,160**	84,341
Tax credits for purchase of domestic equipment	**(2,081)**	(527)
Over provision in respect of prior years	**(14,042)**	(86,701)
Others	**1,057**	1,063
Income tax	**560,945**	342,093

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are 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*	2013 Total *RMB'000*
Directors					
Mr. Zhu Yongpeng *(Chairman)* (resigned in July 2013)	—	—	—	—	—
Mr. Qiao Baoping *(Chairman)* (appointed in July 2013)	—	—	—	—	—
Mr. Xie Changjun (resigned in July 2013)	—	110	453	27	590
Mr. Li Enyi* (appointed in July 2013)	—	146	225	52	423
Mr. Wang Baole	—	—	—	—	—
Mr. Huang Qun	—	217	692	78	987
Mr. Luan Baoxing	—	—	—	—	—
Mr. Chen Bin	—	—	—	—	—
Independent non-executive directors					
Mr. Lv Congmin	143	—	—	—	143
Mr. Zhang Songyi	143	—	—	—	143
Mr. Meng Yan	143	—	—	—	143
Supervisors					
Mr. Qiao Baoping (resigned in July 2013)	—	—	—	—	—
Mr. Xie Changjun (appointed in July 2013)	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. He Shen	—	168	463	65	696
	429	641	1,833	222	3,125

* The amount includes his emoluments after appointment as CEO since May 2013.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(CONTINUED)*

Details of directors' and supervisors' emoluments are 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*	2012 Total *RMB'000*
Directors					
Mr. Zhu Yongpeng *(Chairman)*	—	—	—	—	—
Mr. Xie Changjun	—	204	715	72	991
Mr. Wang Baole	—	—	—	—	—
Mr. Tian Shicun (resigned in May 2012)	—	72	286	22	380
Mr. Huang Qun (appointed in May 2012)	—	122	414	41	577
Mr. Luan Baoxing	—	—	—	—	—
Mr. Chen Bin	—	—	—	—	—
Independent non-executive directors					
Mr. Li Junfeng (resigned in May 2012)	63	—	—	—	63
Mr. Lv Congmin (appointed in May 2012)	87	—	—	—	87
Mr. Zhang Songyi	150	—	—	—	150
Mr. Meng Yan	150	—	—	—	150
Supervisors					
Mr. Qiao Baoping	—	—	—	—	—
Mr. Yu Yongping	—	—	—	—	—
Mr. He Shen	—	159	456	55	670
	450	557	1,871	190	3,068

* The amount includes his emoluments after appointment as CEO since May 2013

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) The five highest paid individuals:

The number of directors and non-directors included in the five highest paid individuals for the years ended 31 December are set forth below:

	2013	2012
Directors	**1**	2
Non-directors	**4**	3
	5	5

The emoluments of the directors are disclosed in note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	2013 **_RMB'000_**	2012 *RMB'000*
Salaries and other emoluments	**724**	524
Discretionary bonuses	**2,116**	1,750
Retirement scheme contributions	**276**	182
	3,116	2,456

The emoluments of the individuals (non-directors) with the highest emoluments are within the following bands:

	2013	2012
HKD 500,001 to HKD 1,000,000	**2**	1
HKD 1,000,001 to HKD 1,500,000	**2**	2

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(CONTINUED)*

(b) The emoluments of senior management:

The emoluments of the senior management are within the following bands:

	2013	2012
HKD 500,001 to HKD 1,000,000	5	3
HKD 1,000,001 to HKD 1,500,000	3	4

11 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of the Company includes a loss of RMB1,264,277,000 (2012: profit of RMB933,867,000) 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:

	Note	2013 RMB'000	2012 RMB'000
Amount of consolidated (loss)/profit attributable to shareholders dealt with in the Company's financial statements		(1,264,277)	933,867
Final dividends from subsidiaries, associates and joint ventures attributable to the profits of the previous financial year, approved and paid during the year		2,216,436	1,034,050
Company's profit for the year	35(a)	952,159	1,967,917

Details of dividends paid and payable to equity shareholders of the Company are set out in note 35(b).

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12 OTHER COMPREHENSIVE INCOME

	2013 *RMB'000*	2012 *RMB'000*
Items that will not be reclassified to profit or loss:		
Exchange difference on translation of senior perpetual securities	**(74,667)**	(2,962)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net movement in fair value reserve		
— Before tax amount		
Change in fair value recognised during the year	**(92)**	1,337
— Tax credit/(expense)	**23**	(335)
Net of tax amount	**(69)**	1,002
Exchange differences on translation of financial statement of overseas subsidiaries	**(20,254)**	(3,207)
Exchange difference on net investment		
— Before and net of tax amount	**(16,621)**	67
Other comprehensive income	**(111,611)**	(5,100)

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13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2013 of RMB2,049,465,000 (2012: RMB2,593,239,000) and the weighted average number of shares in issue during the year ended 31 December 2013 of 8,036,389,000 (2012: 7,481,483,000). The weighted average number of shares in issue is set out below:

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**8,036,389**	7,464,289
Effect of shares issued in December 2012	**—**	17,194
	8,036,389	7,481,483

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

14 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. 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 two reportable segments:

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

— Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not reportable in "All others". Revenue included in this category is mainly from manufacturing and sales of power equipment, and provision of consulting services, and maintenance and training services to wind power plants, and other renewable power generation.

14 SEGMENT REPORTING *(CONTINUED)*

(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 investments in associates and joint ventures, available-for-sale investments, unquoted equity investments, trading securities, deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade creditors, bills payable, other payables and bank borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable 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 amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated corporate expenses.

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 2013 and 2012 is set out below:

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

14 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2013

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	10,242,848	3,958,976	484,005	14,685,829
— Others	29,167	3,566,227	174,347	3,769,741
Subtotal	10,272,015	7,525,203	658,352	18,455,570
Inter-segment revenue	—	—	440,826	440,826
Reportable segment revenue	10,272,015	7,525,203	1,099,178	18,896,396
Reportable segment profit/(losses) (operating profit/(losses))	5,265,496	1,140,011	(254,286)	6,151,221
Depreciation and amortisation before inter-segment elimination	(3,787,055)	(489,729)	(166,807)	(4,443,591)
Impairment of trade and other receivables	(161,323)	—	(1,221)	(162,544)
Impairment of property, plant and equipment and lease prepayment	(91,536)	(22,182)	(492,635)	(606,353)
Interest income	22,095	17,462	20,767	60,324
Interest expense	(2,456,390)	(117,497)	(236,149)	(2,810,036)
Reportable segment assets	98,369,666	6,373,530	12,917,152	117,660,348
Expenditures for reportable segment non-current assets during the year	10,680,468	388,848	283,375	11,352,691
Reportable segment liabilities	68,955,943	4,640,549	13,732,083	87,328,575

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14 SEGMENT REPORTING *(CONTINUED)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2012

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
— Sales of electricity	7,977,703	4,055,109	371,470	12,404,282
— Others	2,880	3,997,332	365,172	4,365,384
Subtotal	7,980,583	8,052,441	736,642	16,769,666
Inter-segment revenue	—	—	322,662	322,662
Reportable segment revenue	7,980,583	8,052,441	1,059,304	17,092,328
Reportable segment profit (operating profit)	5,109,288	989,805	157,694	6,256,787
Depreciation and amortisation before inter-segment elimination	(3,119,471)	(497,693)	(124,782)	(3,741,946)
Impairment of trade and other receivables	5,488	—	(13)	5,475
Interest income	19,011	11,219	30,049	60,279
Interest expense	(2,227,634)	(162,992)	(160,241)	(2,550,867)
Reportable segment assets	91,789,318	7,064,499	11,287,310	110,141,127
Expenditures for reportable segment non-current assets during the year	11,130,319	275,863	1,054,871	12,461,053
Reportable segment liabilities	66,581,239	5,188,311	10,056,816	81,826,366

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14 SEGMENT REPORTING *(CONTINUED)*

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

	2013 *RMB'000*	2012 *RMB'000*
Revenue		
Reportable segment revenue	**18,896,396**	17,092,328
Service concession construction revenue	**667,060**	518,519
Elimination of inter-segment revenue	**(440,826)**	(322,662)
Consolidated revenue	**19,122,630**	17,288,185
Profit		
Reportable segment profit	**6,151,221**	6,256,787
Elimination of inter-segment profits	**4,516**	(60,599)
	6,155,737	6,196,188
Share of profits less losses of associates and joint ventures	**59,730**	140,069
Net finance expenses	**(2,530,768)**	(2,517,671)
Unallocated head office and corporate expenses	**(155,607)**	(151,199)
Consolidated profit before taxation	**3,529,092**	3,667,387
Assets		
Reportable segment assets	**117,660,348**	110,141,127
Inter-segment elimination	**(8,064,492)**	(4,749,387)
	109,595,856	105,391,740
Investments in associates and joint ventures	**2,296,788**	2,127,151
Available-for-sale investments	**11,738**	11,830
Unquoted equity investments	**711,024**	699,334
Trading securities	**315,932**	301,737
Tax recoverable	**184,102**	145,883
Deferred tax assets	**162,086**	194,214
Unallocated head office and corporate assets	**41,313,069**	42,034,199
Elimination	**(43,916,821)**	(43,066,229)
Consolidated total assets	**110,673,774**	107,839,859

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14 SEGMENT REPORTING *(CONTINUED)*

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(Continued)*

	2013 *RMB'000*	2012 *RMB'000*
Liabilities		
Reportable segment liabilities	87,328,575	81,826,366
Inter-segment elimination	(8,442,326)	(4,688,788)
	78,886,249	77,137,578
Tax payable	101,115	118,860
Deferred tax liabilities	116,158	97,691
Unallocated head office and corporate liabilities	37,446,704	37,130,033
Elimination	(43,916,821)	(43,066,229)
Consolidated total liabilities	72,633,405	71,417,933

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB14,648,864,000 for the year ended 31 December 2013 (2012: RMB12,327,259,000). Service concession construction revenue is all from the PRC government.

