華能新能源股份有限公司

Huaneng Renewables Corporation Limited *

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

(Stock Code: 0958)

2013
Annual Report

* For identification purpose only

Contents

Chairman's Statement

Dear Shareholders,

2013 was not only a crucial year for the implementation of the "Twelfth Five-year Plan" of the PRC, but was also the first year in which the Company strived to take the wind power industry to a new phase of scientific development. Facing a complex economy and strategic opportunities for the development of the renewable energy sector, all employees of the Company, with dedication and determination, devoted tremendous efforts to the Company's endeavor to adjust structure and optimize business layout, thereby further improving the profitability, competitiveness and capability of sustainable development of the Company. The Company fully and comprehensively outperformed the targets set by the Board, and reported the best operating results in its history. The Company carried on with its standardized management, strengthened its investor relationship and significantly enhanced its image and credibility in the capital markets.

In 2013, the Company continued to optimize its business layout and proactively stepped up its efforts to develop wind power and solar power projects, which further optimized power mix and regional distribution and achieved breakthroughs in provinces and regions including Chongqing and Zhejiang. As at the end of 2013, the Company had a total installed capacity of 6,550.9 MW, representing an increase of 20.0% compared to the previous year, with 6,220.9 MW from wind power and 330.0 MW from solar power. The Company has realised rapid development by starting from scratch. During the year, the Company recorded profit attributable to equity shareholders of the Company of RMB887.6 million, representing an increase of 59.1% compared to the previous year. As at the end of 2013, total assets of the Company reached RMB59,798.0 million. The Company diligently fulfilled the responsibility of energy saving and emission reduction by generating green electricity of 11,143.1 GWh, equivalent to reducing emission of approximately 10.03 million tons of carbon dioxide or saving 3.58 million tons of standard coal.

2014 is not only the first year for the comprehensive deepening of reforms in the PRC, but is also a crucial year for the Company to optimize its business layout, as well as accomplish the targets of the "Twelfth Five-year Plan" in a comprehensive manner. Looking from the current development trend, the recovery of the global economy continues to be slow, whereas the fundamentals of the domestic macro economy remain sound. The focus on the improvement of quality and the enhancement of efficiency in economic development, the increasing attention to environmental protection and ecological awareness and the transition to low-carbon clean energy in energy development all demonstrate huge potential and substantial room for future development in renewable energy such as wind power and photovoltaic power. In light of the new development trend of marketization and internationalization, the Company will seize opportunities from the policy reforms of the PRC and put more efforts to improve the quality and efficiency of its development, as well as achieve a harmonious integration of large scale of assets, large market share and great social contribution with strong profitability, strong competitiveness and strong capability of sustainable development, thus building the Company into a top-notch global renewable energy company and continuously bringing sustainable, stable and increasing investment returns to its shareholders.

Last but not the least, on behalf of the Board of the Company, I would like to extend our sincere gratitude to all of our shareholders, the public and our friends for the trust and support given to us.

CAO Peixi
Chairman

President's Statement

Dear Shareholders,

2013 marked a critical year for the restructuring and rapid development of the Company. The management and employees made concerted and pioneering efforts to take opportunities to strive for progress. In spite of changes in macro economy and policies and multiple challenges from capital markets and industry environment, the Company improved its profitability, competitiveness and sustainability to further enhance its comprehensive strengths.

In 2013, the Company firmly held onto the goal of improving efficiencies in incremental and existing assets, electricity marketing was strengthened and operation results significantly improved through solid and safe production fundamentals. Through stepping up publicity efforts in areas where the Company has yet to establish a presence and imposing stricter supervision on construction, the effects of amended regional policies regarding wind power had been overcome, thus achieving steady increase in installed capacity and gradual improvement

in business layout. In 2013, the Company reached a total power generation of 11,143.1 GWh, representing an increase of 32.6% compared to the previous year. The revenue for the year amounted to RMB5,797.5 million, representing a growth of 44.0% compared to the previous year. The profit for the year amounted to RMB917.1 million, representing a growth of 52.6% compared to the previous year. Total assets amounted to RMB59,798.0 million.

2014 will be the first year for the advancement of reform for the PRC. It is also a critical year for the Company to optimize its business mix and layout to meet its strategic targets for the Twelfth Five-year Plan. Facing new opportunities and challenges ahead, the Company is determined to adopt a more diligent and pragmatic approach to further strengthen its management, speed up its scientific development paces. Striving to enhance the quality and economic benefits of its development, the Company will continue to improve its business mix and layout, management and innovations with an aim to achieve better results.

Lastly, on behalf of the management and employees of the Company, I would like to extend our sincere gratitude to all of our shareholders and investors for their continuing support and trust.

LIN Gang
President

Corporate Profile

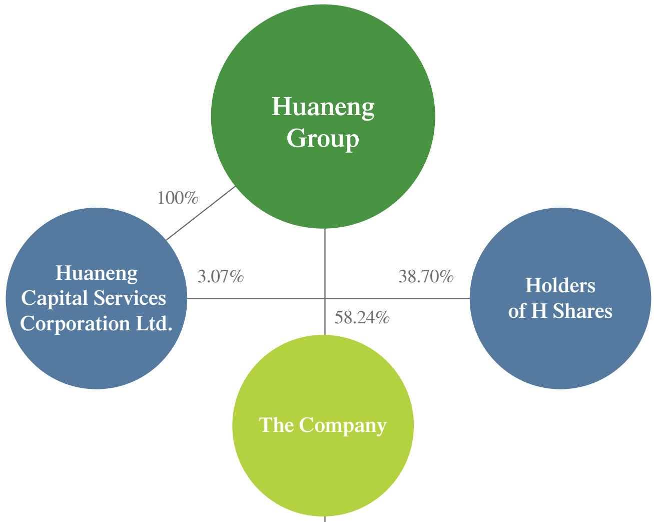
• CORPORATE INTRODUCTION

The predecessor of Huaneng Renewables Corporation Limited (the "**Company**") is Huaneng New Energy Industrial Co., Ltd., which was established in November 2002. On 10 June 2011, the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") with an aggregate of 8,446,898,000 shares in issue. Upon the issuance of 582,317,360 new H shares by way of a non-public issue in October 2013, the total number of shares of the Company is 9,029,215,360, of which China Huaneng Group ("**Huaneng Group**"), the controlling shareholder of the Company, directly and indirectly holds 61.30% of the Company's total issued shares.

The Company is committed to the investment, construction and operation of new energy projects. It focuses on developing and operating wind power projects while promoting synergistic growth of solar power and other renewable energies. The Company adheres to scientific development and rational business distribution. With operations of scaled wind farms and distributed wind farms, utilization of onshore and offshore wind resources, attention to both development and acquisition, the Company strives to improve its growth quality and efficiency and to continuously increase its profitability, competitiveness and sustainable development capabilities, so as to maintain its established position in the People's Republic of China (the "**PRC**") and to expand into international markets with a view to becoming an internationally competitive and premier renewable energy provider.

Since its establishment, the Company has been focusing on its mission of green power development and clean energy production. The Company places great emphasis on protecting and improving the environment and on fulfilling its social responsibilities, and strives to bring sustainable, stable and increasing returns to its shareholders.

• CORPORATE STRUCTURE



100%	Huaneng Tongliao Wind Power Co., Ltd.	100%	Huaneng Heqing Wind Power Co., Ltd.	100%	Huaneng Shenchi Wind Power Co., Ltd.
100%	Huaneng Baotou Wind Power Co., Ltd.	100%	Huaneng Kunming Wind Power Co., Ltd.	100%	Huaneng Huailai Wind Power Co., Ltd.
100%	Huaneng Huhhot Wind Power Co., Ltd.	100%	Huaneng Yangjiang Wind Power Co., Ltd.	100%	Huaneng Fanshi Wind Power Co., Ltd.
100%	Huaneng Keyouzhongqi Wind Power Co., Ltd.	100%	Huaneng Raoping Wind Power Co., Ltd.	100%	Huaneng Gansu Jinchang New Energy Power Co., Ltd.
100%	Huaneng Chenbaerhuqi Wind Power Co., Ltd.	100%	Huaneng Zhanjiang Wind Power Co., Ltd.	100%	Jinchang Century Concord New Energy Co., Ltd.
100%	Huaneng Manzhouli Wind Power Co., Ltd.	100%	Huaneng Ningwu Wind Power Co., Ltd.	100%	Yongchang Century Concord Solar Power Co., Ltd.
100%	Huaneng Fuxin Wind Power Co., Ltd.	100%	Huaneng Yuanping Wind Power Co., Ltd.	100%	Huaneng Ningnan Wind Power Co., Ltd.
100%	Huaneng Jinzhou Wind Power Co., Ltd.	100%	Huaneng Tianzhen Wind Power Co., Ltd.	100%	Huaneng Qingtongxia New Energy Power Co., Ltd.
100%	Huaneng Gaizhou Wind Power Co., Ltd.	100%	Huaneng Pianguan Wind Power Co., Ltd.	100%	Huaneng Fuchuan Wind Power Co., Ltd.
100%	Huaneng Rongcheng Wind Power Co., Ltd.	100%	Huaneng Wutai Wind Power Co., Ltd.	100%	Huaneng Gonghe Solar Power Co., Ltd.
100%	Huaneng Changyi Wind Power Co., Ltd.	100%	Huaneng Weining Wind Power Co., Ltd.	75%	Huaneng Tieling Wind Power Co., Ltd.
100%	Huaneng Weifang Binhai Wind Power Co., Ltd.	100%	Huaneng Hezhang Wind Power Co., Ltd.	75%	Huaneng Tieling Daxing Wind Power Co., Ltd.
100%	Huaneng Lijin Wind Power Co., Ltd.	100%	Huaneng Chengde Wind Power Co., Ltd.	75%	Huaneng Tieling Kaiyuan Wind Power Co., Ltd.
100%	Huaneng Dongying Hekou Wind Power Co., Ltd.	100%	Huaneng Tangshan Fengnan Wind Power Co., Ltd.	63%	Huaneng Mingyang New Energy Investment Co., Ltd.
100%	Huaneng Jimo Wind Power Co., Ltd.	100%	Huaneng Xinjiang Santanghu Wind Power Co., Ltd.	55%	HNEEP-CLP Changdao Wind Power Co., Ltd.
100%	Huaneng Yantai Wind Power Co., Ltd.	100%	Huaneng Xinjiang Qinghe Wind Power Co., Ltd.	55%	HNNE-CLP Weihai Wind Power Co., Ltd.
100%	Huaneng Weifang Wind Power Co., Ltd.	100%	Huaneng New Energy Shanghai Power Co., Ltd.	55%	Huaneng Shouguang Wind Power Co., Ltd.
100%	Huaneng Yishui Wind Power Co., Ltd.	100%	Huaneng Tongyu Xinhua Wind Power Co., Ltd.	55%	Huaneng Hong Kong Electric Dali Wind Power Co., Ltd.
100%	Huaneng Eryuan Wind Power Co., Ltd.	100%	Huaneng Baicheng Wind Power Co., Ltd.	55%	Huaneng Laoting Wind Power Co., Ltd.
100%	Huaneng Dali Wind Power Co., Ltd.	100%	Huaneng Dingbian New Energy Power Co., Ltd.	53%	Huaneng Panjin Wind Power Co., Ltd.
100%	Huaneng Nanhua Wind Power Co., Ltd.	100%	Huaneng Zhaojue Wind Power Co., Ltd.	60%	Huaneng Shantou Nan'ao Wind Power Co., Ltd.
100%	Huaneng Yunlong Wind Power Co., Ltd.	100%	Huaneng Huili Wind Power Co., Ltd.	51%	Huaneng Hulunbuir Wind Power Co., Ltd.
100%	Huaneng Changning Wind Power Co., Ltd.	100%	Huaneng Butuo Wind Power Co., Ltd.	50%	Huaneng Shantou Wind Power Co., Ltd.
100%	Huaneng Weishan Wind Power Co., Ltd.	100%	Huaneng Renewables (Hong Kong) Ltd.	46%	Shanghai Lingang Offshore Wind Power Co., Ltd.

Note: Numbers may not add up due to rounding.

• DISTRIBUTION OF PROJECTS

Distribution of the Company's installed capacity as at the end of December 2013 is as follows:

Xinjiang

Installed Capacity	198.0 MW
Percentage of Installed Capacity	3.0%

Gansu

Installed Capacity	150.0 MW
Percentage of Installed Capacity	2.3%

Qinghai

Installed Capacity	120.0 MW
Percentage of Installed Capacity	1.8%

Ningxia

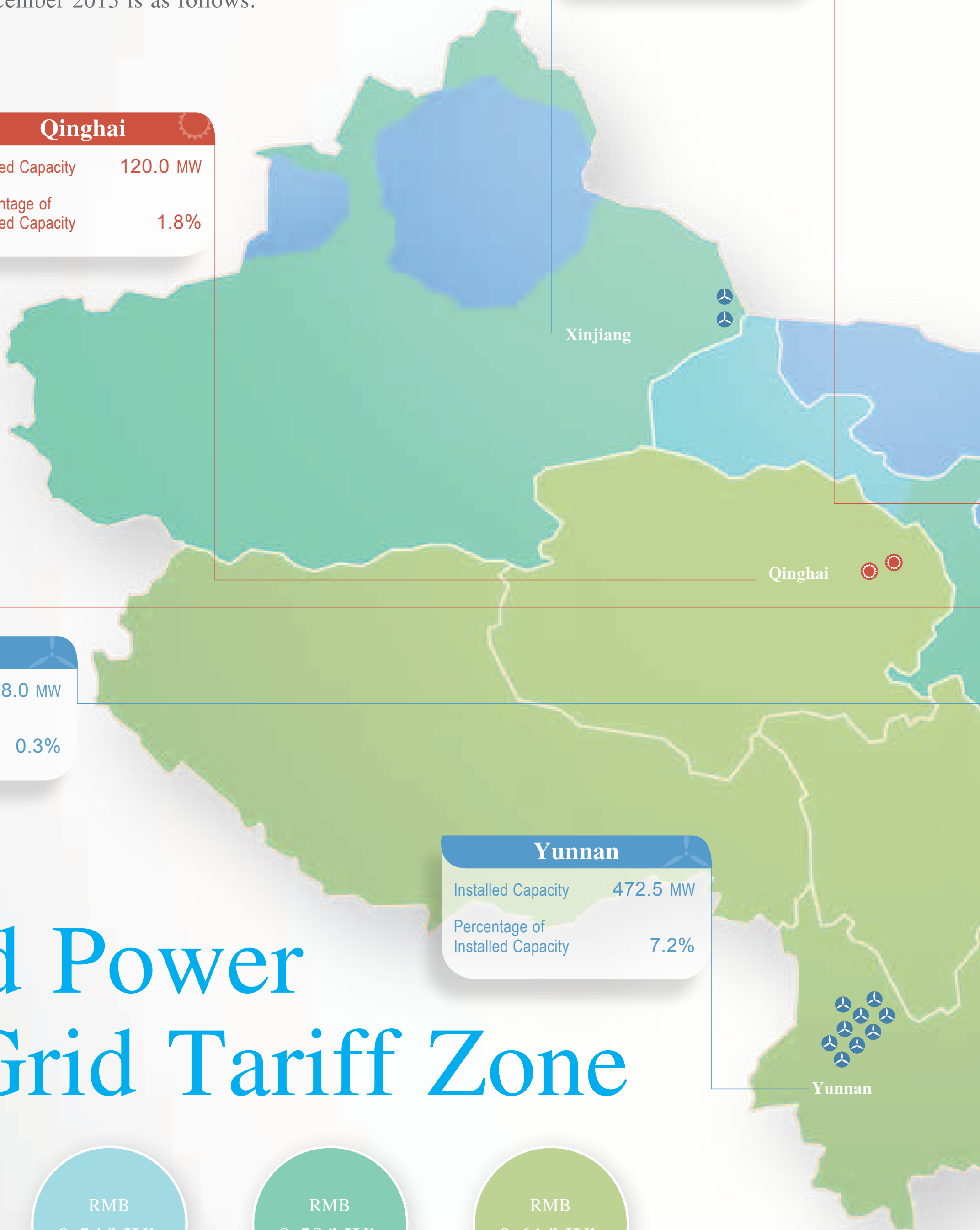
Installed Capacity	30.0 MW
Percentage of Installed Capacity	0.5%

Shaanxi

Installed Capacity	18.0 MW
Percentage of Installed Capacity	0.3%

Yunnan

Installed Capacity	472.5 MW
Percentage of Installed Capacity	7.2%



Wind Power On-Grid Tariff Zone

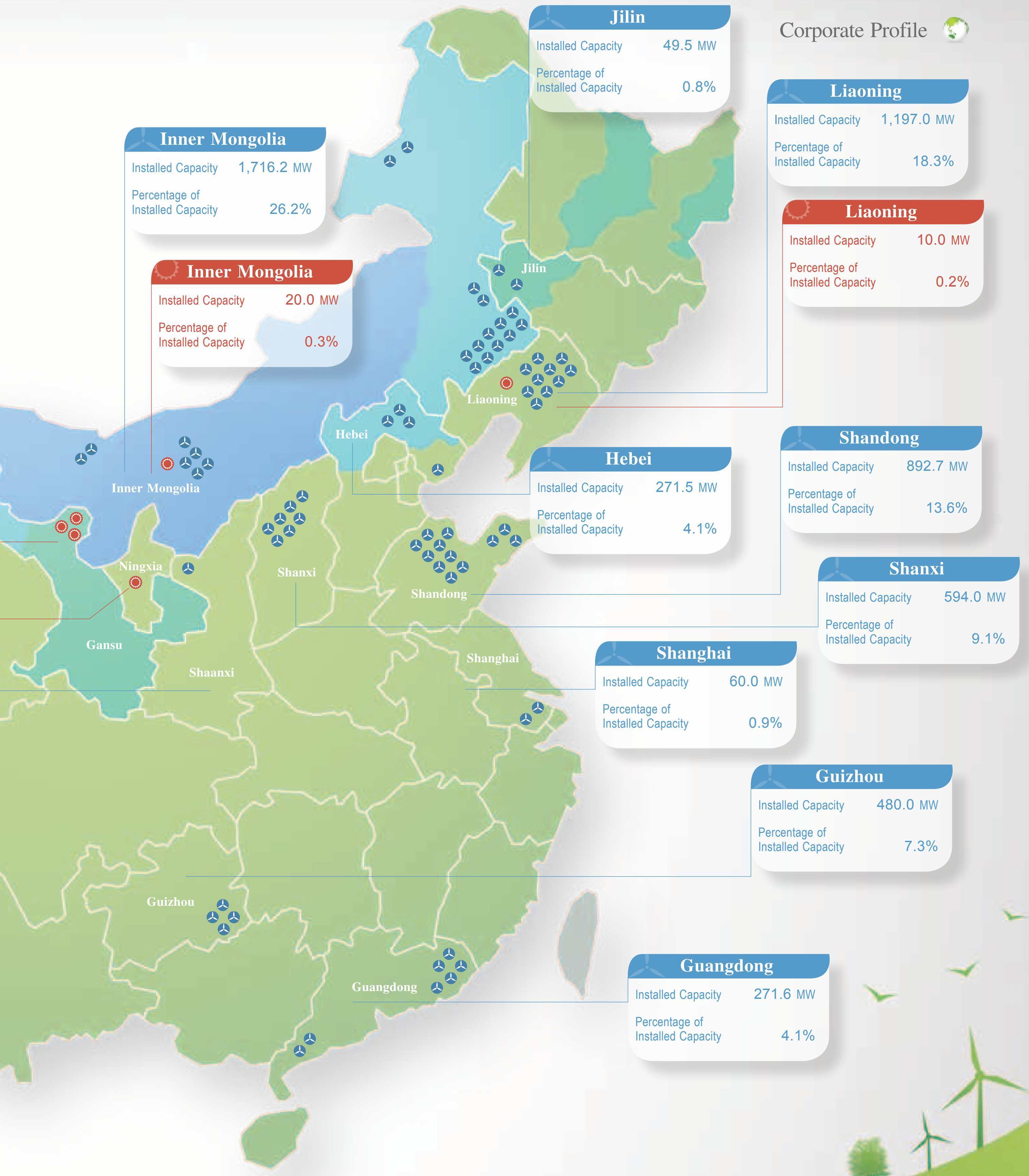
RMB 0.51/kWh

RMB 0.54/kWh

RMB 0.58/kWh

RMB 0.61/kWh

Note: Percentage of the installed capacity represents the percentage ratio of the Company's installed capacity in each region to the total installed capacity of the Company (Due to rounding, the total percentage may not add up to 100%)


Jilin
Installed Capacity 49.5 MW
Percentage of Installed Capacity 0.8%
Liaoning
Installed Capacity 1,197.0 MW
Percentage of Installed Capacity 18.3%
Liaoning
Installed Capacity 10.0 MW
Percentage of Installed Capacity 0.2%
Inner Mongolia
Installed Capacity 1,716.2 MW
Percentage of Installed Capacity 26.2%
Inner Mongolia
Installed Capacity 20.0 MW
Percentage of Installed Capacity 0.3%
Hebei
Installed Capacity 271.5 MW
Percentage of Installed Capacity 4.1%
Shandong
Installed Capacity 892.7 MW
Percentage of Installed Capacity 13.6%
Shanxi
Installed Capacity 594.0 MW
Percentage of Installed Capacity 9.1%
Shanghai
Installed Capacity 60.0 MW
Percentage of Installed Capacity 0.9%
Guizhou
Installed Capacity 480.0 MW
Percentage of Installed Capacity 7.3%
Guangdong
Installed Capacity 271.6 MW
Percentage of Installed Capacity 4.1%
Jilin
Liaoning
Hebei
Inner Mongolia
Ningxia
Shanxi
Shandong
Gansu
Shaanxi
Shanghai
Guizhou
Guangdong

Major Corporate Events in 2013

March

The Company announced its annual results for 2012, of which profit attributable to equity shareholders of the Company reached RMB557.9 million

April

The Company announced its gross power generation for the first quarter of 2013 of 2,954,258.6 MWh, representing an increase of 64.8% compared to the previous year

August

The Company announced its interim results for 2013, of which profit attributable to equity shareholders of the Company reached RMB646.1 million, representing an increase of 162.4% compared to that of the year 2012

September

The Company announced its gross power generation for the first three quarters of 2013 of 8,212,766.1 MWh, representing an increase of 49.9% compared to that of the previous year

The Company acquired two photovoltaic projects from China Wind Power Group Limited and Tongtai New Energy Co., Ltd., namely Jinchuan Xiehe Photovoltaic Project and Jinchang Yongchang Xiehe Photovoltaic Project with total capacity of 100.0 MW

May

The Company entered into a cooperation framework agreement with CSIC (Chongqing) Haizhuang Windpower Equipment Co., Ltd.

The Company entered into a strategic cooperation framework agreement with Zhejiang Windey Co., Ltd.

June

The 2012 annual general meeting was convened, and members of the second session of the Board and the Supervisory Committee of the Company were successfully elected

Inner Mongolia Kezuohouqi Nugusitai Landscape Wind Farm (內蒙古科左後旗努古斯台景觀風電場) and Fuxin Zhangbei Wind Farm (阜新彰北風電場) of Huaneng won the China Quality Project Award of Power Industry (中國電力行業優質工程獎), and Inner Mongolia Kezuohouqi Nugusitai Landscape Wind Farm (內蒙古科左後旗努古斯台景觀風電場) also received the China Quality Project Award (國家優質工程獎)

July

Mr. CAO Peixi and Mr. ZHANG Tingke were elected as the Chairman and Vice Chairman of the second session of the Board respectively in the first meeting of the second session of the Board, and Mr. HUANG Jian was elected as the Chief Supervisor of the second session of the Supervisory Committee of the Company in the first meeting of the second session of the Supervisory Committee

The Company announced its gross power generation for the first half of 2013 of 5,953,520.7 MWh, representing an increase of 53.5% compared to the previous year

October

Pursuant to the general mandate granted at the annual general meeting, the Company completed the private placing of H shares and successfully placed 582,317,360 H shares. As a result of the placing, the total number of shares of the Company amounted to 9,029,215,360 shares

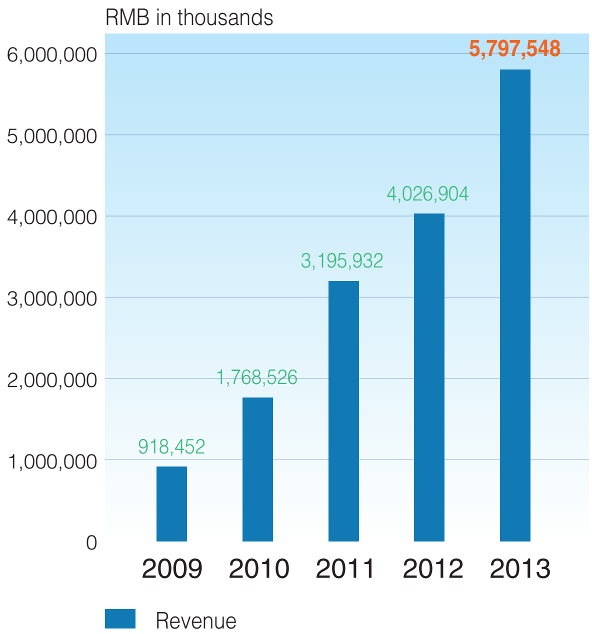
December

Huaneng Dali Eryuan Wind Power Farm (華能大理洱源風電場) and Huaneng Xinjiang Santanghu Wind Power Farm (華能新疆三塘湖風電場) of Huaneng were named as the "Beautiful Power Plants In China" (中國美麗電廠)

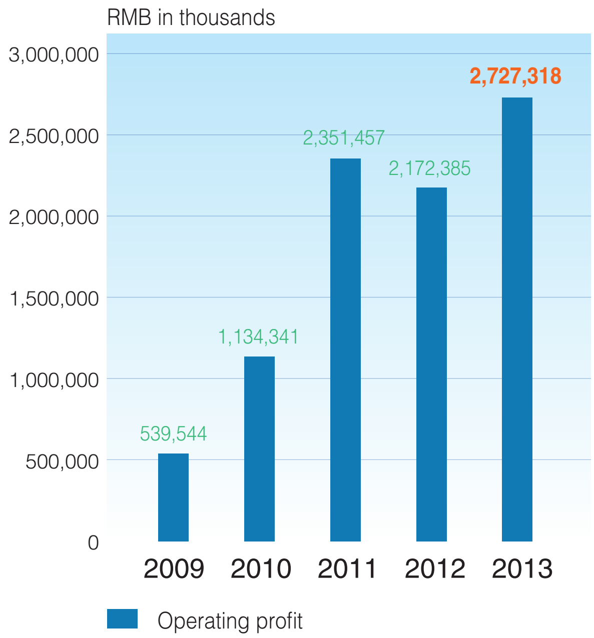
The Company entered into transfer agreements with Huaneng International Power Development Corporation and Huaneng Group respectively, to acquire 100% of the equity interest in Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd. and 8% of the equity interest in Huaneng Shantou Nan'ao Wind Power Generation Co., Ltd.

Financial and Operational Summary

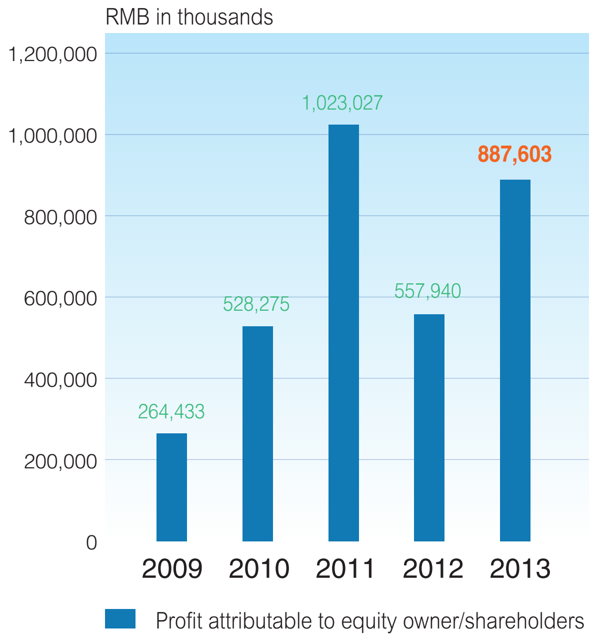
Revenue



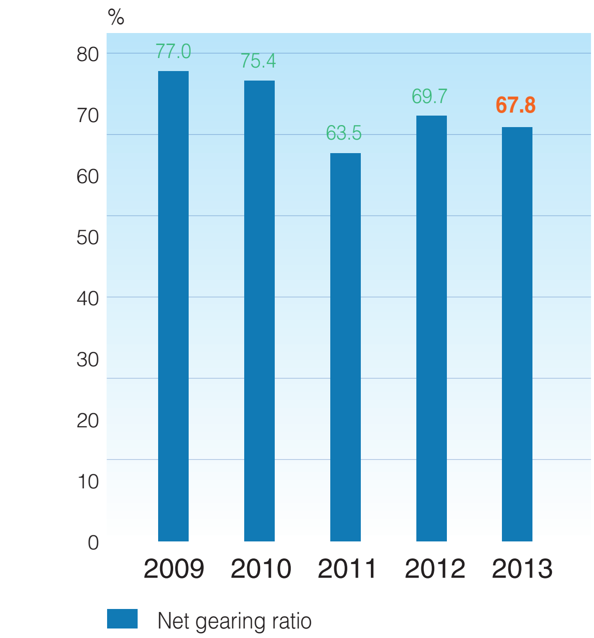
Operating profit



Profit attributable to equity owner/shareholders

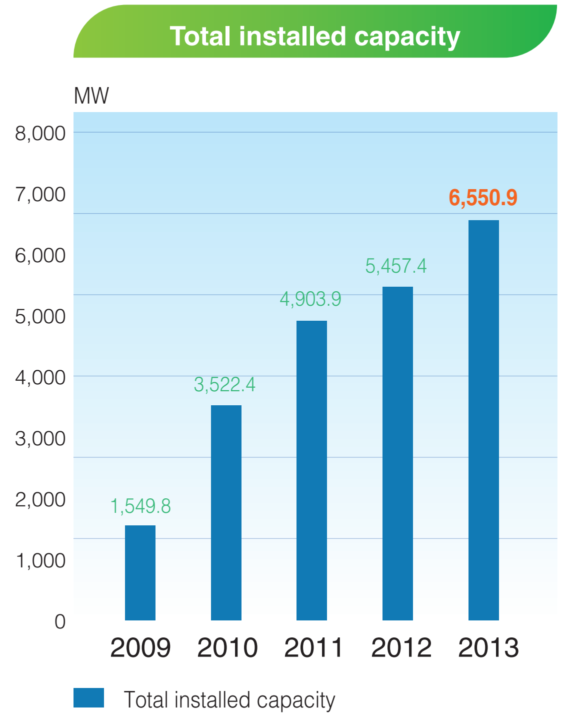


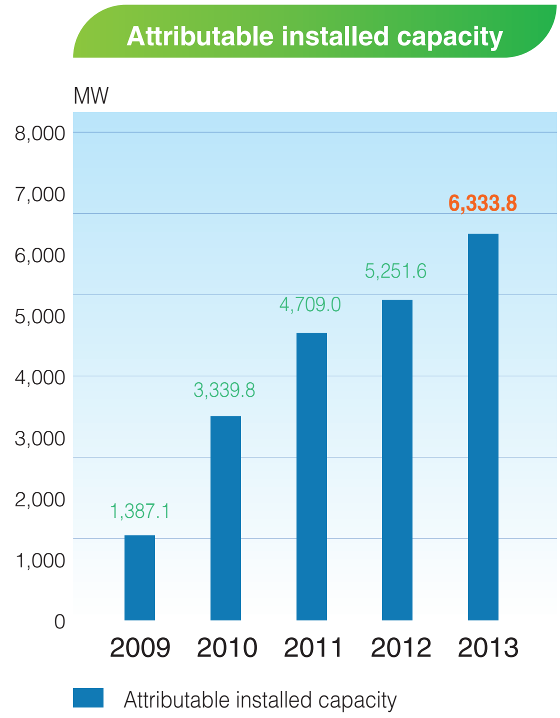
Net gearing ratio[1]