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15 PROPERTY, PLANT AND EQUIPMENT

The Group

	Land, 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 2012	5,077,697	54,179,260	484,905	355,356	14,785,816	74,883,034
Additions	20,309	19,968	16,859	45,851	11,621,989	11,724,976
Transfer from construction in progress	826,697	10,754,053	2,150	7,213	(11,590,113)	—
Transfer from investment properties	25,478	—	—	—	—	25,478
Transfer to other assets	—	—	—	—	(33,996)	(33,996)
Disposals	(19,759)	(10,714)	(9,763)	(5,510)	—	(45,746)
Reclassification	156,850	(160,990)	3,001	1,139	—	—
At 31 December 2012	6,087,272	64,781,577	497,152	404,049	14,783,696	86,553,746
At 1 January 2013	6,087,272	64,781,577	497,152	404,049	14,783,696	86,553,746
Additions	15,430	19,418	11,704	53,625	10,179,875	10,280,052
Transfer from construction in progress	1,137,950	11,817,991	1,737	24,986	(12,982,664)	—
Transfer from investment properties	77,422	—	—	—	—	77,422
Transfer to other assets	—	—	—	—	(16,741)	(16,741)
Acquisition of a subsidiary *(note 40)*	5,816	293,654	392	403	195,612	495,877
Disposals	(13,177)	(151,752)	(12,862)	(2,370)	—	(180,161)
Reclassification	39,194	(40,328)	1,781	(647)	—	—
At 31 December 2013	7,349,907	76,720,560	499,904	480,046	12,159,778	97,210,195

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Group *(Continued)*

	Land, 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*
Accumulated depreciation and impairment losses:						
At 1 January 2012	1,184,381	8,443,807	145,252	138,719	3,804	9,915,963
Depreciation charge for the year	241,377	2,971,819	41,665	42,284	—	3,297,145
Transfer from investment properties	7,207	—	—	—	—	7,207
Written back on disposal	(3,824)	(5,630)	(6,936)	(2,622)	—	(19,012)
Reclassification	21,166	(22,219)	320	733	—	—
At 31 December 2012	1,450,307	11,387,777	180,301	179,114	3,804	13,201,303
At 1 January 2013	1,450,307	11,387,777	180,301	179,114	3,804	13,201,303
Depreciation charge for the year	311,591	3,544,168	39,231	46,415	—	3,941,405
Transfer from investment properties	22,950	—	—	—	—	22,950
Provision for impairment losses *(note (iv))*	13,913	443,904	2,750	41,170	91,536	593,273
Written back on disposal	(7,441)	(122,170)	(11,619)	(1,640)	—	(142,870)
Reclassification	(3,777)	5,421	(1,217)	(427)	—	—
At 31 December 2013	1,787,543	15,259,100	209,446	264,632	95,340	17,616,061
Net book value:						
At 31 December 2012	4,636,965	53,393,800	316,851	224,935	14,779,892	73,352,443
At 31 December 2013	5,562,364	61,461,460	290,458	215,414	12,064,438	79,594,134

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Company

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2012	184,227	41,166	24,187	30,480	185,895	465,955
Additions	—	627	749	1,387	68,801	71,564
Transfer from construction in progress	4,344	1,037	—	—	(5,381)	—
Transfer from investment properties	25,478	—	—	—	—	25,478
Transfer to subsidiaries	—	—	—	—	(46,527)	(46,527)
Disposals	(17)	(1,454)	(1,798)	(4,543)	—	(7,812)
At 31 December 2012	214,032	41,376	23,138	27,324	202,788	508,658
At 1 January 2013	214,032	41,376	23,138	27,324	202,788	508,658
Additions	—	—	445	5,671	48,383	54,499
Transfer from construction in progress	—	361	—	—	(361)	—
Transfer from investment properties	62,818	—	—	—	—	62,818
Transfer to subsidiaries	—	—	—	—	(45,186)	(45,186)
Disposals	—	(171)	(56)	(1,079)	—	(1,306)
At 31 December 2013	276,850	41,566	23,527	31,916	205,624	579,483

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15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The Company *(Continued)*

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2012	56,916	19,604	12,679	16,262	—	105,461
Depreciation charge for the year	6,955	1,983	1,411	2,700	—	13,049
Transfer from investment properties	7,207	—	—	—	—	7,207
Written back on disposal	(6)	(284)	(446)	(134)	—	(870)
At 31 December 2012	71,072	21,303	13,644	18,828	—	124,847
At 1 January 2013	71,072	21,303	13,644	18,828	—	124,847
Depreciation charge for the year	9,041	1,825	1,548	3,094	—	15,508
Transfer from investment properties	19,369	—	—	—	—	19,369
Provision for impairment losses	—	—	—	—	44,681	44,681
Written back on disposal	—	(50)	(15)	(97)	—	(162)
At 31 December 2013	99,482	23,078	15,177	21,825	44,681	204,243
Net book value:						
At 31 December 2012	142,960	20,073	9,494	8,496	202,788	383,811
At 31 December 2013	177,368	18,488	8,350	10,091	160,943	375,240

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes:

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

(ii) Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery, which had an aggregate net book value of RMB248,565,000 as at 31 December 2013 (2012: RMB265,764,000).

None of bank and other borrowings of the Company were secured by the Company's buildings and machinery.

(iii) As at 31 December 2013, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

(iv) Provision for impairment loss for the year ended 31 December 2013 comprises the impairment for the two biomass power plants and impairment for certain assets of a coal power plant.

(a) Impairment for two biomass power plants

In December 2013, the Group planned to dispose of two biomass power plants, Guodian Jiansanjiang Qianjin Biomass Power Co., Ltd. ("Qianjin Biomass") and Guodian Tangyuan Biomass Power Co., Ltd. ("Tangyuan Biomass"). The Group assessed the recoverable amounts of each power plant, each of which are considered as a cash generating unit, and wrote down the carrying amounts of non-current assets for Qianjin Biomass and Tangyuan Biomass to the recoverable amount.

The recoverable amount of Qianjin Biomass was estimated to be nil, which was based on the biomass power plant's fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

15 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Notes: (Continued)

(iv) *(Continued)*

(a) Impairment for two biomass power plants *(Continued)*

The recoverable amount of Tangyuan Biomass was estimated to be RMB87,384,000, which was based on the assets' value in use, estimating the future cash inflows and outflows to be derived from continuing use of these groups of assets and from their ultimate disposal; and applying the appropriate discount rate of 8.86%, to those future cash flows.

Total impairment losses of RMB479,555,000 for property, plant and equipment and RMB13,080,000 for lease prepayments were recoginsed in "Other operating expenses" for the year ended 31 December 2013.

(b) Impairment for certain machines in coal power segment

In December 2013, certain machines in a coal power plant were obsolete as a result of equipment upgrading. The Group assessed the recoverable amounts of those machines and as a result the carrying amount of the machines was written down to their recoverable amount of RMB7,815,000. An impairment loss of RMB22,182,000 was recognised in "Other operating expenses". The estimates of recoverable amount of these machines were based on these machines' fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as remaining useful lives. The fair value on which the recoverable amount is based on is categorised as a Level 2 measurement.

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16 LEASE PREPAYMENTS

The Group

	2013 *RMB'000*	2012 *RMB'000*
Cost:		
At 1 January	**1,665,531**	1,416,484
Transferred from property, plant and equipment	**—**	33,996
Additions	**301,102**	215,051
At 31 December	**1,966,633**	1,665,531
Accumulated amortisation:		
At 1 January	**248,099**	201,856
Amortisation for the year	**47,964**	46,243
Provision for impairment loss *(note 15(iv))*	**13,080**	—
At 31 December	**309,143**	248,099
Net book value:	**1,657,490**	1,417,432

Notes:

(i) 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 from 20 to 50 years.

(ii) As at 31 December 2013, the Group is in the process of applying for registration of the ownership certificates for certain of its land use right. The directors are of the opinion that the Group is entitled to lawfully occupy or use these land.

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17 INTANGIBLE ASSETS

The Group

	Concession assets *(note 44)* *RMB'000*	**Software and others** *RMB'000*	**Total** *RMB'000*
Cost:			
At 1 January 2012	9,092,926	60,972	9,153,898
Exchange adjustments	—	(2,597)	(2,597)
Additions	518,519	2,507	521,026
Disposals	—	(272)	(272)
At 31 December 2012	9,611,445	60,610	9,672,055
At 1 January 2013	9,611,445	60,610	9,672,055
Exchange adjustments	—	(3,924)	(3,924)
Additions	667,060	104,477	771,537
Acquistion of a subsidiary *(note 40)*	—	221	221
At 31 December 2013	10,278,505	161,384	10,439,889
Accumulated amortisation:			
At 1 January 2012	985,735	5,378	991,113
Charge for the year	357,800	1,556	359,356
Written back on disposal	—	(254)	(254)
At 31 December 2012	1,343,535	6,680	1,350,215
At 1 January 2013	1,343,535	6,680	1,350,215
Charge for the year	402,321	3,341	405,662
At 31 December 2013	1,745,856	10,021	1,755,877
Net book value:			
At 31 December 2012	8,267,910	53,930	8,321,840
At 31 December 2013	8,532,649	151,363	8,684,012

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18 GOODWILL

The Group

	2013	2012
	RMB'000	*RMB'000*
Cost and carrying amount as at 31 December	**11,541**	11,541

Goodwill of the Group arises from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun"). The recoverable amount of goodwill is determined based on value in use calculation. The calculation uses cash flow projection based on financial budget approved by management covering a five-year period and pre-tax discount rates of 6.70%.

Cash flows beyond the five-year period are maintained constant. Management believes any reasonably possible change in the key assumptions on which Buerjin Tianrun's recoverable amount are based would not cause the carrying amount to exceed their recoverable amount.

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.

19 INVESTMENTS IN SUBSIDIARIES

The Company

	2013	2012
	RMB'000	*RMB'000*
Unlisted investments, at cost	**20,804,842**	17,727,706
Less: impairment loss	**(58,891)**	(46,000)
	20,745,951	17,681,706

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

The following list contains only the particulars of subsidiaries at 31 December 2013 which principally affected the results, assets or liabilities of the Group. All of these subsidiaries are limited liability companies.