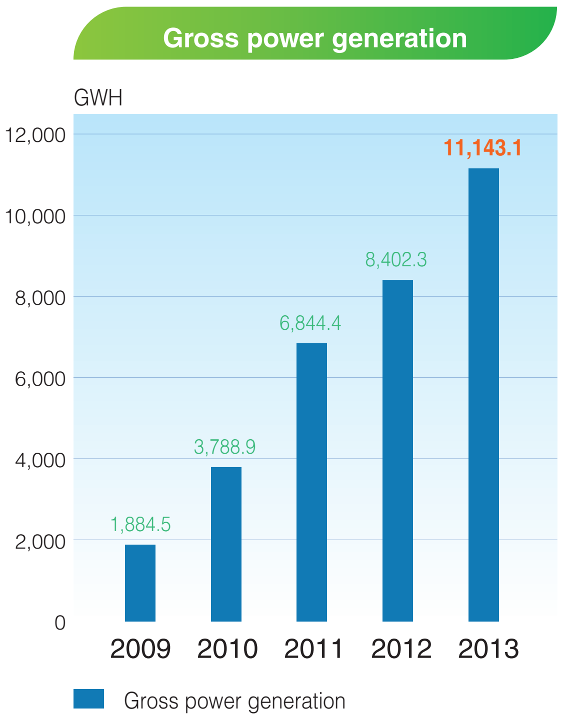


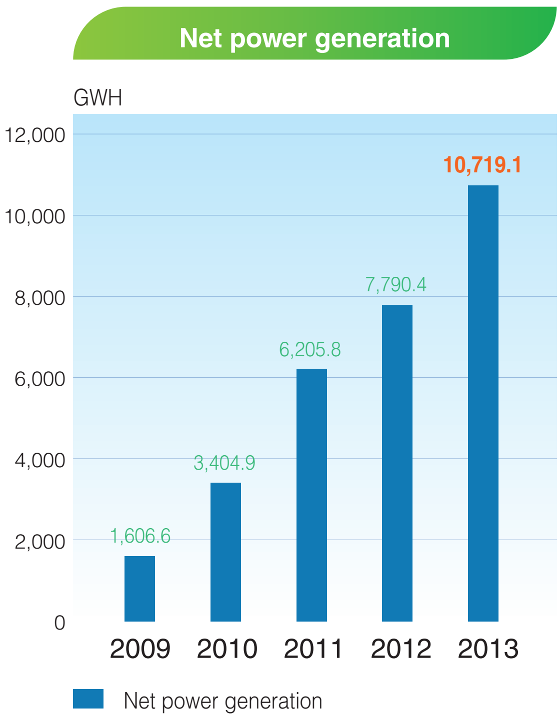
Note:

(1) The net gearing ratio is calculated by dividing the net debt (total borrowings and obligations under finance leases minus cash and cash equivalents) by the net debt plus total equity.


Total installed capacity
MW
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1,549.8
3,522.4
4,903.9
5,457.4
6,550.9
2009
2010
2011
2012
2013
Total installed capacity


Attributable installed capacity
MW
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1,387.1
3,339.8
4,709.0
5,251.6
6,333.8
2009
2010
2011
2012
2013
Attributable installed capacity


Gross power generation
GWH
12,000
10,000
8,000
6,000
4,000
2,000
0
1,884.5
3,788.9
6,844.4
8,402.3
11,143.1
2009
2010
2011
2012
2013
Gross power generation


Net power generation
GWH
12,000
10,000
8,000
6,000
4,000
2,000
0
1,606.6
3,404.9
6,205.8
7,790.4
10,719.1
2009
2010
2011
2012
2013
Net power generation

5 YEARS SUMMARY OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2009 *RMB'000*	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	**2013** ***RMB'000***
Revenue	918,452	1,768,526	3,195,932	4,026,904	**5,797,548**
Other net income	85,317	249,832	682,522	189,542	**78,735**
Operating expenses	(464,225)	(884,017)	(1,526,997)	(2,044,061)	**(3,148,965)**
Operating profit	539,544	1,134,341	2,351,457	2,172,385	**2,727,318**
Profit for the year	320,647	609,416	1,106,821	601,084	**917,052**
Profit attributable to:					
Equity owner/shareholders of the Company	264,433	528,275	1,023,027	557,940	**887,603**
Non-controlling interests	56,214	81,141	83,794	43,144	**29,449**
Basic and diluted earnings per share (RMB cents)	4.56	9.11	14.06	6.61	**10.37**

5 YEARS SUMMARY OF CONSOLIDATED BALANCE SHEETS

	At 31 December				
	2009 *RMB'000*	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	**2013** ***RMB'000***
Total non-current assets	15,950,977	30,965,653	41,356,375	44,152,975	**50,043,901**
Total current assets	1,829,697	2,478,973	10,174,321	9,545,946	**9,754,119**
Total assets	17,780,674	33,444,626	51,530,696	53,698,921	**59,798,020**
Total current liabilities	5,011,911	11,311,273	15,898,777	14,881,944	**19,242,074**
Total non-current liabilities	9,472,251	16,014,534	23,472,478	26,125,678	**25,859,004**
Total liabilities	14,484,162	27,325,807	39,371,255	41,007,622	**45,101,078**
NET ASSETS	3,296,512	6,118,819	12,159,441	12,691,299	**14,696,942**
Total equity attributable to the equity owner/shareholders of the Company	2,583,215	5,283,886	11,331,519	11,820,042	**13,860,809**
Non-controlling interests	713,297	834,933	827,922	871,257	**836,133**
TOTAL EQUITY	3,296,512	6,118,819	12,159,441	12,691,299	**14,696,942**

Management Discussion and Analysis

2013 BUSINESS REVIEW

Focusing on the improvement of growth quality and efficiency, the management and all staff made concerted efforts in 2013 to further refine our project mix and layout under the strategy of maintaining effective, prudent and orderly development. The Company witnessed further improvements in profitability, competitiveness and sustainability, with business results hitting a record high amid the all-around progress.

1. Maintain safety production and steady growth of power generation

The Company strengthened its standardised management efforts in 2013. Emergency management and response capability was steadily improved through production safety inspections and campaigns against non-compliant operations, potential hazards and non-compliant activities across the Company. Meanwhile, the Company continued to enhance production technology management in a bid to improve the reliability and profitability of existing assets. As a result, equipment failure rates recorded a decline year-on-year and power loss was reduced, suggesting an initial success in equipment management.

Through a scientifically determined power distribution plan tailored towards target markets, the Company seized policy opportunities in 2013 to proactively participate in the program of transmitting wind power from northeastern China to the North China Power Grid, contributing to the improvements in annual power generation and utilization hours. The Company started the first pilot cross-province wind/thermal power generation right transaction in China, with Huaneng Tongliao Wind Power Co., Ltd. replacing Huaneng Yimin Coal Power Co., Ltd. to transmit electricity to the North China Power Grid, which effectively increased the Company's power generation.

In 2013, the gross power generation of the Company amounted to 11,143,073.5 MWh, representing an increase of 32.6% compared with the previous year. In particular, wind power generation increased by 32.6% year-on-year to 11,141,875.1 MWh, and solar power generation reached 1,198.4 MWh. The Company's gross power generation by region in 2013 and 2012 is set out as follows:

	Gross power generation (MWh)		
Region	**2013**	2012	Change
Wind power generation	**11,141,875.1**	8,402,335.4	32.6%
Including: Inner Mongolia	**3,096,665.0**	1,892,559.6	63.6%
Liaoning	**2,115,846.7**	1,916,520.4	10.4%
Shandong	**1,678,333.0**	1,403,213.3	19.6%
Shanxi	**888,195.6**	563,596.0	57.6%
Guizhou	**593,546.0**	339,863.8	74.6%
Yunnan	**1,126,898.3**	930,827.5	21.1%
Guangdong	**483,626.0**	390,126.8	24.0%
Hebei	**523,297.0**	399,778.4	30.9%
Xinjiang	**370,618.1**	341,275.7	8.6%
Shanghai	**129,098.6**	122,078.5	5.8%
Jilin	**108,408.5**	90,097.7	20.3%
Shaanxi	**27,342.3**	12,397.7	120.5%
Solar power generation	**1,198.4**	–	–
Total	**11,143,073.5**	8,402,335.4	32.6%

The weighted average utilization hours of the Company's wind farms in 2013 were 2,029 hours, representing an increase of 14.4% from 2012. The weighted average utilization hours of the Company's wind farms by region in 2013 and 2012 are set out as follows:

	Weighted average utilization hours for wind power (hour)		
Region	**2013**	2012	Change
Inner Mongolia	**1,810**	1,135	59.5%
Liaoning	**1,908**	1,929	-1.1%
Shandong	**1,972**	1,936	1.9%
Shanxi	**2,252**	2,126	5.9%
Guizhou	**2,092**	2,335	-10.4%
Yunnan	**2,655**	2,758	-3.7%
Guangdong	**2,085**	2,359	-11.6%
Hebei	**1,960**	1,952	0.4%
Xinjiang	**3,741**	3,447	8.5%
Shanghai	**2,152**	2,044	5.3%
Jilin	**2,190**	2,157	1.5%
Shaanxi	**2,099**	2,421	-13.3%
Total	**2,029**	1,774	14.4%

The increase in power generation and utilization hours was primarily attributable to the significantly mitigated grid congestion in certain regions, further optimized by the Company's project layout with newly-operated projects mostly situated in regions with favorable on-grid access, an increase in the Company's installed capacity, improved equipment reliability, and upgraded administration and management.

2. Steady expansion in installed capacity with new project commissioning as scheduled

Targeting "first-class projects", the Company strengthened the management of projects commissioned in 2013. Infrastructure management was further improved through proactive onsite management. In 2013, Huaneng Fuxin Zhangbei wind power project and Huaneng Neimenggu Kezuohouqi Nugusitai Jingguan wind power project received the "High Quality Project Award of China Power Industry", and the latter was also honored the "National High Quality Project Award" in China.

In 2013, the Company's installed capacity increased by 1,093.5 MW, including newly-operated wind power projects of 763.5 MW and solar projects of 330.0 MW (including the self-developed photovoltaic project of 230.0 MW and the photovoltaic project of 100.0 MW acquired from China Wind Power Group Limited and Tongtai New Energy Co., Ltd.). As at 31 December 2013, the Company had a total of 6,550.9 MW installed capacity, representing an increase of 20.0% compared to that as at 31 December 2012.

The Company's installed capacity by region as at 31 December 2013 and 2012 is set out as follows:

	Installed capacity (MW)		
Region	**As at 31 December 2013**	As at 31 December 2012	Change
Wind power installed capacity	**6,220.9**	5,457.4	14.0%
Including: Inner Mongolia	**1,716.2**	1,716.2	–
Liaoning	**1,197.0**	1,098.0	9.0%
Shandong	**892.7**	793.7	12.5%
Shanxi	**594.0**	396.0	50.0%
Guizhou	**480.0**	282.0	70.2%
Yunnan	**472.5**	424.5	11.3%
Guangdong	**271.6**	271.6	–
Hebei	**271.5**	249.0	9.0%
Xinjiang	**198.0**	99.0	100.0%
Shanghai	**60.0**	60.0	–
Jilin	**49.5**	49.5	–
Shaanxi	**18.0**	18.0	–
Solar power installed capacity	**330.0**	–	–
Including: Gansu	**150.0**	–	–
Qinghai	**120.0**	–	–
Ningxia	**30.0**	–	–
Inner Mongolia	**20.0**	–	–
Liaoning	**10.0**	–	–
Total	**6,550.9**	5,457.4	20.0%

3. Preliminary development scaled new heights with further optimized power mix and asset layout

In 2013, the Company took an array of initiatives to calmly respond to the adjustment of local regulations for wind power project approvals, resulting in remarkable results and an optimized business layout. The Company's projects included in the third batch of national pre-approval list, with a total installed capacity of 1,631.0 MW, are mostly situated in regions with favorable on-grid access. During the year, the Company obtained approvals for projects with a total of 1,986.1 MW, and entered into development agreements in Chongqing, Zhejiang, Fujian and other provinces where the Company has not previously set foot in, expanding its resource reserves to lay a solid foundation for further development.

While pushing forward its scaled wind power projects, the Company stepped up its distributed wind power and photovoltaic projects. Drawing upon the successful experience in the Huaneng Shaanxi Dingbian Lang'ergou Distributed Demonstration Project, the Company obtained distributed wind power pipeline projects of 57.6 MW and 232.0 MW, respectively, in Shaanxi and Guizhou. To opportunistically benefit from the favorable photovoltaic tariff policy, the Company accelerated photovoltaic project development in Gansu, Ningxia and Qinghai, with photovoltaic projects of 230.0 MW installed during the year.

4. **Breakthrough in equity financing and substantial progress in asset acquisition**

Despite the uncertainties in global economy in 2013, the Company captured the window in the capital markets to accomplish the placing of new H shares, the first equity refinancing since its initial public offering. Through the placing of a total of 582,317,360 new H shares, the net proceeds of approximately HK$1.55 billion effectively replenished the Company's capital required in the year and improved the capital structure.

In view of the limited resources available and increasingly intensified competition for development projects, the Company took efforts to tap on asset acquisitions. In September 2013, two photovoltaic projects with capacity of 100.0 MW were acquired from China Wind Power Group Limited and Tongtai New Energy Co., Ltd., namely the Jinchang Jinchuan Xiehe Photovoltaic Project (50.0 MW) and the Jinchang Yongchang Xiehe Photovoltaic Project (50.0 MW). In December 2013, the Company entered into transfer agreements with Huaneng International Power Development Corporation and Huaneng Group respectively in relation to the acquisitions of a 100% equity interest in Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd. and an 8% equity interest in Huaneng Shantou Nan'ao Wind Power Generation Co., Ltd., evidencing the integration of the new energy resources within the parent company and a breakthrough in acquisition of external resources. The acquisition project of Huaneng Ge'ermu has not been completed as at 31 December 2013. Pursuant to the relevant terms of the agreements, the Company will pay the relevant consideration upon completion. The acquisition project of Huaneng Shantou Nan'ao was completed during 2013.

5. **Enhanced financial control to upgrade cost efficiency**

While securing its main credit financing channels, in 2013 the Company proactively vitalized its internal financial resources and enhanced budget management to minimize financing costs and satisfy its capital requirements. Financing costs were effectively controlled through simultaneous replacement of high interest rate loans and maturity matching.

2014 BUSINESS OUTLOOK

In 2014, a crucial year for China to meet the target of the Twelfth Five-year Plan and a transforming period for the energy industry, the government will lend more support to renewable energy development and further advance the development of photovoltaic, wind power and other renewable and distributed energy sectors. This provides an opportunity for the Company to expand scale and speed up structural adjustment and optimization of its business layout. However, there is a hike expectation in financing costs due to potentially tight liquidities amid the stressful and uncertain domestic economy. The Company also faces the challenge from power grid congestion in certain regions, which remains grim as a result of the growth in power consumption and new installed capacity in contrast with the limited transmission capacity.

In conclusion, despite the mixed outlook in 2014, our opportunities should outweigh the challenges ahead. The Company is fully committed and will further enhance its risk awareness, assess market conditions accurately, and take effective measures to resolve pressing issues proactively. At the same time, the Company will seize opportunities to accelerate structural adjustment and strengthen standardized management with an aim at enhancing the quality and efficiency of development.

In 2014, the Company will focus on performing the following tasks:

1. **Reinforce the fundamentals to upgrade the production safeguards**

   The Company will focus on the implementation of a safety accountability system and the building of safety management mechanism in a move to effectively reduce risks that jeopardize safety. Through enhanced technology and equipment management, the Company will carry forward renovations and technological upgrades for the existing equipment to improve the soundness of equipment.

2. **Strengthen power marketing efforts to improve profitability of existing assets**

   Based on a more in-depth analysis of the power market, the Company aims to improve its judgments on policies to effectively respond to market changes. The Company will actively participate in cross-region power generation transactions and promote direct power supply to large customers and power generation right transactions to maximize its power generation.

3. **Accelerate the optimization of business distribution to ensure effective development**

   The Company will further accelerate resource development and improve project reserves to strengthen its foothold in regions where it has an advantage while penetrating into the regions with undeveloped markets, favorable on-grid access and favorable local policies. The Company will also vigorously develop distributed wind power and solar power projects and keep watch on offshore wind power opportunities to diversify its new energy business mix.

4. **Refine infrastructure project management to ensure synchronized growth in scale and efficiency**

   The Company strengthened its management of target infrastructure projects, and enhanced precision in implementing the plans and timeliness of construction projects; proceeded with design optimization thoroughly, introduced pricing consultancy by third parties, and tightened up procedures on pricing and budgetary control. With prevention as the main theme and incorporating adequate control, the Company further improved its project safety and quality assurance systems, and perfected its management of construction projects during the whole process so as to achieve an orderly commencement, well-controlled process and accountable completion.

5. **Strengthen capital management to ensure funding safety and efficiency**

Fund management capability will be uplifted to guard against funding risks. To improve its financial security, the Company will proactively tap on a variety of funding sources, seeking to control financing costs and improve efficiency to fuel its rapid development.

6. **Extend an active presence in capital operations**

Depending on the conditions of the resources and efficiency of the projects, the Company will continue to proceed with integrating the assets of the parent company which fulfill necessary criteria, and proactively keep an eye on overseas opportunities for acquisition of new energy assets so as to achieve breakthroughs.

RESULTS OF OPERATIONS AND ANALYSIS

1. **Overview**

In 2013, the Group significantly improved its profitability and achieved profit of RMB917.1 million, representing an increase of RMB316.0 million or 52.6% as compared with RMB601.1 million of the previous year. Profit attributable to equity shareholders of the Company was RMB887.6 million, representing an increase of RMB329.7 million or 59.1% as compared with RMB557.9 million of the previous year.

2. **Revenue**

In 2013, the Group achieved revenue of RMB5,797.5 million (including service concession construction revenue of RMB355.4 million), representing an increase of RMB1,770.6 million or 44.0% as compared with RMB4,026.9 million of the previous year, which was mainly due to the increase in wind power sales revenue. In 2013, wind power sales revenue was RMB5,439.8 million, representing an increase of RMB1,414.3 million or 35.1% as compared with RMB4,025.5 million of the previous year, which was mainly due to the increase in installed capacity of operational projects and improvement in average utilization hours, leading to an increase in wind power electricity sold. The Group's wind power weighted average on-grid tariff (tax inclusive) of 2013 was RMB0.594/kWh, which is in line with RMB0.605/kWh (tax inclusive) of the previous year.

3. **Other net income**

In 2013, the Group achieved other net income of RMB78.7 million, representing a decrease of RMB110.8 million or 58.5% as compared with RMB189.5 million of the previous year. The main reason was that no CERs revenue was recognised for the year.

4. **Operating Expenses**

In 2013, the Group's operating expenses amounted to RMB3,149.0 million, representing an increase of RMB1,104.9 million or 54.1% as compared with RMB2,044.1 million of the previous year, which was primarily due to the increase in depreciation and amortisation expenses as a result of the increased installed capacity of operational projects.

Depreciation and amortisation: In 2013, the Group's depreciation and amortisation expenses amounted to RMB1,931.5 million, representing an increase of RMB319.5 million or 19.8%, as compared with RMB1,612.0 million of the previous year, which was mainly due to the increase in installed capacity of operational projects of wind power projects.

Personnel costs: In 2013, the Group's expenditure on personnel costs was RMB205.3 million, representing an increase of RMB54.3 million or 36.0% over RMB151.0 million of the previous year. The increase was attributable to the increasing number of staff with the expansion in the scale of the Group, and more projects entered into operation.

Administrative expenses and other operating expenses: In 2013, the Group's administrative expenses and other operating expenses amounted to RMB565.8 million, representing an increase of RMB335.1 million or 145.3% as compared with RMB230.7 million of the previous year. The main reason was that the Group made a provision for impairment loss of RMB233.9 million. Excluding the factor of impairment loss, administrative expenses and other operating expenses increased by RMB101.2 million over that of the previous year, or an increase of 43.9%, which was due to an increase in related expenses such as property insurance, taxation and costs of materials as more projects entered into operation.

5. **Operating profit**

In 2013, the Group's operating profit was RMB2,727.3 million, representing an increase of RMB554.9 million or 25.5% as compared with RMB2,172.4 million of the previous year.

6. **Net finance expenses**

In 2013, net finance expenses of the Group amounted to RMB1,740.1 million, representing an increase of RMB198.3 million or 12.9% as compared with RMB1,541.8 million of the previous year. The increase was primarily due to 1) the increase in interest expenses of RMB249.9 million resulting from the increase in total borrowings and the ceased capitalisation of interest expenses for certain projects; 2) the increase in foreign exchange losses of RMB64.3 million as a result of the fluctuation in foreign exchange rates; 3) the decrease in interest income from deposits of RMB41.7 million; and 4) the increase in investment income of RMB155.8 million during the year, which was mainly caused by the gain of RMB150.8 million on disposal of available-for-sale equity securities.

7. Income tax

In 2013, the income tax of the Group amounted to RMB67.1 million, representing an increase of RMB37.6 million or 127.4% as compared with RMB29.5 million of the previous year. The increase was mainly due to an increase in profit before tax and the differential tax relief enjoyed by operating projects which led to the increase of overall effective tax rate.

8. Liquidity and source of funding

As of 31 December 2013, the current assets of the Group amounted to RMB9,754.1 million, including cash at bank and on hand and restricted deposits of RMB6,435.6 million, trade debtors and bills receivable of RMB2,908.1 million, of which sales of electricity amounted to RMB2,858.5 million and receivables from sales of CERs amounted to RMB49.3 million, as well as prepayments and other current assets of RMB403.0 million, including CERs receivables of RMB289.5 million. Current liabilities amounted to RMB19,242.1 million, of which RMB10,388.9 million were short-term borrowings (including long-term borrowings due within one year) and RMB8,435.2 million were other payables which primarily consisted of payables for equipment purchased from suppliers, construction payables and retention payables.

As of 31 December 2013, the Group's outstanding borrowings amounted to RMB32,994.6 million, representing an increase of RMB2,713.5 million as compared with RMB30,281.1 million as of 31 December 2012. As of 31 December 2013, the Group's outstanding borrowings comprised short-term borrowings (including long-term borrowings due within one year) of RMB10,388.9 million and long-term borrowings (including corporate bonds) of RMB22,605.7 million, which were principally denominated in RMB.

9. Capital expenditure

In 2013, the capital expenditure of the Group amounted to approximately RMB9.1 billion, representing an increase of RMB4.0 billion or approximately 78.4% as compared with RMB5.1 billion of 2012, which was primarily due to the expenditure for the construction of wind power projects and solar power projects. The capital expenditure was mainly funded by internal resources, bank borrowings and other financing sources.

10. Net gearing ratio

As of 31 December 2013, the net gearing ratio of the Group, which was calculated by dividing net debt (total borrowings and obligations under finance lease minus cash and cash equivalents) by the sum of net debt and total equity, was 67.8%, representing a decrease of 1.9 percentage points as compared with 69.7% as of 31 December 2012.

11. Material investments

The Group did not make any material investments in 2013.

12. Material acquisitions and disposals

The Group, through its wholly-owned subsidiary, Huaneng Renewables (Hong Kong) Limited, disposed of 108,050,000 shares in Guodian Technology & Environment Group Corporation Limited (stock code of H shares: 01296) in February 2013 and 141,076,000 shares in Huadian Fuxin Energy Corporation Limited (stock code of H shares: 00816) in December 2013, respectively. As a result, a gain on disposal of RMB150.8 million was recognised in 2013, which was calculated on the basis of the difference between the acquisition cost and the disposal price (excluding transaction costs). The Group did not have any material acquisitions during the year 2013.

13. Pledge of assets

The Group did not pledge any assets in 2013.

14. Contingent liabilities

The Group had no material contingent liabilities as of 31 December 2013.

RISK FACTORS AND RISK MANAGEMENT

1. Policy risks

Wind power enterprises rely heavily on the government policies, regulations and incentive measures on renewable energy resources. Hence, changes in up and downstream policies and regulations in relation to manufacture of wind turbines and power grid industry may also affect wind power enterprises to a greater extent. Despite the increasing improvement in grid connection conditions, the energy wastes caused by wind curtailment still hinder the development of the industry. The risks associated with the changes in various policy factors will impact on the operation conditions of the Company.

As such, the Company will keep pace with the changes in policy guidelines and strengthen the study on related policies in a move to foresee the development in policies and make forward-looking estimates of potential adverse effects, thus taking the initiative to control policy risks by formulating and implementing feasible measures to reduce potential risks.

2. Climate risks

Wind power enterprises are vulnerable to seasonal climate changes. Wind power resources are subject to seasonal changes, which is the major factor that affects power generation. Hence, the risks associated with uncertain climate changes clearly impose constraints on power generation of the Company. In addition, the influences of extreme weather such as severe typhoon, frost, strong sandstorm, smog and lightning strike will pose greater threats to the operation of wind farms.

Therefore, the Company will strengthen its cooperation with meteorological administration to further develop the meteorological collaborative services such as wind power resource assessment, risk assessments on tropical cyclone and lightning on wind farms, meteorological thunder prevention services, wind power forecast and tropical cyclone warning in order to reduce the risks of climate impacts by establishing a sound wind power forecast mechanism, setting up a real-time forecast platform for wind direction, speed and power generation and enhancing the scientific site selection of wind farms and self-scheduling capability for wind power production.

3. Capital risks

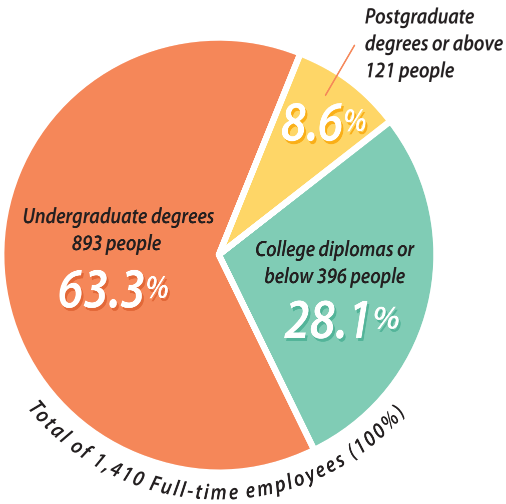
In 2014, as the central bank of China will continue implementing a prudent monetary policy, liquidity crunch will lead to an upward trend in financing costs. Given the increasing investment in infrastructure construction of the Company and higher capital demand for infrastructure construction which are primarily fulfilled by external financing, fluctuation in interest rates will affect the financing cost of the Company to some extent in 2014. In addition, as a considerable amount of borrowings and deposits of the Company are denominated in foreign currencies (Hong Kong Dollar, U.S. Dollar and Euro), fluctuations in the exchange rate of RMB will incur loss or gain in transactions denominated in foreign currencies.

In response, the Company will closely monitor the moves taken by the central bank of China and the development of the capital market. A flexible financing strategy with multiple channels will be adopted to optimize the capital structure and control financing costs, while financing cost will be lowered by timely replacing high interest loan contracts. Meanwhile, the Company will also actively monitor foreign exchange movements and conduct relevant researches to adapt to the changes in foreign exchange market, in an attempt to strengthen the control over foreign exchange risks through various management approaches.

Human Resources

1. SUMMARY OF HUMAN RESOURCES

As of the end of December 2013, the Company had a total of 1,410 full-time employees, among which 121 had postgraduate degrees or above (representing 8.6% of the total number of employees), 893 had undergraduate degrees (representing 63.3% of the total number of employees) and 396 had college diplomas or below (representing 28.1% of the total number of employees).



2. REMUNERATION POLICY

The Company has implemented a subsidiary-wide annual compensation system for the management with different categories of compensation mechanisms. The Company scientifically determines employee's remuneration based on the remuneration policy with an emphasis on the evaluation results of employees. It awards its subsidiaries that meet or exceed expectations on task completion, encourages special contributions and adjusts remuneration based on efficiencies. The Company cares about frontline staff and staff who work in remote areas or who face difficult living conditions. The Company provides income incentives and links job performance of the management and employees of subsidiaries with their income. Compensations are adjusted to reflect contributions of individuals and departments as well as collaboration among different departments, which cultivates a result, efficiency and contribution oriented working culture.

3. STAFF TRAINING

The Company attaches great importance to the training and cultivation of its workforce and has been strengthening employee training. With a view to enhancing the professional capability and management skill of employees, the Company organized a wide range of trainings under different levels and categories in 2013 for various personnel ranging from the management to technical employees. The Company provides a four-level orientation and training program to newly-joined staff including management interface cognition, standardized management of power generation system, wind power enterprises basic practice and scientific and refined management of listed companies, and designs training programs based on the professional and specialty backgrounds of individual employees. The Company's subsidiaries organised a variety of professional training courses delivered by professional lecturers and experienced technical experts. The Company also participated in the first National Wind Power Technology and Skill Competition (全國首屆風電技能大賽) and achieved excellent results, through which the professional quality of our existing staff was significantly enhanced. The Company also actively encourages its subsidiaries to carry out on-the-job training, appraisal and certification of skilled personnel so as to improve employees' quality.

Social Responsibility Report

ENVIRONMENTAL RESPONSIBILITY

The Company is dedicated to the investment, construction and operation of wind power projects. With the development and utilization of wind resources as its core business, and with providing clean energy, promoting energy saving and emission reduction and improving environmental quality as its responsibilities, the Company is committed to delivering green energy. It attaches great importance to both domestic and overseas policies addressing climate changes, actively promotes energy saving and emission reduction, and endeavors to improve environmental conditions. The Company performs preliminary environmental assessments at the early stages of projects and conducts comprehensive analysis on the potential environmental impacts of such projects. In conducting a preliminary feasibility study for wind farms, the Company strictly complies with relevant state regulations on administration by implementing an environmental impact evaluation system, which primarily involves analysis of impacts on ecology, water, noise level, atmosphere, natural landscape and electro-magnetic radiation that may be generated by a wind farm. The Company designs protective measures and implements environmental management and monitoring plans accordingly, and formulates an estimated budget for environmental protection to achieve a win-win situation for the development and utilization of wind resources and protection of the ecosystem and the environment. The Company has been earnestly observing the environmental requirements and concepts in project construction, in order to achieve simultaneous design, construction and commissioning of environmental and water and soil conservation facilities along with major projects to ensure mutual progress of projects and environmental protection. Through closely integrating wind farms with the surroundings, the Company delivered environment-friendly, eco-harmonious and profit-oriented green wind power projects.