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Percentage of attributable equity interest Indirect	Principal activities
1	Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd. 福建省東山澳仔山風電開發有限公司	the PRC	RMB 256,000,000	66.15%	25%	Wind power generation
2	Gansu Jieyuan Wind Power Generation Co., Ltd. 甘肅潔源風電有限責任公司	the PRC	RMB 505,020,000	77.11%	—	Wind power generation
3	Xinjiang Tianfeng Power Generation Joint Stock Company 新疆天風發電股份有限公司	the PRC	RMB 511,016,909	59.52%	—	Wind power generation
4	Yichun Xing'anling Wind Power Generation Co., Ltd. 伊春興安嶺風力發電有限公司 *(note (ii))*	the PRC	RMB 212,041,312	32.31%	23.51%	Wind power generation
5	Jilin Longyuan Wind Power Generation Co., Ltd. 吉林龍源風力發電有限公司 *(note (ii))*	the PRC	RMB 438,200,000	56.58%	9.65%	Wind power generation
6	Jiangsu Longyuan Wind Power Generation Co., Ltd. 江蘇龍源風力發電有限公司	the PRC	RMB 333,320,000	50%	25%	Wind power generation
7	Longyuan Pingtan Wind Power Generation Co., Ltd. 龍源平潭風力發電有限公司	the PRC	RMB 170,000,000	85%	5%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
8	Chifeng Xinsheng Wind Power Generation Co., Ltd. 赤峰新勝風力發電有限公司 *(note (ii))*	the PRC	RMB 273,426,200	34%	—	Wind power generation
9	Shenyang Longyuan Wind Power Generation Co., Ltd. 瀋陽龍源風力發電有限公司	the PRC	RMB 432,270,000	73.62%	25%	Wind power generation
10	Tieling Longyuan Wind Power Generation Co., Ltd. 鐵嶺龍源風力發電有限公司	the PRC	RMB 281,690,000	75%	25%	Wind power generation
11	Huanan Longyuan Wind Power Generation Co., Ltd. 樺南龍源風力發電有限公司 *(note (ii))*	the PRC	RMB 414,036,016	15%	25%	Wind power generation
12	Longyuan (Bayannur) Wind Power Generation Co., Ltd. 龍源(巴彥淖爾)風力發電有限責任公司	the PRC	RMB 672,550,000	75%	25%	Wind power generation
13	Xinjiang Longyuan Wind Power Generation Co., Ltd. 新疆龍源風力發電有限公司	the PRC	RMB 73,100,000	100%	—	Wind power generation
14	Longyuan Qidong Wind Power Generation Co., Ltd. 龍源啟東風力發電有限公司	the PRC	RMB 245,760,000	30%	70%	Wind power generation
15	Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. 河北圍場龍源建投風力發電有限公司*(note (ii))*	the PRC	RMB 209,300,000	50%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
16	Longyuan (Baotou) Wind Power Generation Co., Ltd. 龍源(包頭)風力發電有限責任公司	the PRC	RMB 394,940,000	75%	25%	Wind power generation
17	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd. 龍源(張家口)風力發電有限公司	the PRC	RMB 891,925,900	75%	25%	Wind power generation
18	Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd. 瀋陽龍源雄亞風力發電有限公司	the PRC	RMB 428,786,999	75%	25%	Wind power generation
19	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd. 伊春龍源雄亞風力發電有限公司	the PRC	RMB 320,140,000	75%	25%	Wind power generation
20	Chifeng Longyuan Wind Power Generation Co., Ltd. 赤峰龍源風力發電有限公司	the PRC	RMB 468,570,000	72.01%	25%	Wind power generation
21	Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. 龍源(興安盟)風力發電有限公司	the PRC	RMB 220,330,000	75%	25%	Wind power generation
22	Longyuan Guizhou Wind Power Generation Co., Ltd. 龍源貴州風力發電有限公司	the PRC	RMB 379,053,600	100%	—	Wind power generation
23	Longyuan Dafeng Wind Power Generation Co., Ltd. 龍源大豐風力發電有限公司	the PRC	RMB 218,771,000	100%	—	Wind power generation
24	Longyuan (Changling) Wind Power Generation Co., Ltd. 龍源(長嶺)風力發電有限公司	the PRC	RMB 303,016,700	75%	25%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Percentage of attributable equity interest Indirect	Principal activities
25	Longyuan Shenyang Wind Power Generation Co., Ltd. 龍源瀋陽風力發電有限公司	the PRC	RMB 441,467,000	100%	—	Wind power generation
26	Yunnan Longyuan Wind Power Generation Co., Ltd. 雲南龍源風力發電有限公司	the PRC	RMB 421,900,000	100%	—	Wind power generation
27	Gansu Longyuan Wind Power Generation Co., Ltd. 甘肅龍源風力發電有限公司	the PRC	RMB 624,530,000	75%	25%	Wind power generation
28	Longyuan Kangping Wind Power Generation Co., Ltd. 龍源康平風力發電有限公司	the PRC	RMB 409,793,000	100%	—	Wind power generation
29	Yilan Longyuan Huineng Wind Power Generation Co., Ltd. 依蘭龍源匯能風力發電有限公司	the PRC	RMB 175,120,000	92%	—	Wind power generation
30	Longyuan (Putian) Wind Power Generation Co., Ltd. 龍源(莆田)風力發電有限公司	the PRC	RMB 191,490,000	100%	—	Wind power generation
31	Fujian Longyuan Wind Power Generation Co., Ltd. 福建龍源風力發電有限公司	the PRC	RMB 178,995,200	100%	—	Wind power generation
32	Longyuan Alashankou Wind Power Generation Co., Ltd. 龍源阿拉山口風力發電有限公司	the PRC	RMB 243,880,000	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
33	Longyuan (Rudong) Wind Power Generation Co., Ltd. 龍源(如東)風力發電有限公司	the PRC	RMB 666,350,000	50%	50%	Wind power generation
34	Yichun Longyuan Jinshan Wind Power Generation Co., Ltd. 伊春龍源金山風力發電有限公司	the PRC	RMB 191,196,000	100%	—	Wind power generation
35	Longyuan (Kezuohouqi) Wind Power Generation Co., Ltd. 龍源(科左後旗)風力發電有限公司	the PRC	RMB 213,800,000	100%	—	Wind power generation
36	Longyuan (Jiuquan) Wind Power Generation Co., Ltd. 龍源(酒泉)風力發電有限公司	the PRC	RMB 396,407,000	100%	—	Wind power generation
37	Shanxi Longyuan Wind Power Generation Co., Ltd. 山西龍源風力發電有限公司	the PRC	RMB 361,152,000	100%	—	Wind power generation
38	Hebei Longyuan Wind Power Generation Co., Ltd. 河北龍源風力發電有限公司	the PRC	RMB 443,807,000	100%	—	Wind power generation
39	Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. 江蘇海上龍源風力發電有限公司	the PRC	RMB 768,000,000	70%	30%	Wind power generation
40	Anhui Longyuan Wind Power Generation Co., Ltd. 安徽龍源風力發電有限公司	the PRC	RMB 320,140,000	100%	—	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
41	Longyuan (Wengniute) New Energy Co., Ltd. 龍源(翁牛特)新能源有限公司	the PRC	RMB 323,430,000	100%	—	Wind power generation
42	Longyuan Dali Wind Power Generation Co., Ltd. 龍源大理風力發電有限公司	the PRC	RMB 256,985,000	84%	—	Wind power generation
43	Heihe Longyuan Wind Power Generation Co., Ltd. 黑河龍源風力發電有限公司	the PRC	RMB 139,150,000	100%	—	Wind power generation
44	Longyuan Binzhou Wind Power Generation Co., Ltd. 龍源濱州風力發電有限公司	the PRC	RMB 217,880,000	100%	—	Wind power generation
45	Jiangyin Sulong Heat and Power Generating Co., Ltd. 江陰蘇龍熱電有限公司 *(note (ii))*	the PRC	USD 144,320,000	2%	25%	Coal power generation
46	Nantong Tianshenggang Power Generation Co., Ltd. 南通天生港發電有限公司 *(note (ii))*	the PRC	USD 52,980,000	0.65%	31.29%	Coal power generation
47	Zhongneng Power-Tech Development Company Limited 中能電力科技開發有限公司	the PRC	RMB 70,000,000	100%	—	Manufacturing and sales of power equipment
48	Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. 龍源(北京)風電工程技術有限公司	the PRC	RMB 30,000,000	100%	—	Manufacturing and sales of power equipment

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
49	Longyuan Golmud New Energy Development Co., Ltd. 龍源格爾木新能源開發有限公司	the PRC	RMB 240,705,000	100%	—	Wind power generation
50	Longyuan Xizang New Energy Co., Ltd. 龍源西藏新能源有限公司	the PRC	RMB 182,466,000	100%	—	Solar power generation
51	Guodian Shanxi Jieneng Youyu Wind Power Generation Co., Ltd. 國電山西潔能右玉風電有限公司	the PRC	RMB 202,000,000	100%	—	Wind power generation
52	Chifeng Longyuan Songshan Wind Power Generation Co., Ltd. 赤峰龍源松山風力發電有限公司	the PRC	RMB 181,667,540	100%	—	Wind power generation
53	Longyuan Balikun Wind Power Generation Co., Ltd. 龍源巴裡坤風力發電有限公司	the PRC	RMB 254,940,000	100%	—	Wind power generation
54	Guodian Alashankou Wind Power Development Co., Lted. 國電阿拉山口風電開發有限公司	the PRC	RMB 176,000,000	70%	—	Wind power generation
55	Longyuan Lingwu Wind Power Generation Co., Ltd. 龍源靈武風力發電有限公司	the PRC	RMB 169,090,000	100%	—	Wind power generation
56	Longyuan Canada Renewables Ltd. 龍源加拿大可再生能源有限公司	Canada	CAD 1	—	100%	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

Notes:

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

(ii) The Company directly or indirectly owns less than half of equity interests in these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in the aggregate had the power to control these companies according to the articles of association. 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 entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. In addition to the concert party agreements arrangement, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore the financial statements of these companies are consolidated by the Company during the years presented.