As a renewable energy business, the Company diligently fulfilled the responsibility of energy saving and emission reduction in 2013 by generating green electricity of 11,143.1 GWh, equivalent to a reduced emission of approximately 10.03 million tons of carbon dioxide or a saving of 3.58 million tons of standard coal.

SAFE RESPONSIBILITY

The Company always considers production safety as the basis of its operation and development and a prerequisite to conduct all of its activities. The Company ensures strict compliance with state laws and regulations regarding power industry, increases expenditures in safe production and strives to reinforce the basis for safe production. In 2013, the Company further strengthened the construction of its systems, improved its accountability mechanism, regulated the operation and inspection of wind power farms and the management of contracted projects, and accelerated the construction of the management system for safe production. The Company has also focused on the prevention of non-compliant practices, examination and prevention of potential risks, and provision of safe production training to lower the probability of occurrence of accidents and to ensure smooth and orderly business operations. In 2013, the Company maintained a safe production situation as a whole and recorded no incident involving casualties.

PUBLIC WELFARE

The Company actively fulfills its corporate social responsibility by participating in public welfare activities and incorporating the concepts and requirements of social responsibility into its development strategies, production, operation and corporate culture. All units of the Company actively participate in local public welfare activities and support local economic and social development. With a commitment to green power and clean energy, the Company attaches great importance to protecting and improving the environment while contributing to the public welfare and encouraging employees to voluntarily serve the community. Through a wide range of cultural welfare activities, the Company elaborates and publicizes its leading corporate culture with enthusiasm, creates and establishes a sound image for "Huaneng", builds up the foundation for harmonious development and keenly gives back to society.

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of Huaneng Renewables Corporation Limited (the "**Company**") hereby presents to the shareholders the corporate governance report for the period between 1 January 2013 and 31 December 2013 (the "**Reporting Period**").

CORPORATE GOVERNANCE PRACTICES

The Company has always placed an emphasis on corporate governance and promotion of innovative management of its corporate system. The Company is committed to maintaining and promoting stringent corporate governance, and considered it as an indispensable part in creating values for shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Company has adopted the Corporate Governance Code (the "**Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Code. During the Reporting Period, except for the following deviation, the Company strictly complied with the principles and code provisions and some of the recommended best practices as set out in the Code. Mr. CAO Peixi (Non-executive Director, Chairman of the Board and chairman of the nomination committee), did not attend the annual general meeting of the Company held on 21 June 2013 due to work commitment. This constitutes deviation from code provision E.1.2 of the Code, which states that the chairman of the board should attend the annual general meeting.

Set out below is a summary of how the Company strengthens its corporate governance, improves its operation quality and complies with the Code.

1. BOARD OF DIRECTORS

The Board exercises its powers and functions in accordance with the provisions as set out in the articles of association of the Company (the "**Articles of Association**"). The Articles of Association contain certain requirements regarding the composition and operation of the Board. The Board reports its work at the shareholders meetings, implements the resolutions passed thereupon and is accountable to shareholders meetings.

1. Composition of the Board

The Board comprises 11 Directors, including three Non-executive Directors, four Executive Directors, and four Independent Non-executive Directors. The biographical details of the Directors as at the date of this report are set out on page 72 to page 77 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among the Board members. Each Director has sound knowledge, experience and expertise relevant to the business operation and development of the Company. All Directors are aware of their joint and several responsibilities to shareholders.

The Company has entered into service contracts with each of the Directors with a term ending in July 2016 from the relevant date of appointment(1).

The information of the Directors during the Reporting Period is as follows:

Name	Position in the Company	Date of Appointment
CAO Peixi	Chairman of the Board, Non-executive Director	4 August 2010
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	1 November 2011
ZHAO Keyu	Non-executive Director	4 August 2010
LIN Gang	Executive Director, President	23 February 2012
XIAO Jun(2)	Executive Director	21 June 2013
NIU Dongchun(3)	Executive Director	4 August 2010
YU Chunping(2)	Executive Director	21 June 2013
YANG Qing	Executive Director	4 August 2010
HE Yan(4)	Executive Director	4 August 2010
QIN Haiyan	Independent Non-executive Director	6 August 2010
DAI Huizhu	Independent Non-executive Director	6 August 2010
ZHOU Shaopeng	Independent Non-executive Director	6 August 2010
WAN Kam To	Independent Non-executive Director	6 August 2010

Notes:

(1) The terms of Directors' Service Contract stipulate that "the term of office of Party B shall begin on the date when Party B is elected as the Director of Party A at the general meeting of Party A with an initial term of three years. Upon expiry, Party B may be subject to re-election in mutual agreement with Party A and in such case the contract shall still be valid."

(2) Mr. XIAO Jun and Mr. YU Chunping were appointed as the Executive Directors at the annual general meeting held on 21 June 2013.

(3) Mr. NIU Dongchun resigned as an Executive Director and a member of the remuneration committee under the Board on 19 March 2013. On the same day, Mr. LIN Gang was appointed by the Board as a member of the remuneration committee of the Company. For details, please refer to the Company's announcement dated 19 March 2013.

(4) Mr. HE Yan retired from the position of Executive Director at the annual general meeting held on 21 June 2013.

During the Reporting Period, the Board had been in compliance with the requirements of the Listing Rules regarding the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and no less than one third of the Board was represented by Independent Non-executive directors. The qualifications of the four Independent Non-executive Directors of the Company are in full compliance with the requirements under Rules 3.10(1) and (2) and Rule 3.10A of the Listing Rules. Moreover, the Company has received annual confirmations from each Independent Non-executive Director of his independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore considered that all Independent Non-executive Directors are in compliance with the independence requirements as set out in the Listing Rules.

On Board diversity, the current session of the Board comprises two female Directors. The Company fully understands the benefits of diversification of Board members to its development. It has adopted a Board diversity policy and has further enriched the composition of the Board members at the re-election of a new session of the Board. The current composition of the Board members reflects differentiation and diversification in various aspects such as expertise, industry experience, age, gender, qualification and background.

The Board has reviewed its performance during the Reporting Period, obtained advice from senior management and considered the advice contained in the report of the Supervisory Committee. The Board believes that it effectively performed its responsibilities and maintained the interests of the Company and its shareholders in the past year.

2. Board and Shareholders Meetings

The Articles of Association set forth detailed responsibilities and procedures of the Board (please refer to the Articles of Association for details). The Board will convene regular meetings to hear business results report of the Company and make prompt decisions. Major business decisions of the Company are subject to discussion and approval by the Board. The Board may convene ad hoc meetings. Each Director should be notified no less than 14 days prior to a regular Board meeting and a reasonable period of time for sufficient communication prior to ad hoc meeting to ensure each Director is duly informed of meeting agenda and will be able to express opinion. Each Independent Non-executive Director should express opinion within their responsibility.

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

During the Reporting Period, eight meetings were held by the Board, of which three meetings were held by the first session of the Board and five meetings were held by the second session of the Board. Details of Directors' attendance of Board meetings are as follows:

The first session of the Board (three meetings)

Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate
CAO Peixi	Chairman of the Board, Non-executive Director	2/3	66% (Additional attendance by proxy: 1)
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	3/3	100%
ZHAO Keyu	Non-executive Director	3/3	100%
LIN Gang	Executive Director, President	3/3	100%
NIU Dongchun(1)	Executive Director	1/1	100%
YANG Qing	Executive Director	3/3	100%
HE Yan	Executive Director	2/3	66% (Additional attendance by proxy: 1)
QIN Haiyan	Independent Non-executive Director	3/3	100%
DAI Huizhu	Independent Non-executive Director	3/3	100%
ZHOU Shaopeng	Independent Non-executive Director	3/3	100%
WAN Kam To	Independent Non-executive Director	3/3	100%

The second session of the Board (five meetings)			
Name	**Position in the Company**	**Number of Meetings Attended/Held**	**Attendance Rate**
CAO Peixi	Chairman of the Board, Non-executive Director	3/5	60% (Additional attendance by proxy: 2)
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	5/5	100%
ZHAO Keyu	Non-executive Director	4/5	80% (Additional attendance by proxy: 1)
LIN Gang	Executive Director, President	5/5	100%
XIAO Jun(2)	Executive Director	5/5	100%
YU Chunping(2)	Executive Director	5/5	100%
YANG Qing	Executive Director	5/5	100%
QIN Haiyan	Independent Non-executive Director	4/5	80% (Additional attendance by proxy: 1)
DAI Huizhu	Independent Non-executive Director	5/5	100%
ZHOU Shaopeng	Independent Non-executive Director	5/5	100%
WAN Kam To	Independent Non-executive Director	5/5	100%

Notes:

(1) Mr. NIU Dongchun resigned as an Executive Director and a member of the remuneration committee under the Board on 19 March 2013. During Mr. Niu's tenure, one meeting was held by the Board.

(2) Mr. XIAO Jun and Mr. YU Chunping were appointed as the Executive Directors at the annual general meeting held on 21 June 2013.

Three Directors including Mr. CAO Peixi, Mr. ZHANG Tingke and Mr. ZHAO Keyu did not attend the 2012 annual general meeting held on 21 June 2013 due to work commitment. All other Directors attended the meeting.

The Company believes that all Directors have contributed sufficient time to perform their responsibilities.

3. **Powers Exercised by the Board and the Management**

The powers and duties of the Board and the management have been clearly defined in the Articles of Association. The Board is responsible for deciding on the Company's business strategies and investment plans and the establishment of the Company's internal management structure, formulating the Company's fundamental management system, deciding on and monitoring the implementation of the Company's risk management system, determining other material business and administrative matters of the Company and monitoring the performance of the management.

The management of the Company is responsible for implementing resolutions approved by the Board and administering the Company's daily operation and management.

4. **Chairman and President**

During the Reporting Period, Mr. CAO Peixi was the Chairman of the Board and Mr. LIN Gang was the President. The roles of the Chairman of the Board and President (i.e. chief executive officer pursuant to the relevant requirements under the Listing Rules) of the Company are separated and held by different persons to ensure independence of responsibilities and balance of power and authority between them. The Rules and Procedures of the Board Meeting approved by the Board clearly defined the division of duties between the Chairman and the President.

Mr. CAO Peixi, Chairman of the Board, is primarily 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, ensuring the formulation of good corporate governance system and practices and ensuring that the Board acts in the best interest of the Company and all of its shareholders. Mr. LIN Gang, the President, was primarily responsible for matters related to the Company's daily operation and management, including the implementation of Board resolutions, formulating basic management provisions and making daily operation decisions.

5. **Directors' Remuneration**

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

6. **Appointment and Re-election of Directors**

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of office of three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. Nomination of new Directors shall first be 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. Any person who is appointed by the Board to fill in the vacancy of the Board or to increase the number of Board members shall hold the position until the date of the next annual general meeting and is entitled to re-election.

7. Continuing Professional Development of Directors

During the Reporting Period, all Directors were provided with necessary orientation training and adequate information in a timely manner to ensure their appropriate understanding of the operations and businesses of the Company and their responsibilities under applicable regulations, ordinances, rules and the Listing Rules.

The Company also keeps all Directors informed of any update of the Listing Rules and any other applicable regulations, provides relevant training to the Directors to ensure their compliance with and enhance their understanding of good corporate governance practices. In addition, the Company provides briefing and other trainings to improve and update the knowledge and skills of the Directors.

Below is a summary of the training received by the Directors for the period between 1 January 2013 and 31 December 2013 based on the records provided by the Directors:

Name	Category of Continuing Professional Development
CAO Peixi	B
ZHANG Tingke	B
ZHAO Keyu	B
LIN Gang	A, B
XIAO Jun(1)	A, B
NIU Dongchun(2)	
YU Chunping(1)	A, B
YANG Qing	A, B
HE Yan(3)	A, B
QIN Haiyan	B
DAI Huizhu	B
ZHOU Shaopeng	B
WAN Kam To	A, B

Notes:

A: attending briefing and/or seminar

B: reading seminar materials and other updated information regarding the latest development of the Listing Rules and other applicable regulations

(1) Mr. XIAO Jun and Mr. YU Chunping were appointed as the Executive Directors at the annual general meeting held on 21 June 2013.

(2) Mr. NIU Dongchun resigned as an Executive Director and a member of the remuneration committee under the Board on 19 March 2013.

(3) Mr. HE Yan was retired as an Executive Director at the annual general meeting held on 21 June 2013.

2. BOARD COMMITTEES

There are three Board committees, namely the audit committee, remuneration committee and nomination committee.

Audit Committee

The audit committee consists of three Non-executive Directors, namely Mr. ZHOU Shaopeng (Independent Non-executive Director), Mr. ZHAO Keyu (Non-executive Director) and Mr. WAN Kam To (Independent Non-executive Director). Mr. ZHOU Shaopeng currently serves as the chairman of the audit committee.

The primary responsibilities of the audit committee are to review and supervise the internal control and financial reporting process of the Company and to maintain an appropriate relationship with independent auditors, including, among other things:

- advising the Board in respect of appointment, re-appointment and removal of external auditors, reviewing and approving the compensation of external auditors, supervising the work of external auditors and formulating policies in terms of all non-audit services to be provided by external auditors;

- reviewing the Company's annual and interim financial statements, monitoring its financial control, internal control and risk management system, examining and reviewing its financial and accounting policies and supervising the implementation of such policies;

- examining and reviewing the procedures for the treatment of complaints received by the Company regarding its financial reporting process, internal control and other violation of laws and regulations; and

- examining and reviewing the Company's continuing connected transactions and ensuring that the terms of such transactions are consistent with those approved by the shareholders of the Company.

The audit committee will meet with the management of the Company from time to time in performing its obligations to review annual results and internal control systems of the Company and other responsibilities under the Code, so as to review the interim and annual results, interim and annual reports, and other financial, internal control, corporate governance and risk management matters of the Company. The audit committee also proposes recommendations to the Board. The audit committee will meet with independent auditors in the absence of the management (if applicable) to discuss its independent review of the interim report and the annual review of the consolidated financial statements

During the Reporting Period, the audit committee held two meetings, the details of which are as follows:

(1) On 19 March 2013, the audit committee of the first session of the Board held its first meeting in 2013 to review and pass the following resolutions: (1) Resolution Regarding the Company's 2012 Annual Financial Report; (2) Resolution Regarding the 2012 Annual Results Announcement and 2012 Annual Report; (3) Resolution Regarding the Company's 2012 Annual Profit Distribution; (4) Resolution Regarding the Appointment of Auditor of the Company and Audit Fee for 2013; (5) Resolution Regarding the Company's 2012 Annual Internal Control Report; (6) Resolution Regarding the Company's 2012 Annual Internal Audit Report; (7) Resolution Regarding the Company's 2012 Annual Connected Transactions Report; and (8) Resolution Regarding the Review of the KPMG's Audit Report on the Company's 2012 Annual Financial Statements.

(2) On 19 August 2013, the audit committee of the second session of the Board held its second meeting in 2013 to review and pass the following resolutions: (1) Resolution Regarding the Company's 2013 Interim Financial Report; (2) Resolution Regarding the Company's 2013 Interim Results Announcement and 2013 Interim Report; (3) Resolution Regarding Not Distributing Interim Profit of the Company; and (4) Resolution Regarding the Review Opinion from KPMG on the Company's 2013 Interim Financial Report.

Mr. ZHOU Shaopeng and Mr. WAN Kam To attended both meetings. Mr. ZHAO Keyu attended the first meeting and did not attend the second meeting due to working commitment, and he appointed Mr. ZHOU Shaopeng as his proxy to attend the meeting.

Remuneration Committee

During the Reporting Period, the remuneration committee consists of three Directors, namely Mr. QIN Haiyan (Independent Non-executive Director), Mr. Niu Dongchun (Executive Director)(1) (between 1 January 2013 and 19 March 2013), Mr. LIN Gang (Executive Director) (since 19 March 2013) and Ms. DAI Huizhu (Independent Non-executive Director). Mr. QIN Haiyan currently serves as the chairman of the remuneration committee.

The remuneration committee has its rules of procedure, which provide that its primary responsibilities are to formulate the remuneration policies and structures for all Executive Directors, to evaluate the performance of Executive Directors and senior management, to review Directors' service contracts, to determine the compensation of all Directors and senior management and to ensure that neither the Director nor any of his or her associate may determine his or her own compensation, etc.

The remuneration committee will make recommendations to the Board regarding appropriate policies and structures for the compensations of all Directors and senior management. The remuneration committee considers the management's incentive plan with reference to the corporate objective and mission set by the Board as well as the compensation of comparable companies, the time committed and responsibilities undertaken by the management regarding the Company's businesses, and the employment conditions of other companies so as to ensure that the compensation incentive is in line with the interests of the shareholders.

On 19 March 2013, the remuneration committee of the first session of the Board held its first meeting in 2013 to consider the remuneration of Directors, supervisors and senior management members of the Company for the year 2013. All members of the remuneration committee attended the meeting.

Note:

(1) Mr. NIU Dongchun resigned as an Executive Director and a member of the remuneration committee under the Board on 19 March 2013. On the same day, Mr. LIN Gang was appointed by the Board as a member of the remuneration committee of the Company. For details, please refer to the Company's announcement dated 19 March 2013.

Nomination Committee

During the Reporting Period, the nomination committee consisted of three Directors, namely, Mr. CAO Peixi (Non-executive Director), Mr. ZHOU Shaopeng (Independent Non-executive Director) and Mr. QIN Haiyan (Independent Non-executive Director). Mr. CAO Peixi currently serves as the chairman of the nomination committee.

The primary responsibilities of the nomination committee are to identify and recommend to the Board candidates suitable to serve on the Board, to review the evaluation procedure of the performance of the Board, and to formulate and recommend to the Board nomination procedures and standards.

The nomination committee will consider the track record, qualifications, applicable provisions in the Articles of Association and Board diversity in selecting and recommending candidates of directorship.

During the Reporting Period, the nomination committee held one meeting:

On 26 April 2013, the nomination committee of the first session of the Board held its first meeting in 2013 to consider the Resolution Regarding the Nomination of CAO Peixi, ZHANG Tingke, ZHAO Keyu, LIN Gang, XIAO Jun, YU Chunping and YANG Qing as Candidates of the Non-independent Directors of the Second Session of the Board of the Company and the Resolution Regarding the Nomination of QIN Haiyan, DAI Huizhu, ZHOU Shaopeng and WAN Kam To as Candidates of the Independent Directors of the Second Session of the Board of the Company. All members of the nomination committee attended the meeting.

Board Diversity Policy

The Company fully understands the benefits of diversification of Board members to its development. It has adopted a Board diversity policy and has further enriched the composition of the Board members at the re-election of a new session of the Board. The current session of the Board comprises two female Directors. The current composition of the Board members reflects differentiation and diversification in many aspects such as expertise, industry experience, age, gender, qualification and background. In the future, the Company will continue to explore and perfect the composition of the Board based on its business characteristics, and will formulate and adopt policies in relation to diversity.

3. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In addition, appropriate insurance coverage for Directors' liability has been arranged against possible legal proceedings to be taken against the Directors.

4. CORPORATE GOVERNANCE FUNCTIONS

The members of the Board should be jointly responsible for performing corporate governance responsibilities. During the Reporting Period, the Board performed the following duties in accordance with its terms of reference:

- To develop and review the Company's policies and practices on corporate governance and make changes as it deems necessary, and to ensure their effectiveness;
- To review and monitor the training and continuing professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and the compliance manual (if any) applicable to Directors and employees; and
- To review the Company's compliance with the Code and to review the disclosure in the corporate governance report.

5. 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 of the Listing Rules to govern securities transactions by its Directors and supervisors. Having made specific enquiry to all Directors and supervisors of the Company, all Directors and supervisors have confirmed that they strictly complied with the required standard set out in the Model Code during the Reporting Period.

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.

6. INTERNAL CONTROL

The Company places emphasis on its internal control. It has established a prudent internal control system to protect shareholders' investments and the Company's assets.

The Company set up several rules and regulations on internal control, including "Rules of Procedures of Board Meetings" (《董事會議事規則》), "Rules of Procedure of Meetings of the Audit Committee" (《審核委員會議事規則》), "Rules of Procedure of Meetings of the Remuneration Committee" (《薪酬委員會議事規則》), "Rules of Procedure of Meetings of the Nomination Committee" (《提名委員會議事規則》), "Measures on the Administration of Connected Transactions" (《關連交易管理辦法》), "Measures on the Administration of Information Disclosure" (《信息披露管理辦法》), "Measures on the Administration of Legal Matters" (《法律事務工作管理辦法》), "Measures on the Administration of Fixed Assets" (《固定資產管理辦法》), "Financial and Accounting Reporting System" (《財務會計報告制度》), "Routine Accounting System" (《日常會計核算制度》), and "Capital Management System" (《資金管理制度》), which have been updated in accordance with the prevailing laws and regulations of the PRC and Listing Rules from time to time. The Company has also engaged experts to provide compliance training to its employees to enable them to understand the importance of compliance and internal audit practices.

The Company also established various departments to ensure compliance with relevant laws and regulations, including specialized departments responsible for liaising with regulatory authorities to obtain necessary government approvals, permits, licenses and property certificates prior to the commencement of construction; commercial departments to organize bidding processes and procurement for wind power equipment and selection of contractors for project construction; safety departments to periodically monitor the safety of the Company's subsidiaries' project construction and operations; and auditing departments which report their findings directly to the management based on their periodical review of the Company's financial management and the development, construction and operations of wind farms.

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

7. AUDITORS AND REMUNERATION

KPMG and KPMG Huazhen (SGP) were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2013.

For the year ended 31 December 2013, the fee for audit services was RMB11.90 million. For the year ended 31 December 2013, the fees for non-audit services was RMB3.60 million. The non-audit services mainly involved review of the Company's interim results.

The responsibilities of the Company's external auditor, KPMG, regarding its report on the Financial Statements are set out on page 81 of this annual report.

8. COMMUNICATIONS WITH SHAREHOLDERS

The Company attaches great importance to shareholders' opinions and advice. It actively organized various communications with investors and analysts to maintain good relationships and made timely responses to reasonable requests of shareholders.

In 2013, the Company has further strengthened its efforts in investor relations management by communicating with investors through several channels and by different means of communication, enhancing the daily communication with investors in particular. The Company has maintained smooth communication with investors, which helps in establishing a bridge for effective communication between the Company and the capital market.

- In March and August 2013, the management of the Company carried out 2012 annual results roadshow and 2013 interim results roadshow in Hong Kong respectively, organized two investment analyst meetings, one press conference and scores of "one-on-one" conferences.

- The Company received nearly 60 batches of visits from institutional investors and met over 200 investors in the year.

- The Company participated in two large conferences organized by investment banks where 20 meetings were convened and the Company met with over 50 institutional investors.

The Company has established both Chinese and English websites as the platform for disclosure of the Company's information. The Company publishes its announcements, financial information and other relevant information on the website at www.hnr.com.cn. Shareholders are welcome to make enquiries directly to the Company and the Company will respond to all enquiries in a timely and appropriate manner.

During the Reporting Period, the Company convened one annual general meeting and one extraordinary general meeting.

According to Article 63 of the Articles of Association, the Directors shall convene an extraordinary general meeting within two months where shareholder(s) who individually or jointly holds 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting.

According to Article 66 of the Articles of Association, when the Company convenes a shareholders' general meeting, shareholder(s) holding 3% or more of the total voting shares of the Company are entitled to propose to the Company in writing ad hoc resolutions, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting. The content of such resolutions mentioned shall (1) fall within the business scope of the Company and the functions and powers of the shareholders' general meeting without violating any laws and regulations; (2) contain definite subjects for discussion and specific matters to be resolved; and (3) be delivered or served on the Board in writing 10 days prior to the date of the shareholders' general meeting.

Shareholders may send written enquiries or proposals to the Company's principal place of business in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

9. ARTICLES OF ASSOCIATION

During the Reporting Period, with the authorization from the annual general meeting, a resolution regarding amendments to the Articles of Association was considered and passed at the fourth meeting of the second session of the Board of the Company. The amendments to the Articles of Association are as follows:

Article 19

Which originally reads as: "Upon the establishment of the Company, and the approval of securities regulatory authority of the State Council, the Company has issued 2,646,898,000 overseas listed shares. Shareholders of state-owned shares of the Company have transferred to National Social Security Fund ("**NSSF**") the 264,688,800 state-owned shares in accordance with the regulations on reduction of the state-owned shares, upon issuance of overseas listed shares.

Upon the issuance of abovementioned overseas listed shares, the total number of shares of the Company is 8,446,898,000, and the share capital structure of the Company is as follows: Huaneng Group holds 5,258,545,600 shares, representing 62.25% of total ordinary share capital; Huaneng Capital Services Corporation Ltd. holds 276,765,600 shares, representing 3.28% of total ordinary share capital; NSSF holds 264,688,800 shares, representing 3.13% of total common share capital; shareholders of H shares hold 2,646,898,000 shares, representing 31.34% of total ordinary share capital."

is amended as follows: "Upon the establishment of the Company and the approval of securities regulatory authority of the State Council, the Company has issued 3,229,215,360 Overseas-Listed Foreign Shares. Shareholders of state-owned shares of the Company have transferred to National Social Security Fund ("**NSSF**") the 264,688,800 state-owned shares in accordance with the regulations on reduction of the state-owned shares, upon issuance of Overseas-Listed Foreign Shares pursuant to an initial public offering.

Upon the issuance of 2,646,898,000 Overseas-Listed Foreign Shares by way of an initial public offering in June 2011, the total number of shares of the Company was 8,446,898,000, and the share capital structure of the Company was as follows: China Huaneng Group held 5,258,545,600 shares, representing 62.25% of the total ordinary share capital; Huaneng Capital Services Corporation Ltd. held 276,765,600 shares, representing 3.28% of the total ordinary share capital; NSSF held 264,688,800 shares, representing 3.13% of the total ordinary share capital; shareholders of H shares held 2,646,898,000 shares, representing 31.34% of the total ordinary share capital.

Upon the issuance of 582,317,360 Overseas-Listed Foreign Shares by way of a non-public issue in October 2013, the total number of shares of the Company is 9,029,215,360, and the share capital structure of the Company is as follows: China Huaneng Group holds 5,258,545,600 shares, representing 58.24% of the total ordinary share capital; Huaneng Capital Services Corporation Ltd. holds 276,765,600 shares, representing 3.07% of the total ordinary share capital; NSSF holds 264,688,800 shares, representing 2.93% of the total ordinary share capital; shareholders of H shares hold 3,229,215,360 shares, representing 35.76% of the total ordinary share capital."

Article 22

Which originally reads as: "The registered capital of the Company shall be RMB8,446,898,000 when the Overseas-Listed Foreign Shares are issued."

is amended as follows: "The registered capital of the Company shall be RMB9,029,215,360 when the Overseas-Listed Foreign Shares are issued."

10. COMPANY SECRETARY

Ms. SONG Yuhong and Ms. MOK Ming Wai are the joint company secretaries of the Company. Ms. SONG Yuhong is the primary contact person at the Company. During the Reporting Period, the joint company secretaries of the Company had duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules, satisfying the requirement of 15 hours per year.

Report of the Board of Directors

The Board hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL BUSINESS

The Company is principally engaged in wind power generation. Details of subsidiaries and a joint venture of the Company are set out in Notes 17 and 18 to the Financial Statements.

SHARE ISSUE AND LISTING

The Company issued by way of initial public offering (the "**IPO**") an aggregate of 2,646,898,000 H shares (upon partial exercise of over-allotment option) with a nominal value of RMB1.00 each at a price of HK$2.50 per H share. Subsequent to that, the listing of shares of the Company on the main board of the Hong Kong Stock Exchange took place in June 2011. 264,688,800 state-owned shares with a nominal value of RMB1.00 each were converted into H shares under international offering on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC. The total number of shares of the Company after the IPO was 8,446,898,000 shares, including 5,535,311,200 domestic shares and 2,911,586,800 H shares.

On 21 October 2013, the Company completed a placing of an aggregate of 582,317,360 H shares, representing approximately 6.4% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.7% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares). As a result of the placing, the total number of issued shares of the Company increased from 8,446,898,000 shares to 9,029,215,360 shares. The total number of issued H shares increased from 2,911,586,800 H shares to 3,493,904,160 H shares. As at 31 December 2013, China Huaneng Group ("**Huaneng Group**"), the controlling shareholder of the Company, directly and indirectly held 61.30% of the Company's total issued shares. For further details, please refer to the announcements published by the Company dated 15 October 2013 and 21 October 2013, respectively.

SHARE CAPITAL

As of 31 December 2013, the Company had 9,029,215,360 shares in issue with nominal value of RMB1.00 each. The total issued share capital of the Company was RMB9,029,215,360.

RESULTS

The audited results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of comprehensive income on page 83 to page 84. The financial position of the Group as of 31 December 2013 is set out in the consolidated balance sheet on page 85 to page 86. The consolidated cash flow of Group for the year ended 31 December 2013 is set out in the consolidated cash flow statement on page 91 to page 93.

A discussion and analysis of the Group performance during the year and financial position as of the year end and the material factors underlying its results are set out in the Management's Discussion and Analysis on page 19 to page 30 of this annual report.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 29(a) to the Financial Statements, among which, details of reserves available for distribution to the equity shareholders are set out in Note 29(e) to the Financial Statements.

PROFIT DISTRIBUTION

The Board recommends the payment of a final dividend of RMB0.02 per ordinary share (tax inclusive) in cash.

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends to them. Any H shares registered not under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the laws or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company.

If the individual holders of the H shares who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for dividend with China under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of the H shares are residents of the countries which had an agreed tax rate of less than 10% with China under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of the H shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment pursuant to the Notice of the State Administration of

Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)).The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of the H shares are residents of the countries which had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of the H shares are residents of the countries which had an agreed tax rate of 20% with China, or which has not entered into any tax agreement with China, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 14 to the Financial Statements for details of properties, plants and equipment of the Group during the year.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company as of 31 December 2013 are set out in Note 24 to the Financial Statements.

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

During the Reporting Period, apart from the placing of new shares, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PRE-EMPTIVE RIGHTS

According to the Articles of Association and PRC laws, there are no provisions for pre-emptive rights requiring the Company to offer new shares to existing shareholders of the Company in proportion to their shareholdings.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, supervisors and senior management of the Company during the Reporting Period.

Name	Position in the Company	Date of Appointment
CAO Peixi	Chairman of the Board, Non-executive Director	4 August 2010
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	1 November 2011
ZHAO Keyu	Non-executive Director	4 August 2010
LIN Gang	Executive Director, President	23 February 2012
XIAO Jun(1)	Executive Director, Vice President	21 June 2013
NIU Dongchun(2)	Executive Director, Vice President	4 August 2010
YU Chunping(1)	Executive Director, Vice President	21 June 2013
YANG Qing	Executive Director, Vice President and Chief Financial Officer	4 August 2010
HE Yan(3)	Executive Director, Vice President	4 August 2010
QIN Haiyan	Independent Non-executive Director	6 August 2010
DAI Huizhu	Independent Non-executive Director	6 August 2010
ZHOU Shaopeng	Independent Non-executive Director	6 August 2010
WAN Kam To	Independent Non-executive Director	6 August 2010
HUANG Jian	Chief Supervisor	1 November 2011
WANG Huanliang	Supervisor	4 August 2010
YU Zewei	Supervisor	27 July 2012
HE Ji	Vice President	19 December 2012
DING Kun	Vice President	29 April 2011
HU Ying	Vice President	29 April 2011
YAN Shusen	Vice President	23 August 2011
SONG Yuhong	Secretary to the Board of Directors, Joint Company Secretary	4 August 2010

Notes:

(1) Mr. XIAO Jun and Mr. YU Chunping were appointed as the Executive Directors at the annual general meeting held on 21 June 2013.