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19 INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

Notes: (Continued)

(iii) The following table lists out the information relation to subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below presents the amounts before any inter-company elimination:

	Jiangyin Sulong Heat and Power Generating Co., Ltd. *(note 19(ii))*		Nantong Tianshenggang Power Generation Co., Ltd. *(note 19(ii))*		Huanan Longyuan Wind Power Generation Co., Ltd *(note 19(ii))*		Xinjiang Tianfeng Power Generation Joint Stock Company	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%	**60.00%**	60.00%	**40.48%**	40.48%
Current assets	**2,123,257**	2,102,957	**519,263**	858,444	**109,618**	199,379	**316,856**	344,549
Non-curent assets	**2,251,212**	2,140,261	**3,332,372**	3,341,090	**1,014,099**	1,070,832	**1,044,182**	1,133,591
Current liabilities	**(2,646,221)**	(2,648,145)	**(1,061,462)**	(1,949,707)	**(27,591)**	(408,758)	**(676,752)**	(649,664)
Non-current liabilities	**(33,975)**	—	**(931,213)**	(647,187)	**(633,690)**	(402,848)	**(31,455)**	(131,635)
Net assets	**1,694,273**	1,595,073	**1,858,960**	1,602,640	**462,436**	458,605	**652,831**	696,841
Carrying amount of NCI	**1,236,819**	1,164,403	**1,265,208**	1,090,757	**277,462**	275,163	**264,266**	282,081
Revenue	**5,131,398**	5,547,815	**2,400,248**	2,510,571	**127,866**	117,167	**263,125**	284,611
Profit and total comprehensive income for the year	**631,756**	512,028	**293,435**	213,049	**5,881**	5,489	**70,921**	124,364
Profit allocated to NCI	**461,182**	373,780	**199,712**	145,003	**3,529**	3,293	**28,709**	50,343
Dividend paid to NCI	**223,427**	249,951	**24,406**	—	**1,230**	18,202	**46,512**	31,948
Cash flows from operating activities	**1,147,403**	1,099,033	**502,077**	652,998	**181,369**	135,305	**240,143**	228,401
Cash flows used in investing activities	**(236,536)**	(591,368)	**(96,955)**	(309,910)	**(5,975)**	(69,800)	**(3,410)**	(4,690)
Cash flows used in financing activities	**(593,636)**	(559,487)	**(422,322)**	(351,295)	**(175,150)**	(66,943)	**(236,796)**	(223,366)

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**—**	—	**914,086**	940,176
Share of net assets	**2,296,788**	2,127,151	**—**	—
	2,296,788	2,127,151	**914,086**	940,176
Less: impairment loss	**—**	—	**(448)**	(448)
	2,296,788	2,127,151	**913,638**	939,728

The following list contains only the particulars of material associates and material joint ventures at 31 December 2013, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group:

	Name of the company	Place of establishment	Particulars of registered capital *RMB'000*	Percentage of attributable equity interest Direct	Percentage of attributable equity interest Indirect	Principal activities
1	Yilan Longyuan Wind Power Co., Ltd. 依蘭龍源風力發電有限公司	the PRC	293,562	15%	25%	Wind power generation
2	Guodian United Power Technology Co., Ltd. 國電聯合動力技術有限公司	the PRC	1,695,903	30%	—	Manufacturing and sales of power equipment
3	Shanghai Yinhua Shipping Co., Ltd. 上海銀樺航運有限公司	the PRC	200,000	—	49%	Transportation and logistics
4	Yantai Longyuan Power Technology Co., Ltd. 煙臺龍源電力技術股份有限公司	the PRC	88,000	—	18.75%	Manufacturing and sales of power equipment
5	Jiangsu Nantong Power Generation Co., Ltd. 江蘇南通發電有限公司	the PRC	1,580,000	—	50%	Coal power generation

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Summarised financial information of the material associates and material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Yilan Longyuan Wind Power Co., Ltd.		Guodian United Power Technology Co., Ltd.		Shanghai Yinhua Shipping Co., Ltd.		Yantai Longyuan Power Technology Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Gross amounts of:										
Current assets	**80,364**	122,604	**12,675,098**	9,308,118	**74,393**	145,347	**2,712,121**	2,331,894	**282,990**	730,402
Non-current assets	**612,069**	653,732	**4,862,891**	4,389,335	**218,694**	60,021	**254,452**	178,654	**6,121,932**	2,616,009
Current liabilities	**(2,499)**	(19,593)	**(13,604,185)**	(10,494,380)	**(87,606)**	(1,537)	**(899,404)**	(603,656)	**(1,695,196)**	(1,403,197)
Non-current liabilities	**(358,630)**	(438,630)	**(1,113,223)**	(752,048)	**–**	–	**(24,681)**	(27,941)	**(3,338,530)**	(888,018)
Equity	**331,304**	318,113	**2,820,581**	2,451,025	**205,481**	203,831	**2,042,488**	1,878,951	**1,371,196**	1,055,196
– Attribute to non-controlling interest	**–**	–	**474,535**	180,983	**–**	–	**20,022**	19,592	**–**	–
– Attributable to investee's shareholders	**331,304**	318,113	**2,346,046**	2,270,042	**205,481**	203,831	**2,022,466**	1,859,359	**1,371,196**	1,055,196
Revenue	**99,090**	81,678	**6,572,246**	11,264,228	**28,217**	28,218	**1,380,484**	1,236,713	**–**	–
Profit and total comprehensive income for the year	**15,909**	4,642	**88,877**	458,402	**1,650**	1,863	**192,049**	213,818	**–**	–
– Attribute to non-controlling interest	**–**	–	**12,873**	(6,671)	**–**	–	**430**	2,021	**–**	–
– Attributable to investee's shareholders	**15,909**	4,642	**76,004**	465,073	**1,650**	1,863	**191,619**	211,797	**–**	–
Dividends declared during the year	**2,718**	21,794	**–**	441,624	**–**	17,708	**28,512**	15,840	**–**	–
Reconciled to the Group's interests in the associates and joint ventures:										
Group's effective interest	**40.00%**	40.00%	**30.00%**	30.00%	**49.00%**	49.00%	**18.75%**	18.75%	**50.00%**	50.00%
Group's interest in net assets of investee at beginning of year	**127,245**	134,106	**681,013**	673,978	**99,877**	107,641	**348,630**	311,888	**527,598**	47,598
Profit and total comprehensive income attributable to the Group	**6,363**	1,857	**22,801**	139,522	**809**	913	**35,929**	39,712	**–**	–
Dividends declared during the year	**(1,087)**	(8,718)	**–**	(132,487)	**–**	(8,677)	**(5,346)**	(2,970)	**–**	–
Capital contributions	**–**	–	**–**	–	**–**	–	**–**	–	**158,000**	480,000
Group's interest in net assets of investee at end of year	**132,521**	127,245	**703,814**	681,013	**100,686**	99,877	**379,213**	348,630	**685,598**	527,598
Elimination of unrealised profit on downstream sales	**–**	–	**(92,434)**	(84,986)	**–**	–	**(1,558)**	(929)	**–**	–
Carrying amount of interest in investee at end of year	**132,521**	127,245	**611,380**	596,027	**100,686**	99,877	**377,655**	347,701	**685,598**	527,598

As Jiangsu Nantong Power Generation Co., Ltd. has not commenced the operation, there is no profit and loss items recorded during the year.

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

Aggregate information of associates and joint ventures that are not individually material:

	2013 **RMB'000**	2012 RMB'000
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**388,948**	428,703
Aggregate amounts of the Group's share of those associates' and joint ventures' profit and total comprehensive income for the year	**4,644**	12,280

21 OTHER ASSETS

	The Group		The Company	
	2013 **RMB'000**	2012 RMB'000	**2013** **RMB'000**	2012 RMB'000
Other financial assets:				
Available-for-sale investments, measured at fair value	**11,738**	11,830	**11,738**	11,830
Unquoted equity investments in non-listed companies, at cost	**711,024**	699,334	**532,214**	532,214
Loans and advances to				
— associates *(note (i))*	**48,580**	50,370	**48,580**	50,370
— subsidiaries *(note (i))*	**—**	—	**18,771,259**	20,587,080
Others	**—**	4,000	**—**	24,000
Subtotal	**771,342**	765,534	**19,363,791**	21,205,494
Deductible VAT *(note (ii))*	**3,710,514**	3,787,428	**—**	—
	4,481,856	4,552,962	**19,363,791**	21,205,494
Less: allowance for doubtful debts *(note (iii))*	**—**	—	**(47,341)**	—
	4,481,856	4,552,962	**19,316,450**	21,205,494

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21 OTHER ASSETS *(CONTINUED)*

Notes:

(i) The loans to associates and subsidiaries are designated loans and are unsecured, not past due as at balance sheet dates, and bear interest at the rates of 3.86% to 6.55% per annum for the year ended 31 December 2013 (2012: 3.86% to 7.05%) except for an advance to a subsidiary of RMB2,470,399,000 (2012: RMB2,108,034,000), which are non-interest bearing. The current portion is recorded in other current assets.

(ii) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets.

(iii) The Company's loans to subsidiaries of RMB47,371,000 as at 31 December 2013 (2012: Nil) were individually determined to be impaired. The individually impaired loans to subsidiaries related to certain subsidiaries that were in financial and operating difficulties and management assessed that only a portion of the loans is expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Company does not hold any collateral over these balances.

22 INVENTORIES

The Group

	2013 ***RMB'000***	2012 *RMB'000*
Coal	**231,516**	366,494
Fuel oil	**456**	3,194
Spare parts and others	**521,145**	446,726
	753,117	816,414

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23 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts due from third parties	**6,812,189**	7,785,972	**1,297**	6,883
Amounts due from China Guodian Corporation ("Guodian Group")	**—**	84	**—**	—
Amounts due from fellow subsidiaries	**35,888**	59,317	**980**	—
Amounts due from associates	**6,781**	155,910	**—**	—
Amounts due from subsidiaries	**—**	—	**6,494**	7,494
	6,854,858	8,001,283	**8,771**	14,377
Less: allowance for doubtful debts	**(146,906)**	(3,746)	**—**	—
	6,707,952	7,997,537	**8,771**	14,377

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(a) Ageing analysis

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current	**6,846,025**	7,996,039	**8,771**	14,377
Past due within 1 year	**4,255**	3,852	**—**	—
Past due between 1 to 2 years	**3,186**	1,006	**—**	—
Past due between 2 to 3 years	**1,006**	191	**—**	—
Past due over 3 years	**386**	195	**—**	—
	6,854,858	8,001,283	**8,771**	14,377
Less: allowance for doubtful debts	**(146,906)**	(3,746)	**—**	—
	6,707,952	7,997,537	**8,771**	14,377

The Group's trade debtors are mainly wind power and other renewable energy electricity sales receivable from local grid companies. Generally, the debtors are due within 15 – 30 days from the date of billing, except for the tariff premium, representing 15% to 80% of total electricity sales, collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local gird companies, which consequently takes a relatively long time for settlement.

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(a) Ageing analysis *(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, standardized procedures for the settlement of the tariff premium 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 2013, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval.

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account.

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**3,746**	14,246	**—**	—
Impairment losses recognised	**150,539**	547	**—**	—
Reversal of impairment losses	**(933)**	(6,446)	**—**	—
Uncollectible amounts written off	**(6,446)**	(4,601)	**—**	—
At 31 December	**146,906**	3,746	**—**	—

As at 31 December 2013, the Group's trade debtors and bills receivable of RMB146,906,000 (2012: RMB3,746,000) were individually determined to be impaired. The individually impaired receivables related to balances that management assessed not to be recovered based on available information. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

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23 TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(c) Trade debtors and bills receivable that are not impaired

The aging analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**6,702,865**	7,994,647	**8,771**	14,377
Past due within 1 year	**2,863**	2,890	**—**	—
Past due over 1 year	**2,224**	—	**—**	—
	6,707,952	7,997,537	**8,771**	14,377

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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

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24 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loans and advances to *(note (i))*:				
— subsidiaries	**—**	—	**18,282,391**	15,042,325
— associates and joint ventures	**151,720**	181,798	**8,210**	16,420
— Guodian Group	**7,452**	5,323	**6,989**	4,931
— fellow subsidiaries	**455,869**	251,485	**—**	—
— third parties	**129,358**	172,941	**—**	—
Government grant and CERs receivables	**103,828**	834,735	**—**	—
Dividend receivable from				
— subsidiaries	**—**	—	**1,993,701**	2,025,918
— associates	**3,455**	146,779	**3,455**	141,333
Deductible VAT *(note 21(ii))*	**1,367,105**	1,367,708	**—**	—
Prepayments and others	**203,842**	252,127	**9,080**	25,692
	2,422,629	3,212,896	**20,303,826**	17,256,619
Less: allowance for doubtful debts	**(57,628)**	(57,468)	**(1,056,570)**	(2,202)
	2,365,001	3,155,428	**19,247,256**	17,254,417

Note:

(i) Interest bearing loans and advances of the Group amounted to RMB275,210,000 with annum interest rates of 4.98% to 6.12% as at 31 December 2013 (2012: RMB75,053,000, 4.98% to 6.80%).

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

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24 PREPAYMENTS AND OTHER CURRENT ASSETS *(CONTINUED)*

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**57,468**	57,875	**2,202**	2,202
Impairment losses recognised	**13,047**	1,170	**1,054,368**	—
Reversal of impairment losses	**(109)**	(746)	**—**	—
Uncollectible amounts written off	**(12,778)**	(831)	**—**	—
At 31 December	**57,628**	57,468	**1,056,570**	2,202

The Group's prepayments and other current assets of RMB57,628,000 as at 31 December 2013 (2012: RMB57,468,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that only a portion of the receivables is 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 RMB1,056,570,000 as at 31 December 2013 (2012: RMB2,202,000) were individually determined to be impaired. The individually impaired receivables related to the advances to certain subsidiaries that were in financial and operating difficulties and management assessed that only a portion of the receivables is 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, the management of the Group and the Company is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

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25 TRADING SECURITIES

The Group

	2013 *RMB'000*	2012 *RMB'000*
Listed equity securities at fair value — in Hong Kong	**315,932**	301,737

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for borrowings and bills payable and housing maintenance fund designated for specific purposes as requested by PRC regulations. These restricted deposits are expected to be released within one year.

27 CASH AT BANK AND ON HAND

	The Group		The Company	
	2013 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*
Cash on hand	**694**	1,518	**277**	300
Cash at bank and other financial institutions	**2,714,048**	5,136,066	**1,785,281**	3,713,245
	2,714,742	5,137,584	**1,785,558**	3,713,545
Representing:				
— Cash and cash equivalents	**2,714,742**	5,080,718	**1,785,558**	3,713,545
— Time deposits with original maturity over three months	**—**	56,866	**—**	—
	2,714,742	5,137,584	**1,785,558**	3,713,545

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28 BORROWINGS

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans				
— Secured	**7,553,649**	7,933,099	**—**	—
— Unsecured	**13,437,698**	12,742,963	**4,680,310**	5,132,660
Loans from other financial institutions				
— Secured	**2,400,970**	2,400,970	**2,400,970**	2,400,970
Loans from Guodian Group				
— Unsecured	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Loans from fellow subsidiaries				
— Unsecured	**1,090,000**	940,000	**300,000**	350,000
Other borrowings *(note 28(e)(i))*				
— Secured	**6,968,189**	6,960,442	**6,968,189**	6,960,442
— Unsecured	**4,662,037**	3,523,510	**2,590,267**	2,585,239
	37,112,543	35,500,984	**17,939,736**	18,429,311
Less: Current portion of long-term borrowings *(note 28(b))*				
— Bank loans	**(2,895,251)**	(2,332,770)	**(652,400)**	(634,000)
— Other borrowings	**(1,256,073)**	(686,073)	**(997,085)**	—
	32,961,219	32,482,141	**16,290,251**	17,795,311

As at 31 December 2013, the Group's loans and borrowings guaranteed by Guodian Group amounted to RMB9,723,559,000 (2012: RMB9,751,808,000).

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28 BORROWINGS *(CONTINUED)*

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank loans				
— Secured	**2,240,220**	2,524,375	**—**	—
— Unsecured	**7,767,556**	10,579,123	**3,800,000**	5,430,000
Loans from other financial institutions and others				
— Unsecured *(note (i))*	**521,000**	41,000	**400,000**	—
Loans from Guodian Group				
— Unsecured	**4,500,000**	3,500,000	**4,500,000**	3,500,000
Loans from fellow subsidiary				
— Unsecured	**501,000**	1,511,000	**—**	370,000
Other borrowings *(note 28(e)(ii))*				
— Secured	**—**	400,000	**—**	—
— Unsecured	**4,997,682**	4,593,988	**4,997,682**	3,993,988
Loan from government				
— Unsecured	**1,455**	1,636	**—**	—
Current portion of long-term borrowings *(note 28(a))*				
— Bank loans	**2,895,251**	2,332,770	**652,400**	634,000
— Other borrowings	**1,256,073**	686,073	**997,085**	—
	24,680,237	26,169,965	**15,347,167**	13,927,988

Note:

(i) The Group had unpaid loans of RMB40,000,000 as at 31 December 2013 (2012: RMB40,000,000). These unpaid loans represent loans borrowed by a subsidiary, China Fulin Wind Power Engineering Co., Ltd., from third parties.

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28 BORROWINGS *(CONTINUED)*

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

	The Group		The Company	
	2013	2012	**2013**	2012
Long-term				
Bank loans	**3.60%~6.55%**	3.79%~7.05%	**5.76%~6.55%**	5.90%~7.05%
Other borrowings	**3.61%~5.15%**	4.67%~6.06%	**4.67%~5.15%**	4.67%~6.56%
Loans from Guodian Group	**3.86%**	3.86%	**3.86%**	3.86%
Loans from fellow subsidiaries	**3.86%~5.54%**	3.86%~5.99%	**5.40%~5.54%**	5.99%
Short-term				
Bank loans	**1.99%~6.00%**	3.40%~6.56%	**4.90%~5.70%**	5.04%~ 6.89%
Loans from other financial institutions	**5.60%~6.00%**	—	**6.00%**	—
Other borrowings	**4.81%~6.06%**	4.71%~5.90%	**4.81%~6.06%**	5.50%~5.90%
Loans from Guodian Group	**3.75%~4.24%**	4.24%	**3.75%~4.24%**	4.24%
Loans from fellow subsidiaries	**5.40%~6.22%**	5.40%~6.22%	**—**	5.40%
Loan from government	**2.55%**	2.55%	**—**	—

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28 BORROWINGS *(CONTINUED)*

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year or on demand	**4,151,324**	3,018,843	**1,649,485**	634,000
After 1 year but within 2 years	**6,008,005**	4,868,831	**3,293,262**	1,756,045
After 2 years but within 5 years	**14,723,528**	15,466,630	**5,986,804**	10,737,891
After 5 years	**12,229,686**	12,146,680	**7,010,185**	5,301,375
	37,112,543	35,500,984	**17,939,736**	18,429,311

(e) Significant terms of other borrowings

The Group

	2013	2012
	RMB'000	*RMB'000*
Long-term		
Corporate bonds *(note (i))*	**11,630,226**	10,483,952
Short-term		
Debentures	**—**	1,000,000
Corporate bonds *(note (ii))*	**4,997,682**	3,993,988

28 BORROWINGS *(CONTINUED)*

(e) Significant terms of other borrowings *(Continued)*

Notes:

(i) On 9 February 2010, the Company issued unsecured corporate bonds of RMB1,600 million at par with a coupon rate of 4.52% per annum. The effective interest rate is 4.67% per annum. The bonds will be mature in seven years and are redeemable after five years of issuance at the option of the bond holders.

On 10 December 2010, the Company issued a five-year corporate bond of RMB2,000 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.15%, respectively.

On 21 January 2011, the Company issued a five-year corporate bond of RMB1,500 million at par with a coupon rate of 4.89% per annum and a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which are guaranteed by Guodian Group. The effective interest rates of above bonds are 5.08% and 5.14%, respectively.

On 12 December 2011, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 5.72% per annum. The effective interest rate is 6.06% per annum.

On 15 December 2011, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of RMB260 million at par with a coupon rate of 4.75% per annum. The effective interest rate is 5.18%.

On 12 August 2013, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD300 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.61%.

(ii) On 22 February 2013, the Company issued a one-year unsecured corporate bond of RMB5,000 million at par with a coupon rate of 4.50% per annum. The effective interest is 4.81% per annum.