(2) Mr. NIU Dongchun resigned as an Executive Director and a member of the remuneration committee under the Board on 19 March 2013. On the same day, Mr. LIN Gang was appointed by the Board as a member of the remuneration committee. For details, please refer to the Company's announcement dated 19 March 2013.

(3) Mr. HE Yan retired as an Executive Director at the annual general meeting held on 21 June 2013.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on page 72 to page 80 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and supervisors has entered into service contracts with the Company. None of the Directors or supervisors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS' REMUNERATION

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

During the financial year ended 31 December 2013, there was no contract of significance to the Company's business in which the Company or its subsidiaries was a party or in which a Director or supervisor had a material interest, either directly or indirectly, subsisting during the financial year ended 31 December 2013.

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 Company:

Name	Position in the Company	Other Interests
CAO Peixi	Chairman of the Board, Non-executive Director	President of Huaneng Group, Chairman of Huaneng International Power Development Corporation ("**HIPDC**"), Chairman and an executive director of Huaneng Power International, Inc. ("**HPI**")
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	Vice President of Huaneng Group, Chairman of Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd.
ZHAO Keyu	Non-executive Director	Previously Chief of Planning Department and subsequently Office Chief of Huaneng Group

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

As at 31 December 2013, none of the Directors, supervisors or chief executive 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 (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong (the "**SFO**")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which have to be recorded in the register under Section 352 of the SFO, referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2013, to the best knowledge of the Directors, the following persons (other than the Directors, chief executive 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 by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Class of shares	Capacity/ Nature of interests	Number of shares held (Shares)	Approximate percentage in the relevant class of shares (%)[2]	Approximate percentage in the total share capital (%)[3]
Controlling shareholder					
China Huaneng Group[1]	Domestic shares	Beneficial owner/ Interest of controlled corporation	5,535,311,200 (Long position)	100%	61.30%
Other substantial shareholders					
FIL Limited	H shares	Investment manager	419,003,280 (Long position)	11.99%	4.64%
JPMorgan Chase & Co.	H shares	Beneficial owner/ Investment manager/Custodian	416,512,996 (Long position)	11.92%	4.61%
			131,360,996 (Lending pool)	3.76%	1.45%

Name of shareholder	Class of shares	Capacity/ Nature of interests	Number of shares held (Shares)	Approximate percentage in the relevant class of shares (%)(2)	Approximate percentage in the total share capital (%)(3)
HSBC Global Asset Management (Hong Kong) Limited	H shares	Investment manager	176,252,000 (Long Position)	5.04%	1.95%
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	264,688,800 (Long position)	7.58%	2.93%
BlackRock, Inc.	H shares	Interests of controlled corporation	186,708,118 (Long position)	5.34%	2.07%
			2,458,000 (Short position)	0.07%	0.03%
Invesco Hong Kong Limited	H shares	Investment manager	184,074,000 (Long position)	5.27%	2.04%

Notes:

(1) China Huaneng Group is beneficially interested in 5,258,545,640 domestic shares, representing approximately 58.24% of the total share capital of the Company. Huaneng Capital Services Corporation Ltd. ("**Huaneng Capital**") is interested in 276,765,560 domestic shares, representing approximately 3.07% of the total share capital of the Company. Since Huaneng Capital is a wholly-owned subsidiary of China Huaneng Group, China Huaneng Group is therefore deemed to be interested in the domestic shares held by Huaneng Capital, resulting a total interest of 61.30%. Numbers may not add up due to rounding.

(2) It is calculated on the basis that the Company has issued 5,535,311,200 domestic shares or 3,493,904,160 H shares as of 31 December 2013.

(3) It is calculated on the basis that the Company has issued 9,029,215,360 shares as of 31 December 2013.

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 did any such contract subsist at any time during 2013.

SUBSEQUENT EVENTS

There was no material subsequent event after 31 December 2013.

CONNECTED TRANSACTIONS

Major connected transactions of the Company for the year ended 31 December 2013 are as follows:

1. NON-EXEMPT ONE-OFF CONNECTED TRANSACTION

The Company entered into the following non-exempt connected transactions under Rule 14A.31 of the Listing Rules in 2013. The purposes of the Company to enter into such connected transactions were to meet the operational needs of the Company and to get the most favourable terms and conditions from the market from the Company's perspective. The relevant information regarding the connected transactions was set out in the announcements of the Company dated 9 September 2011, 30 September 2013 and 20 December 2013.

Connected Transactions	Connected Person	Consideration *(RMB'000)*
1. Provision of research services to the Company	China Huaneng R&D Center	9,900
2. Acquisition of 100% equity interest in Huaneng Ge'ermu and 8% equity interest in Huaneng Shantou Nan'ao by the Company	HIPDC and Huaneng Group	364,310
3. Power generation rights transfer agreement	Huaneng Yimin Coal Power Co., Ltd.	7,673

(1) Provision of research services to the Company

The Company entered into a research and development agreement (the "**Research and Development Agreement**") with China Huaneng R&D Center ("**Huaneng R&D Center**") on 9 September 2011. Pursuant to the Research and Development Agreement, Huaneng R&D Center will, assist the Company to design and develop a complete monitoring and early warning system for wind turbines and provide relevant technical support, including, (i) providing technical seminars, specialized training and technical consulting services to the Company, (ii) completing applications of at least two patents and one software copyright (the patents and the software copyright developed by Huaneng R&D Center in connection with the Research and Development Agreement will be owned by the Company), and (iii) issuing a research report with respect to the monitoring and early warning system for wind turbines. The relevant research and development services provided by Huaneng R&D Center shall follow the specific technical criterion and research plan set forth under the Research and Development Agreement.

At the time the Company entered into the Research and Development Agreement (i.e. 9 September 2011), Huaneng Group held 65.53% equity interests in the Company, including 62.25% direct equity interests held by Huaneng Group and 3.28% equity interests held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. Huaneng Group currently holds 100% equity interests in Huaneng R&D Center. As such, Huaneng R&D Center is a connected person of the Company and transaction of the Company with Huaneng R&D Center constitutes connected transaction of the Company under Chapter 14 of the Listing Rules.

The Company would pay research and development fees to Huaneng R&D Center in the total amount of RMB9.9 million in the form of three installments of RMB3.2 million, RMB3.3 million and RMB3.4 million, for the three years ended 31 December 2011, 2012 and 2013, respectively. The Research and Development Agreement expired on 31 December 2013. For the year ended 31 December 2013, the Company paid Huaneng R&D Center research and development fees in an amount of RMB3.4 million.

(2) Acquisition of 100% equity interest in Huaneng Ge'ermu and 8% equity interest in Huaneng Shantou Nan'ao by the Company

On 20 December 2013, the Company entered into the Huaneng Ge'ermu Transfer Agreement with HIPDC, pursuant to which HIPDC agreed to transfer, and the Company agreed to acquire, 100% of the equity interest in Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd. ("**Huaneng Ge'ermu**") at a consideration of RMB356,070,000 which shall be payable by the Company in cash at completion and subject to the terms of the Huaneng Ge'ermu Transfer Agreement.

On 20 December 2013, the Company entered into the Huaneng Shantou Nan'ao Transfer Agreement with Huaneng Group, pursuant to which Huaneng Group agreed to transfer, and the Company agreed to acquire, 8% of the equity interest in Huaneng Shantou Nan'ao Wind Power Generation Co., Ltd. ("**Huaneng Shantou Nan'ao**") at a consideration of RMB8,240,000 which shall be payable by the Company in cash at completion, subject to the terms of the Huaneng Shantou Nan'ao Transfer Agreement.

At the time the Company entered into the Huaneng Shantou Nan'ao Transfer Agreement, Huaneng Group held an approximately 61.30% equity interest in the Company, including an approximately 58.24% direct equity interest held by Huaneng Group and an approximately 3.07% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. As Huaneng Group is a connected person of the Company, the Huaneng Shantou Nan'ao Transfer Agreement constitutes a connected transaction of the Company.

At the time the Company entered into the Huaneng Ge'ermu Transfer Agreement, Huaneng Group held a 57% equity interest in HIPDC. As such, HIPDC is a connected person of the Company and the Huaneng Ge'ermu Transfer Agreement constitutes a connected transaction of the Company.

From the date of completion of the acquisition of Huaneng Ge'ermu to 31 December 2015, if the partial value-added tax exemption enjoyed by Huaneng Ge'ermu under a tax preferential policy in Qinghai Province with respect to its revenues from renewable energy generation is subject to adjustment, and Huaneng Ge'ermu is required to pay such value-added tax that was previously exempted, HIPDC shall refund to the Company part of the consideration, being RMB132,730,000 (but the corresponding preferential value-added tax enjoyed between 30 June 2013 and the date of implementation of the policy shall be excluded).

The acquisition of Huaneng Shantou Nan'ao was completed in 2013, and the Company paid the relevant acquisition consideration of RMB8.24 million in 2013. As at 31 December 2013, the acquisition of Huaneng Ge'ermu was not yet completed, and the Company would pay the relevant consideration upon completion in accordance with the relevant terms of the agreement.

(3) Power generation rights transfer agreement

On 30 September 2013, Huaneng Tongliao Wind Power Co., Ltd., a wholly-owned subsidiary of the Company, entered into the Power Generation Rights Transfer Agreement with Huaneng Yimin Coal Power Co., Ltd., a wholly-owned subsidiary of Huaneng Group, and two grid companies (namely, State Grid Corporation of China (Northeast) and East Inner Mongolia Electric Power Co., Ltd.). The Power Generation Rights Transfer Agreement expired on 31 December 2013.

Pursuant to the Power Generation Rights Transfer Agreement, for the year ended 31 December 2013, Huaneng Yimin Coal Power Co., Ltd. would transfer the power generation rights of 100 GWh (northeast to northern China) to Huaneng Tongliao Wind Power Co., Ltd. such that power would be generated by Huaneng Tongliao Wind Power Co., Ltd. instead. State Grid Corporation of China (Northeast) would, on a monthly basis, pay to Huaneng Yimin Coal Power Co., Ltd. the amount of electricity sold based on a rate of RMB285.7/MWh in respect of the transfer fee. East Inner Mongolia Electric Power Co., Ltd. would, on a monthly basis, pay to Huaneng Tongliao Wind Power Co., Ltd. the amount of electricity sold based on a rate of RMB293.3/MWh in respect of the electricity fee. According to the arrangements of the transaction, the amount of power to be generated by Huaneng Tongliao Wind Power Co., Ltd. instead would be 100 million kWh for the year 2013, and the amount of electricity fee with East Inner Mongolia Electric Power Co., Ltd. is expected to be approximately RMB29,330,000. The amount of electricity transfer fee between State Grid Corporation of China (Northeast) and Huaneng Yimin Coal Power Co., Ltd. is expected to be approximately RMB28,570,000.

At the time the Company entered into the Power Generation Rights Transfer Agreement, Huaneng Group held a 65.53% equity interest in the Company, including a 62.25% direct equity interest held by Huaneng Group and a 3.28% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group, and Huaneng Group held a 100% equity interest in Huaneng Yimin Coal Power Co., Ltd.. As such, Huaneng Yimin Coal Power Co., Ltd. is a connected person of the Company and the Power Generation Rights Transfer Agreement constitutes a connected transaction of the Company.

In accordance with the arrangements of the transaction, for the year ended 31 December 2013, the volume of power generated by Huaneng Tongliao Wind Power Co., Ltd. on behalf of Huaneng Yimin Coal Power Co., Ltd. was 30,610 MWh, the amount of electricity fee (excluding VAT) received and receivable from East Inner Mongolia Electric Power Co., Ltd. by Huaneng Tongliao Wind Power Co., Ltd. is approximately RMB7,673,000, and the amount of electricity transfer fee (excluding VAT) received and receivable from Stat Grid Corporation of China (Northeast) by Huaneng Yimin Coal Power Co., Ltd. is approximately RMB7,475,000.

2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain non-exempt continuing connected transactions during 2013. The table below sets out the annual caps for 2013 and the actual transaction amounts of such connected transactions:

Connected Transaction	Connected Person	Annual Cap for 2013 *(RMB'000)*	Actual Transaction Amount for 2013 *(RMB'000)*
1. Property lease to the Company	Xinsheng Property Management Co., Ltd.; Huaneng Dali Hydro Power Co., Ltd.; Huaneng Lancang River Hydropower Co., Ltd.	17,000	14,849
2. Provision of insurance to the Company	Alltrust Insurance Company of China Limited ("**Alltrust Insurance**")	80,000	36,011
3. Provision of technical service to the Company	Xi'an Thermal Power Research Institute Co. Ltd. ("**Xi'an Institute**")	50,000	10,238
4. Provision of deposit services to the Company	China Huaneng Finance Corporation Limited ("**Huaneng Finance**")	2,000,000	1,977,081[(1)]
5. Provision of technical supervision and management support services to the Company	Xi'an Institute	6,000	5,966

Note:

(1) The actual transaction amount disclosed represents the highest daily deposit balance.

In respect of the first non-exempt continuing connected transaction as set out above, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of the continuing connected transaction and granted a waiver to the Company from strict compliance with independent shareholders' approval requirement, but the transaction is subject to reporting, annual review and announcement requirement under the Listing Rules. In respect of the second non-exempt continuing connected transaction as set out above, at the time of the listing of the Company's H shares on 10 June 2011, the Hong Kong Stock Exchange approved the annual caps of such continuing connected transaction, and such transaction is subject to reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules. For the first non-exempt continuing connected transaction as set out above, adjustments have been made to the annual caps for years 2011, 2012 and 2013.

(1) Property lease to the Company

The Company entered into a framework property lease agreement on 13 September 2010 with Huaneng Group, as amended by a supplemental agreement dated 29 April 2011 (collectively referred to as the "**Framework Property Lease Agreement**"), for a term of three years commencing on its listing date (i.e. 10 June 2011) for the leasing of office premises. The Framework Property Lease Agreement is subject to renewal provided that it is in compliance with the relevant provisions on connected transactions under the Listing Rules. On 9 September 2011, the Company entered into a supplement agreement with Huaneng Group, pursuant to which the annual caps of the aggregate rental expenses were revised to RMB12.0 million, RMB14.0 million and RMB17.0 million for the years ended 31 December 2011, 2012 and 2013, respectively.

The principal terms of the supplement agreement to the Framework Property Lease Agreement are as follows:

- The annual caps of the aggregate rental expenses paid by the Company would be revised to RMB12.0 million, RMB14.0 million and RMB17.0 million for the years ended 31 December 2011, 2012 and 2013, respectively.
- The Framework Property Lease Agreement expired on 31 December 2013 and is renewable provided that it is in compliance with the relevant requirements under the Listing Rules and is agreed by the relevant parties.

At the time the Company entered into supplemental agreement (i.e. 9 September 2011), Huaneng Group held 65.53% equity interests in the Company, including 62.25% direct equity interests held by Huaneng Group and 3.28% equity interests held through Huaneng Capital, a wholly owned subsidiary of Huaneng Group. As such, Huaneng Group is a connected person of the Company and transaction of the Company with Huaneng Group constitutes continuing connected transaction of the Company under the Listing Rules. Relevant information regarding such continuing connected transaction was set out in "Connected Transactions" section of the Company's prospectus dated 30 May 2011 and the announcement of the Company dated 9 September 2011.