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29 TRADE CREDITORS AND BILLS PAYABLE

The Group

	2013	2012
	RMB'000	*RMB'000*
Bills payable	**1,075,268**	874,966
Creditors and accrued charges	**446,084**	262,349
Amounts due to associates	**620,817**	—
Amounts due to fellow subsidiaries	**—**	123,690
	2,142,169	1,261,005

As at 31 December 2013 and 2012, all trade creditors and bills payable are payable and expected to be settled within one year.

30 OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payables for acquisition of property, plant and equipment	**5,314,119**	5,001,823	**167,893**	231,552
Payables for staff related costs	**242,148**	210,762	**61,667**	58,593
Payables for other taxes	**244,182**	149,240	**16,199**	4,280
Dividends payable	**517,080**	423,176	**—**	—
Receipts in advance	**78,405**	151,830	**12,870**	17,736
Amounts due to subsidiaries *(note (i))*	**—**	—	**4,660,241**	3,923,659
Amounts due to associates and joint ventures *(note (i))*	**1,965,138**	1,092,337	**—**	—
Amounts due to fellow subsidiaries *(note (i))*	**404,843**	567,097	**36,211**	181,414
Amounts due to Guodian Group *(note (i))*	**44,639**	86,872	**440**	440
Other accruals and payables	**942,156**	841,981	**532,702**	268,126
	9,752,710	8,525,118	**5,488,223**	4,685,800

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30 OTHER PAYABLES *(CONTINUED)*

Notes:

(i) Amounts due to Guodian Group, subsidiaries, fellow subsidiaries, associates and joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(ii) All other payables are expected to be settled or recognised as income within one year or are repayable on demand.

31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

The Group

	2013	2012
	RMB'000	*RMB'000*
Net tax (recoverable)/payable at 1 January	**(27,023)**	85,254
Provision for the year *(note 8(a))*	**524,369**	445,375
Over provision in respect of prior years *(note 8(a))*	**(14,042)**	(86,701)
Income tax paid	**(566,291)**	(470,951)
Net tax recoverable at 31 December	**(82,987)**	(27,023)
Representing:		
Tax payable	**101,115**	118,860
Tax recoverable	**(184,102)**	(145,883)
	(82,987)	(27,023)

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31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised:

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

The Group

Deferred tax assets arising from:	Provision for impairment of assets	Unrealised profits	Depreciation and amortisation	Tax losses	Trading securities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	24,371	37,566	30,046	1,425	28,744	58,675	180,827
Credited/(charged) to profit or loss	(1,350)	12,549	793	(1,425)	17,747	(14,927)	13,387
At 31 December 2012	23,021	50,115	30,839	–	46,491	43,748	194,214
At 1 January 2013	**23,021**	**50,115**	**30,839**	**–**	**46,491**	**43,748**	**194,214**
Credited/(charged) to profit or loss	**(4,527)**	**(1,573)**	**13,895**	**2,421**	**(46,491)**	**4,147**	**(32,128)**
At 31 December 2013	**18,494**	**48,542**	**44,734**	**2,421**	**–**	**47,895**	**162,086**

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31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

Deferred tax liabilities arising from:	Available-for-sale investments *RMB'000*	Revaluation of other properties *RMB'000*	Amortisation of intangible assets *RMB'000*	Gain on deemed disposal of an associate *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2012	(1,976)	(3,649)	(35,840)	(46,863)	(12,222)	(100,550)
Credited to profit or loss	—	330	1,528	—	1,336	3,194
Charged to reserves	(335)	—	—	—	—	(335)
At 31 December 2012	(2,311)	(3,319)	(34,312)	(46,863)	(10,886)	(97,691)
At 1 January 2013	**(2,311)**	**(3,319)**	**(34,312)**	**(46,863)**	**(10,886)**	**(97,691)**
Credited/(charged) to profit or loss	**—**	**(9,765)**	**539**	**—**	**(9,264)**	**(18,490)**
Charged to reserves	**23**	**—**	**—**	**—**	**—**	**23**
At 31 December 2013	**(2,288)**	**(13,084)**	**(33,773)**	**(46,863)**	**(20,150)**	**(116,158)**

31 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(CONTINUED)*

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses and certain provision for impairment of assets of RMB2,361,598,000 as at 31 December 2013 (2012: RMB1,472,719,000) as it is not probable that future taxable profits against which the losses and the provisions can be utilised will be available in the relevant entity. The tax losses that will expire in the years ending 31 December 2014, 2015, 2016, 2017 and 2018 are RMB343,639,000, RMB404,492,000, RMB160,752,000, RMB305,264,000 and RMB439,165,000 respectively.

The cumulative tax losses and provision for impairment of assets of the Company not recognised as deferred tax asset are RMB718,194,000 as at 31 December 2013 (2012: RMB827,087,000). The tax losses that will expire in the year ending 31 December 2014, 2015, 2016, 2017 and 2018 are RMB320,283,000, RMB291,021,000, RMB nil, RMB70,232,000 and RMB36,658,000, respectively.

(d) Deferred tax liability not recognised

At 31 December 2013, taxable temporary differences relating to undistributed profits and surplus reserves of subsidiaries and associates and joint ventures amounted to RMB5,185,678,000 (2012: RMB5,246,850,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates and joint ventures are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

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32 EMPLOYEE BENEFITS

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

33 DEFERRED INCOME

The Group

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**1,903,165**	1,992,723
Additions	**110,415**	74,965
Credited to profit or loss	**(137,474)**	(164,523)
At 31 December	**1,876,106**	1,903,165

Deferred income mainly represents VAT refund granted by the government relating to the purchase of domestic equipment and other subsidies relating to the construction of property, plant and equipment, which would be recognised as income on a straight-line basis over the expected useful life of the relevant assets.

34 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly represent long-term retention payables for purchase of wind turbines, among which RMB334,516,000 (2012: RMB244,482,000) is due to an associate of the Group and two fellow subsidiaries.

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35 CAPITAL, RESERVES AND DIVIDENDS

(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:

	Share capital *RMB'000* *(note 35(c))*	Capital reserve *RMB'000* *(note 35(d)(i))*	Statutory surplus reserve *RMB'000* *(note 35(d)(ii))*	Fair value reserve *RMB'000* *(note 35(d)(iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2012	7,464,289	12,233,055	148,171	(6,183)	1,325,207	21,164,539
Change in equity for 2012:						
Profit for the year	–	–	–	–	1,967,917	1,967,917
Other comprehensive income	–	–	–	1,002	–	1,002
Total comprehensive income for the year	–	–	–	1,002	1,967,917	1,968,919
Issuance of shares upon placing, net of issuing costs	572,100	1,723,273	–	–	–	2,295,373
Appropriation	–	–	126,982	–	(126,982)	–
Dividends to shareholders of the Company	–	–	–	–	(515,215)	(515,215)
At 31 December 2012	8,036,389	13,956,328	275,153	(5,181)	2,650,927	24,913,616
At 1 January 2013	**8,036,389**	**13,956,328**	**275,153**	**(5,181)**	**2,650,927**	**24,913,616**
Change in equity for 2013:						
Profit for the year	**–**	**–**	**–**	**–**	**952,159**	**952,159**
Other comprehensive income	**–**	**–**	**–**	**(69)**	**–**	**(69)**
Total comprehensive income for the year	**–**	**–**	**–**	**(69)**	**952,159**	**952,090**
Appropriation	**–**	**–**	**177,642**	**–**	**(177,642)**	**–**
Dividends to shareholders of the Company	**–**	**–**	**–**	**–**	**(511,918)**	**(511,918)**
At 31 December 2013	**8,036,389**	**13,956,328**	**452,795**	**(5,250)**	**2,913,526**	**25,353,788**

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35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(b) Dividends

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

	2013	2012
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0475 per share (2012: RMB0.0637)	**381,728**	511,918

The directors of the Company resolved on 17 March 2014 that a dividend of RMB0.0475 per share is to be distributed to the shareholders for 2013, 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) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2013	2012
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2012, approved during the year, of RMB0.0637 per share (year ended 31 December 2011:RMB0.069 per share)	**511,918**	515,215

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35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Share capital

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
Issued and fully paid:		
4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each	**4,696,360**	4,696,360
3,340,029,000 H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,036,389	8,036,389

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(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 December 2009 and the placing of new H shares in December 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 Guodian Group and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of acquisition of businesses under common control.

35 CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(d) Nature and purpose of reserves *(Continued)*

(ii) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations 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.

(iii) Exchange reserve

The Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currency other than the RMB and the foreign exchange difference on the net investment in foreign operations of the Group which are dealt with in accordance with the accounting policies as set out in note 2(y).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in notes 2(i) and 2(v).

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company is RMB2,913,526,000 (2012: RMB2,650,927,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.0475 per share (2012: RMB0.0637), amounting to RMB381,728,000 (2012: RMB511,918,000) (note 35(b)(i)). The dividend has not been recognised as a liability at the end of the reporting period.

35 CAPITAL, RESERVES AND DIVIDENDS *(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 net gearing ratio, which is calculated by dividing net debt (total borrowings less cash and cash equivalents) by sum of net debt and total equity. The net gearing ratio of the Group as at 31 December 2013 is 59% (2012: 60%).

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.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities, and movements in its own equity share price.

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 and prepayments and other current assets.

Substantially all of the Group's cash and cash equivalents 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 have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 88% of the Group's total trade debtor and bills receivable as at 31 December 2013 (2012: 82%). For other trade receivables 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.

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 38(a), the Group does 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 38(a).

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(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 2013, the Group has unutilised banking facilities of RMB566,000,000. The Group also signed several strategic cooperative framework agreements with PRC banks with unutilised credit lines of RMB162,311,313,000 as at 31 December 2013. 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 capital expenditure requirements of the Group.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk *(Continued)*

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 can be required to pay:

The Group

	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*
31 December 2013						
Long-term borrowings *(note 28(a))*	32,961,219	41,450,487	1,717,095	7,694,004	17,672,653	14,366,735
Short-term borrowings *(note 28(b))*	24,680,237	25,142,957	25,142,957	–	–	–
Trade creditors and bills payable *(note 29)*	2,142,169	2,142,169	2,142,169	–	–	–
Other payables *(note 30)*	9,674,305	9,674,305	9,674,305	–	–	–
	69,457,930	78,409,918	38,676,526	7,694,004	17,672,653	14,366,735
31 December 2012						
Long-term borrowings *(note 28(a))*	32,482,141	42,172,221	1,769,164	6,762,243	17,999,905	15,640,909
Short-term borrowings *(note 28(b))*	26,169,965	27,022,455	27,022,455	–	–	–
Trade creditors and bills payable *(note 29)*	1,261,005	1,261,005	1,261,005	–	–	–
Other payables *(note 30)*	8,373,288	8,373,288	8,373,288	–	–	–
	68,286,399	78,828,969	38,425,912	6,762,243	17,999,905	15,640,909

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(b) Liquidity risk *(Continued)*

The Company

	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
31 December 2013						
Long-term borrowings *(note 28(a))*	16,290,251	20,123,149	872,621	4,805,389	7,931,970	6,513,169
Short-term borrowings *(note 28(b))*	15,347,167	15,624,951	15,624,951	—	—	—
Trade creditors and bills payable	5,570	5,570	5,570	—	—	—
Other payables *(note 30)*	5,475,353	5,475,353	5,475,353	—	—	—
	37,118,341	41,229,023	21,978,495	4,805,389	7,931,970	6,513,169
31 December 2012						
Long-term borrowings *(note 28(a))*	17,795,311	21,900,630	932,989	2,678,769	12,189,771	6,099,101
Short-term borrowings *(note 28(b))*	13,927,988	14,157,363	14,157,363	—	—	—
Trade creditors and bills payable	252	252	252	—	—	—
Other payables *(note 30)*	4,668,064	4,668,064	4,668,064	—	—	—
	36,391,615	40,726,309	19,758,668	2,678,769	12,189,771	6,099,101

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(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 2013 and 2012, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

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 detailed interest rates and maturity information of the Group's and the Company's borrowings are disclosed in note 28.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

The Group

	2013 **RMB'000**	2012 RMB'000
Net fixed rate borrowings/(lendings):		
Borrowings	**29,638,323**	30,547,858
Less: Loans and advances *(note 24(i))*	**(275,210)**	(75,053)
Bank deposits (including restricted deposits)	**(198,919)**	(636,588)
	29,164,194	29,836,217
Net floating rate borrowings/(lendings):		
Borrowings	**28,003,133**	28,104,248
Less: Other financial assets *(note 21(i))*	**(48,580)**	(50,370)
Bank deposits (including restricted deposits)	**(3,240,554)**	(4,731,008)
	24,713,999	23,322,870
Total net borrowings	**53,878,193**	53,159,087

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

The Company

	2013	2012
	RMB'000	*RMB'000*
Net fixed rate borrowings/(lendings):		
Borrowings	**23,056,138**	17,369,669
Less: Loans and advances	**(7,052,000)**	(5,500,000)
Designated loans *(note 21(i))*	**(12,838,000)**	(14,409,000)
Bank deposits (including restricted deposits)	**—**	(579,722)
	3,166,138	(3,119,053)
Net floating rate borrowings/(lending):		
Borrowings	**8,581,280**	14,353,630
Less: Loans and advances	**(9,501,640)**	(7,301,020)
Designated loans *(note 21(i))*	**(3,511,440)**	(4,120,416)
Bank deposits (including restricted deposits)	**(1,797,587)**	(3,145,483)
	(6,229,387)	(213,289)
Total net lendings	**(3,063,249)**	(3,332,342)

At 31 December 2013, 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 retained profits by approximately RMB191,010,000 (2012: RMB170,143,000).

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(c) Interest rate risk *(Continued)*

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.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars, Euros and United States dollars. The Group manages this risk as follows:

(i) Recognised assets and liabilities

Except for CERs and VERs 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 Hong Kong dollars and United States dollars. 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 shareholders.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF 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

	Exposure to foreign currencies (expressed in RMB)					
	2013			2012		
	HKD RMB'000	USD RMB'000	EUR RMB'000	HKD RMB'000	USD RMB'000	EUR RMB'000
Cash and cash equivalents	126,606	129,724	91	2,355,278	123,211	91
Trade debtors	—	—	4,552	—	—	410,501
Other current assets	—	—	—	—	—	735,361
Short-term borrowings	—	(1,577,189)	(1,849)	(391,037)	(346,064)	—
Long-term borrowings	—	(2,175,194)	(11,096)	—	(430,394)	(14,616)
Net exposure	126,606	(3,622,659)	(8,302)	1,964,241	(653,247)	1,131,337

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

The Company

	Exposure to foreign currencies (expressed in RMB)					
	2013			2012		
	HKD *RMB'000*	*USD* *RMB'000*	*EUR* *RMB'000*	*HKD* *RMB'000*	*USD* *RMB'000*	*EUR* *RMB'000*
Cash and cash equivalents/net exposure	46,031	26	91	2,314,718	58	90

The followings are HKD, USD and EUR exchange rates to RMB:

	Average rate		Reporting date spot rate	
	2013	2012	**2013**	2012
HKD	**0.7979**	0.8136	**0.7862**	0.8108
USD	**6.1896**	6.3108	**6.0969**	6.2855
EUR	**8.2396**	8.1423	**8.4189**	8.3176

A 5% strengthening of RMB against the following currencies as at 31 December 2013 and 2012 would have increased/(decreased) the net profit and retained profit by the amount shown below.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

The Group

	2013 *RMB'000*	2012 *RMB'000*
HKD	**(1,727)**	(101,058)
USD	**136,052**	23,881
EUR	**254**	(62,866)
	134,579	(140,043)

A 5% weakening of RMB against the above currencies as at 31 December 2013 and 2012 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 both derivative and non-derivative 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.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(e) Equity price risk

The Group and the Company are exposed to equity price changes arising from equity investments classified as available-for-sale equity securities and trading securities (note 21 and note 25). The Group's and the Company's listed investments are listed on Shanghai Stock Exchange and Shenzhen Stock Exchange in the PRC and on HKSE. Listed and unlisted investments held in the available-for-sale portfolio are held for long term purpose. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's and the Company's exposure to equity price risk is insignificant.

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

At 31 December 2013 and 2012, the financial instruments of the Group and the Company carried at fair value were trading securities and available-for-sale investments. These instruments fall into Level 1 of the fair value hierarchy described above.

(a) Fair value hierarchy

The Group

		Fair value measurements as at 31 December 2013 categorised into		
	Fair value at 31 December 2013 *RMB'000*	Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities-listed	11,738	11,738	—	—
Trading securities	315,932	315,932	—	—

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

(a) Fair value hierarchy *(Continued)*

		Fair value measurements as at 31 December 2013 categorised into		
	Fair value at 31 December 2012 *RMB'000*	Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities-listed	11,830	11,830	—	—
Trading securities	301,737	301,737	—	—

During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 2012 except as follows:

The Group

	Carrying amounts at 31 December 2013 *RMB'000*	Fair value at 31December 2013 *RMB'000*	Fair value measurements as at 31 December 2013 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Carrying amounts at 31 December 2012 *RMB'000*	Fair value at 31 December 2012 *RMB'000*
Corporate bonds *(note 28(a))*	10,374,153	10,424,096	10,424,096	–	–	9,797,879	9,754,650
Fixed rate long-term loans	4,154,578	3,949,366	–	3,949,366	–	5,255,267	4,934,007
	14,528,731	14,373,462	10,424,096	3,949,366	–	15,053,146	14,688,657

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(CONTINUED)*

(f) Fair value measurement *(Continued)*

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

The Company

	Carrying amounts at 31 December 2013	Fair value at 31December 2013	Fair value measurements as at 31 December 2013 categorised into			Carrying amounts at 31 December 2012	Fair value at 31 December 2012
			Level 1	Level 2	Level 3		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Corporate bonds *(note 28(a))*	8,561,371	8,584,600	8,584,600	–	–	9,545,681	9,494,994
Fixed rate long-term loans	3,400,970	3,345,919	–	3,345,919	–	3,400,970	3,350,391
	11,962,341	11,930,519	8,584,600	3,345,919	–	12,946,651	12,845,385

The fair values of the fixed rate long-term loans are estimated as being the present values of future cash flows, discounted at interest rates based on the market interest rates of comparable bank loans as at 31 December 2013.

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37 COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Contracted for	**15,688,011**	16,957,609	**73,919**	18,467
Authorised but not contracted for	**50,799,732**	34,393,935	**8,190,470**	3,858,463
	66,487,743	51,351,544	**8,264,389**	3,876,930

(b) At the year end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,545**	1,267	**—**	—
After 1 year but within 5 years	**5,254**	5,169	**—**	—
After 5 years	**3,876**	5,031	**—**	—
	10,675	11,467	**—**	—

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

38 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 31 December, the Group issued the following guarantees:

(i) Guarantees to banks in respect of the bank loans granted to certain third parties or related parties are set forth below:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Subsidiaries	**—**	—	**733,481**	824,620
Associates and joint ventures	**62,232**	69,174	**62,232**	69,174
	62,232	69,174	**795,713**	893,794

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 31 December 2013, the balance counter-guaranteed by the Company amounted to RMB21,600,000 (2012: RMB29,320,000). The directors of the Company are of the opinion that the likelihood of the bank loans repayment default by Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司) is remote.

(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 and VERs 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 and VERs. Therefore, the Group has not made any provision on such contingencies.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

	2013	2012
	RMB'000	*RMB'000*
Sales of goods and provide service to		
Guodian Group	**—**	1,499
Fellow subsidiaries	**494,469**	366,010
Associates and joint ventures	**8,446**	20,621
Purchase of goods and receive service from		
Fellow subsidiaries	**650,406**	903,542
Associates and joint ventures	**2,056,772**	1,794,470
Working capital received from/(provided to)		
Fellow subsidiaries	**(23,479)**	(54,781)
Associates and joint ventures	**21,868**	(623,757)

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with related parties *(Continued)*

	2013 RMB'000	2012 RMB'000
Loan guarantees revoked by		
Guodian Group	**(28,249)**	(18,163)
Loan guarantees revoked to		
Associates and joint ventures	**(6,942)**	(6,942)
Loans provided to/(repayment from)		
Fellow subsidiaries	**200,000**	—
Associates and joint ventures	**(10,000)**	(6,431)
Loans repayment to/(received from)		
Guodian Group	**(1,000,000)**	(1,165,000)
Fellow subsidiaries	**860,000**	405,630
Interest expenses		
Guodian Group	**213,846**	152,900
Fellow subsidiaries	**133,914**	114,685
Interest income		
Fellow subsidiaries	**11,624**	2,695
Associates and joint ventures	**7,033**	8,316
Deposits placed with		
Fellow subsidiaries	**1,038,331**	94,656
Acquisition of businesses from		
Guodian Group	**—**	190,308
Fellow subsidiaries	**—**	1,316,965
Investments in		
Fellow subsidiaries (unquoted equity investment)	**11,690**	189,154
Associates and joint ventures	**158,678**	592,357

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB1,181,095,000 as at 31 December 2013 (2012: RMB142,764,000). Details of the other outstanding balances with related parties are set out in notes 21, 23, 24, 28, 29, 30, and 34.

(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 "state-controlled entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled 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. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as other state-controlled entities transactions:

	2013	2012
	RMB'000	*RMB'000*
Sales of electricity	**14,685,829**	12,404,282
Sales of other products	**367,262**	833,719
Interest income	**37,204**	53,564
Interest expenses	**2,406,466**	3,061,102
Loans received	**1,510,895**	7,311,164
Deposits (withdraw from)/placed with	**(2,977,372)**	1,095,519
Purchase of materials and receiving construction service	**3,931,333**	4,434,057
Service concession construction revenue	**667,060**	518,519

The balances with other state-controlled entities transactions are as follows:

	2013	2012
	RMB'000	*RMB'000*
Receivables from sales of electricity	**5,917,369**	6,411,075
Receivables from sales of other products	**27,926**	58,679
Bank deposits (including restricted deposits)	**1,313,042**	4,290,414
Borrowings	**37,047,095**	35,536,200
Payable for purchase of materials and receiving construction work service	**1,288,351**	1,039,918

FOR THE YEAR ENDED 31 DECEMBER 2013 (Expressed in thousands of Renminbi unless otherwise stated)

39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Key management personnel remuneration

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

	2013	2012
	RMB'000	*RMB'000*
Salaries and other emoluments	**1,538**	1,495
Discretionary bonus	**4,414**	4,903
Retirement scheme contributions	**564**	510
	6,516	6,908

(e) Commitment with related parties

	2013	2012
	RMB'000	*RMB'000*
Sales commitment with		
Fellow subsidiaries	**1,003**	2,530
Associates and joint ventures	**3,140**	4,673
Capital commitment with		
Associates and joint ventures	**754,981**	546,148
Other commitment with		
Associates and joint ventures	**—**	158,000

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39 MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

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

The related party transactions in respect of the sales and purchase of goods, provide and receive service to and from Guodian Group and its subsidiaries, loans from and deposits placed with Guodain Group and its subsidiaries in note 39(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 2013.

40 ACQUISITION OF BUSINESSES

During the year ended 31 December 2013, the Group acquired a subsidiary from third parties for the purpose of business expansion. Acquisition of equity interests in the subsidiary have been accounted for using the acquisition method of accounting effective from the date when the subsidiary is controlled by the Group. Details are as follows:

Company name	Acquisition date	Percentage of interest acquired	Cash consideration
Ningxia Tianjing Wind Power Corporation Limited	9 April 2013	100%	RMB100,000,000

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40 ACQUISITION OF BUSINESSES *(CONTINUED)*

The aggregate assets and liabilities at the date of acquisition are as follows:

	At the acquisition date	
	Carrying value of the acquiree	**Fair value**
	RMB'000	*RMB'000*
Cash and cash equivalents	1,128	1,128
Trade debtors and bills receivable	7,653	7,653
Prepayments and other current assets	33,397	33,397
Inventory	1,192	1,192
Property, plant and equipment	447,588	495,877
Intangible assets	221	221
Investments in associate	400	400
Less: Current liabilities	(80,821)	(80,821)
Non-current liabilities	(346,850)	(346,850)
Net assets	63,908	112,197
Less: Deferred tax liabilities	—	(12,072)
	63,908	100,125

An analysis of the net outflow/(inflow) of cash and cash equivalents in respect of the acquisition of the subsidiary is as follows:

	At the acquisition date
	RMB'000
Cash consideration paid/to be paid	100,000
Less: Cash and cash equivalents acquired	(1,128)
Net outflow of cash and cash equivalents in respect of the acquisition	98,872

41 SENIOR PERPETUAL SECURITIES

On 7 December 2012, a subsidiary of the Company (the "Issuer") issued US$400,000,000 senior perpetual securities at initial interest rate of 5.25% ("Senior Perpetual Securities"). The Senior Perpetual Securities were issued for general corporate funding purposes to develop and expand the Group's new energy businesses and for the Group's working capital needs. Coupon payments of 5.25% per annum on the Senior Perpetual Securities are paid semi-annually in arrears from 7 June 2013 and may be deferred at the discretion of the Group. The Senior Perpetual Securities have no fixed maturity and are callable at the Group's option on or after 7 December 2015 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 7 December 2015, the coupon rate will be reset to a percentage per annum equal to the sum of (a) the initial spread of 4.912 per cent., (b) the U.S. Treasury Rate and (c) a margin of 5.00 per cent. per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

The Company and Guodian Group each issued a Company Keepwell Deed and a Company Equity Interest Purchase Undertaking to the trustee of the Senior Perpetual Securities. Under the Company Keepwell Deed, the Company and Guodian Group will undertake to cause the Issuer to have sufficient liquidity to ensure timely payment by the Issuer of any payment in respect of the Senior Perpetual Securities. Under the Company Equity Interest Purchase Undertaking, the Company and Guodian Group agrees that, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorisations from the relevant approval authorities, the Company and Guodian Group will purchase the equity interests in certain of the direct or indirect owned PRC-established subsidiaries of the Issuer upon receiving a purchase notice from the trustee.

42 PARENT AND ULTIMATE HOLDING COMPANY

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

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43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the IASB has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 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
Amendment to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	1 January 2014
Amendment to IAS 32, *Financial instruments: Presentation-Offsetting financial assets and financial liabilities*	1 January 2014
Annual improvements to IFRSs 2010-2012 cycle	1 July 2014
Annual improvements to IFRSs 2011-2013 cycle	1 July 2014
IFRS 9, *Financial instruments*	Unspecified

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

44 SERVICE CONCESSION ARRANGEMENT

In recent years, the Group entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22-25 years of operation. 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 either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue (note 4) recorded during the years 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-contracted.

The Group has recognised intangible assets (note 17) related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. 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.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

GLOSSARY OF TERMS

"Articles of Association"	articles of association of the Company
"attributable installed capacity" or "attributable installed capacity under construction"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"average utilisation hours"	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"Board"	the board of directors of the Company
"capacity index"	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialised countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits

"CDM EB"	the CDM Executive Board, which supervises the clean development mechanism under the authority and guidance of the Conference of the Parties to the United Nation Framework Convention on Climate Change
"CERs"	certified emission reductions, which are carbon credits issued by CDM EB for emission reductions achieved by CDM projects and verified by a DOE under the Kyoto Protocol
"our Company", "Company", "we" or "us"	龍源電力集團股份有限公司(China Longyuan Power Group Corporation Limited)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"consolidated gross power generation"	the aggregate gross power generation or net power generation (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
"Director(s)"	the directors of the Company
"Duyun Wind Power"	Guodian Duyun Wind Power Co., Ltd. (國電龍源都匀風力發電有限公司), a joint venture company set up by the Company and Guodian Guizhou
"electricity sale"	the actual amount of electricity sold by a power plant in a particular period of time, which is equivalent to gross power generation less comprehensive auxiliary electricity

"GDPD"	GD Power Development Co., Ltd (國電電力發展股份有限公司)
"Group"	China Longyuan Power Group Co. Ltd. and its subsidiaries
"Guodian Finance"	Guodian Finance Co. Ltd.. (國電財務有限公司)
"Guodian Group"	China Guodian Corporation (中國國電集團公司)
"Guodian Guizhou"	Guodian Guizhou Electric Power Co., Ltd. (國電貴州電力有限公司)
"Guodian Shandong"	Guodian Shandong Electric Power Co., Ltd. (國電山東電力有限公司)
"Guodian Suqian"	Guodian Suqian Power Generation Co., Ltd. (國電宿遷熱電有限公司)
"GW"	unit of energy, gigawatt. 1GW = 1,000MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Jinan Wind Power"	Guodian Shandong Jinan Wind Power Co., Ltd. (國電山東龍源濟南風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong
"JSPG"	Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司)
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. 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 generator producing one thousand watts for one hour

"Linqu Wind Power"	Guodian Shandong Linqu Wind Power Co., Ltd. (國電山東龍源臨朐風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"regions not subject to grid curtailment"	Regions excluding Heilongjiang Province, Jilin Province, Liaoning Province, Inner Mongolia Autonomous Region and Gansu
"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Sishui Wind Power"	Guodian Shandong Jinan Wind Power Co., Ltd. (國電山東龍源泗水風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong
"United Power"	Guodian United Power Technology Co., Ltd.
"VERs" or "VER"	Voluntary Emission Reductions that are carbon credits which are not mandated by any law or regulation, but originate from an organisation's desire to take active part in climate change mitigation efforts

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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Mr. Qiao Baoping *(Chairman of the Board)*
Mr. Chen Bin
Mr. Wang Baole
Mr. Luan Baoxing

Executive Directors

Mr. Li Enyi *(President)*
Mr. Huang Qun

Independent non-executive Directors

Mr. Lv Congmin
Mr. Zhang Songyi
Mr. Meng Yan

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Qiao Baoping

AUTHORISED REPRESENTATIVES

Mr. Li Enyi
Mr. Jia Nansong
Mr. Zhang Songyi
(as Mr. Li Enyi's alternate)
Ms. Soon Yuk Tai
(as Mr. Jia Nansong's alternate)

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Mr. Jia Nansong
Ms. Soon Yuk Tai

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龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*

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