The annual cap of this continuing connected transaction for 2013 was RMB17.0 million and the actual transaction amount was RMB14.849 million, which was within the annual cap as set out in the Company's announcement dated 9 September 2011.

(2) Provision of insurance to the Company

The Company entered into a framework insurance agreement with Alltrust Insurance Beijing Branch on 6 August 2010, as amended by a supplement agreement dated 29 April 2011 (collectively referred to as the "**Framework Insurance Agreement**") for the purchase of various insurance products, for a term of three years, subject to renewal provided that it is in compliance with the relevant provisions on connected transactions under applicable rules and regulations. Under the Framework Insurance Agreement, the subsidiaries of the Company will enter into separate insurance agreements with Alltrust Insurance Beijing Branch according to the principal terms. The annual caps of the aggregate insurance premium paid to Alltrust Insurance would be approximately RMB40.0 million, RMB60.0 million and RMB80.0 million for the years ended 31 December 2011, 2012 and 2013.

Alltrust Insurance is a subsidiary of Huaneng Group. As such, Alltrust Insurance is a connected person of the Company and transaction of the Company with Alltrust Insurance constitutes continuing connected transaction of the Company under the Listing Rules. Relevant information regarding such continuing connected transaction was set out in "Connected Transactions" section of the Company's prospectus dated 30 May 2011.

The annual cap of this continuing connected transaction for 2013 was RMB80.0 million and the actual transaction amount was RMB36.011 million, which was within the approved cap set out in the Company's prospectus dated 30 May 2011.

(3) Provision of technical service to the Company

The Company entered into a Framework Technical Service Agreement with Xi'an Institute on 9 September 2011, pursuant to which Xi'an Institute would provide technical services to the wind power projects operated by the Company, including, among others, production monitoring, testing and examination of the Company's wind power equipment and issuing relevant technical reports. The annual caps for the aggregate service fees payable to Xi'an Institute by the Company would be approximately RMB40.0 million, RMB45.0 million and RMB50.0 million for the years ended 31 December 2011, 2012 and 2013.

The principal terms of the Framework Technical Service Agreement are as follows:

- Xi'an Institute agrees to provide technical services, including, among others, production monitoring, testing and examination of the Company's newly set-up wind power equipment and issuing relevant technical reports to the Company.

- Relevant subsidiaries of the Company will enter into separate agreements with Xi'an Institute which shall set out the specific scope of services and terms and conditions of providing such services according to the principles laid down by the Framework Technical Service Agreement.

- The Company will, and will procure its subsidiaries to, pay service fees to Xi'an Institute with respect to the technical services it provides.

- The Framework Technical Service Agreement expired on 31 December 2013 and is renewable subject to agreement of the parties. Each party may terminate the agreement upon giving the other party three months' written notice.

At the time the Company entered into the Framework Technical Service Agreement (i.e. 9 September 2011), Huaneng Group held 65.53% equity interests in the Company, including 62.25% direct equity interests held by Huaneng Group and 3.28% equity interests held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. Huaneng Group currently holds 52.00% equity interests in Xi'an Institute. As such, Xi'an Institute is a connected person of the Company and transaction of the Company with Xi'an institute constitutes continuing connected transaction of the Company under the Listing Rules. The relevant information regarding such continuing connected transaction was set out in the announcement of the Company dated 9 September 2011.

The annual cap of this continuing connected transaction for 2013 was RMB50.0 million and the actual transaction amount was RMB10.238 million, which was within the approved cap set out in the Company's announcement dated 9 September 2011.

(4) Provision of deposit services to the Company

The Company entered into the Huaneng Finance Framework Agreement with Huaneng Finance on 19 March 2012, pursuant to which Huaneng Finance would provide deposit services to the Company. The annual caps for the outstanding balances of the deposits to be placed with Huaneng by the Company would be approximately RMB600 million, RMB2 billion and RMB2 billion for the years ended on 31 December 2011, 2012 and 2013.

The principal terms of the Huaneng Finance Framework Agreement are as follows:

- Huaneng Finance agrees to provide deposit services and loan advancement to the Company.

- The Company will enter into separate agreements with Huaneng Finance which shall set out specific scope of services and terms and conditions of providing such services according to the principles laid down in the Huaneng Finance Framework Agreement.

- The Huaneng Finance Framework Agreement was signed on 19 March 2012 for a term of three years with retrospective effect from 5 December 2011 and expired on 31 December 2013.

- Either party may terminate the agreement upon giving the other party three months' written notice.

At the time the Company entered into the Huaneng Finance Framework agreement (i.e. 19 March 2012), Huaneng Group held 65.53% equity interests in the Company, including 62.25% equity interests directly held by Huaneng Group and 3.28% equity interests held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. Huaneng Group currently holds 51.00% equity interests in Huaneng Finance. As such, Huaneng Finance is a connected person of the Company. The transactions under the Huaneng Finance Framework Agreement will be conducted on an on-going basis and therefore will constitute continuing connected transactions under the Listing Rules. Relevant information regarding such continuing connected transactions was set out in the announcement of the Company dated 19 March 2012 and the circular of the Company dated 11 May 2012.

The annual cap of this continuing connected transaction for 2013 was RMB2 billion and the highest daily deposit balance for 2013 was RMB1,977,081,000, which was within the annual up set out in the Company's circular dated 11 May 2012.

(5) Provision of technical supervision and management support services to the Company

On 17 October 2013, the Company entered into the Technical Supervision and Management Support Services Framework Agreement with the Xi'an Institute. The Technical Supervision and Management Support Services Framework Agreement expired on 31 December 2013. Under the Technical Supervision and Management Support Services Framework Agreement, the Xi'an Institute agreed to provide comprehensive technical support services for the technical supervision and management of a total of eight areas in relation to the production process of wind power companies owned by the Company, namely, insulation, electrical instrument monitoring, relay protection, quality of electricity, metals, chemistry, automated monitoring system and wind turbines.

At the time the Company entered into the Technical Supervision and Management Support Services Framework Agreement, Huaneng Group held a 65.53% equity interest in the Company, including a 62.25% direct equity interest held by Huaneng Group and a 3.28% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group, and Huaneng Group held a 52.00% equity interest in the Xi'an Institute. As such, the Xi'an Institute is a connected person of the Company and the transaction contemplated under the Technical Supervision and Management Support Services Framework Agreement constitutes a continuing connected transaction of the Company.

Relevant subsidiaries of the Company will enter into separate agreements with the Xi'an Institute which shall set out the specific scope of services and terms and conditions of providing such services according to the principles laid down by the Technical Supervision and Management Support Services Framework Agreement. The relevant subsidiaries will within 30 days of signing the relevant agreements pay to the Xi'an Institute the consideration thereof. The proposed annual cap, consideration and payment arrangements were negotiated on arm's length terms, taking into account the prevailing market conditions.

The annual cap of this continuing connected transaction for 2013 was RMB6 million and the actual transaction amount was RMB5.966 million, which was within the annual cap set out in the Company's announcement dated 17 October 2013.

The Independent Non-executive Directors have reviewed each of the abovementioned continuing connected transactions and confirmed that such transactions have been conducted on the following basis:

(1) in the ordinary and usual course of business of the Company and its subsidiaries;

(2) on normal commercial terms or, if there are no sufficient comparable transactions to determine whether they are on normal commercial terms, from the perspective of the Company, on terms no less favorable than the terms available to or from independent third parties; and

(3) in accordance with relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

The related party transactions in 2013 that fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules were disclosed in Note 33(a) to the financial statements prepared in accordance with IFRSs. The Company has complied with the disclosure agreements in accordance with Chapter 14A of the Listing Rules.

Non-exempt continuing connected transactions in 2014-2016

On 25 October 2013, the Company entered into (i) a deposit and loan services framework agreement with Huaneng Finance to replace the existing agreement for deposit services (as described above) for a three-year period commencing from 1 January 2014, and (ii) a framework agreement with respect to certain other ongoing connected transactions with Huaneng Group for a three-year period commencing from 1 January 2014. For a description of these transactions, please refer to the Company's announcements dated 25 October 2013 and 30 December 2013, respectively.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into the Non-Competition Agreement with Huaneng Group on 6 August 2010, as amended by a supplemental agreement dated 23 November 2010, under which Huaneng Group agreed not to compete with us in our core businesses and granted us the Option for New Business Opportunities, the Option for Acquisitions and the Pre-Emptive Rights. Pursuant to the agreement, the Independent Non-executive Directors of the Company are responsible for reviewing and considering whether or not to take up a new business opportunity referred to by Huaneng Group or exercise pre-emptive rights, and such decision will be made by the Independent Non-executive Directors. Also, the Independent Non-executive Directors will perform a periodic review on the Retained Business (as defined in the Company's prospectus dated 30 May 2011) by Huaneng Group's unlisted subsidiaries and make recommendations to the Board as to whether to exercise the option to acquire any of the Retained Business by Huaneng Group's unlisted subsidiaries.

During the year, the Independent Non-executive Directors have reviewed the implementation of the Non-Competition Agreement and have confirmed that Huaneng Group had been in full compliance with the agreement and there was no breach by Huaneng Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, purchase from the Group's five largest suppliers as defined under the Listing Rules in aggregate contributed less than 30% of the Group's total purchase of goods and services for the year.

For the year ended 31 December 2013, sales to the Group five largest customers in aggregate contributed 69.1% of the Group total sales for the year, among which, sales to the largest customer contributed 18.2% of the Group total sales for the year.

During the year, so far as the Directors are aware, none of the Directors, associates of Directors and any 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.

REMUNERATION POLICIES

As at 31 December 2013, the Company had 1,410 full-time employees. Remuneration of employees of the Company will be determined based on the complexity involved with the positions and the responsibilities to be performed by the employees, as well as with reference to work performance. The remuneration of Directors, supervisors and senior management of the Company includes the following components:

1. **Basic salary and allowance (excluding the service fee of independent Directors)**

   Basic salary will be determined based on evaluation and factor analysis of a particular position with reference to relevant salaries in the market. The Company and its subsidiaries contribute housing fund and other social insurance for its employees in accordance with relevant regulations. All these account for approximately 70% of the total remuneration.

2. Discretionary bonus

Discretionary bonus will be determined based on the performance of Directors, supervisors and senior management, which accounts for approximately 15% of the total remuneration.

3. Pension contribution

All Directors, supervisors and senior management are entitled to the pension plan maintained by the Company, including basic pension insurance and enterprise annuity. Pension contribution accounts for approximately 9% of the total remuneration.

4. Directors' fee

The Company will pay an annual service fee of RMB0.14 million (before tax) to each independent Director, and will reimburse reasonable expenses (including travel and office expenses) incurred by independent Directors in connection with their attendance of Board meetings, shareholders' meeting and performance of their responsibilities in accordance with the Company Law and Articles of Association. The Company provides no other benefit to the independent Directors.

During the Reporting Period, the Company's senior management positions included President, Vice-President, Chief Financial Officer and secretary to the Board, and their remunerations ranged from approximately RMB0.56 million to RMB0.90 million (before tax).(1)

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Company's retirement and employees benefit scheme are set out in Note 7(a) to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code (the "**Code**") set out in Appendix 14 of the Listing Rules except for the following deviation. Mr. CAO Peixi (Non-executive Director, Chairman of the Board and chairman of the nomination committee) did not attend the annual general meeting of the Company held on 21 June 2013 due to work commitment. This constitutes deviation from code provision E.1.2 of the Code, which states that the chairman of the board should attend the annual general meeting. For details, please refer to the Corporate Governance Report as set out on page 35 to page 49 of this annual report.

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 date of this annual report, which was in compliance with the requirements under the Listing Rules.

Note:

(1) Mr. XIAO Jun, a Vice President, joined the Company in April 2013.

MATERIAL LITIGATION

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

AUDIT COMMITTEE

The 2013 annual results of the Company 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 and KPMG Huazhen (SGP) were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2013. KPMG has audited the accompanying financial statements, which were prepared in accordance with International Financial Reporting Standards. The Company has retained KPMG and KPMG Huazhen (SGP) (Previously "KPMG Huazhen") since the date of its listing. A resolution for the reappointment of KPMG and KPMG Huazhen (SGP) as the international and domestic auditors of the Company for the year ending 31 December 2014 will be proposed at the forthcoming annual general meeting of the Company.

CHANGE OF DIRECTOR'S INFORMATION

Mr. WAN Kam To, aged 61, is an Independent Non-executive Director of the Board of Huaneng Renewables, and an independent director of Mindray Medical International Limited (New York Stock Exchange: MR) and RDA Microelectronics, Inc. (NASDAQ: RDA). In addition, he serves as an independent non-executive director at China Resources Land Limited (Hong Kong Stock Exchange: 1109), Dalian Port (PDA) Company Limited (Hong Kong Stock Exchange: 2880, Shanghai Stock Exchange: 601880), Fairwood Holdings Limited (Hong Kong Stock Exchange: 0052), KFM Kingdom Holdings Limited (Hong Kong Stock Exchange: 3816), Shanghai Pharmaceuticals Holding Co., Ltd. (Hong Kong Stock Exchange: 2607), S. Culture International Holdings Limited (Hong Kong Stock Exchange: 1255), Kerry Logistics Network Limited (Hong Kong Stock Exchange: 0636), and a fellow of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wan was appointed as an Independent Non-executive Director of the Company in August 2010. Mr. Wan has served as a partner of PricewaterhouseCoopers and an independent non-executive director of Real Gold Mining Limited (Hong Kong Stock Exchange: 0246) and Greater China Professional Services Limited (Hong Kong Stock Exchange: 8193). He graduated from Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) with a Higher Diploma in accountancy.

Mr. ZHAO Keyu (趙克宇), aged 48, is a Non-executive Director of the Company and office chief of Huaneng Group. Mr. Zhao was appointed as a Non-executive Director of the Company in August 2010 and was re-appointed as a Non-executive Director of the Company in June 2013. Mr. Zhao has served successively as technician in Weifang Power Plant (濰坊電廠), secretary to the Youth League Committee, secretary to the Communist Party Branch and deputy chief engineer of Shandong Fangzi Power Plant (山東坊子電廠), deputy secretary to the Youth League Committee of Shandong Power Bureau (山東省電力工業局), deputy secretary and secretary to the Communist Party Committee of ULTRA-HV Transmission & Distribution Branch Company of Shandong Power Group Corporation (山東電力集團公司超高壓輸變電分公司), human resource manager of Shandong Luneng Group Co., Ltd. (山東魯能集團公司), President and Chairman of Beijing Deyuan Investment Co., Ltd. (北京德源投資有限公司), secretary to the Communist Party Committee of Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團公司), Vice President of Huaneng Shandong Power Generation Co., Ltd. (華能山東發電有限公司) and chief of Planning Department of Huaneng Group. Mr. Zhao graduated from Shandong University of Technology with a bachelor's degree in engineering. He also graduated from Wuhan University with a master's degree in software engineering. Mr. Zhao is a senior political work specialist.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2013 annual general meeting is proposed to be held before the end of June 2014. Details of the resolutions to be considered and approved at the meeting, the book closure period of the Company's H Share register and the date of the annual general meeting will be set out in the notice of 2013 annual general meeting to be issued by the Company in due course.

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

Beijing, the PRC, 18 March 2014

Report of the Supervisory Committee

The Supervisory Committee of the Company currently consists of three members, and at least one member must be employee representative supervisor elected by employees. Except for the employee representative supervisor, other supervisors are elected by shareholders at the general meeting. All supervisors shall have a term of three years, which is renewable upon re-election and re-appointment. The major duties of the Supervisory Committee include, but are not limited to monitoring the financial activities of the Company; supervising the conduct of Directors and senior management officers in carrying out their duties and proposing to remove Director or senior management officer who has violated applicable laws, regulations, Articles of Association or shareholders resolutions; demanding Directors, President and other senior management officers to rectify any action that is prejudicial to the interest of the Company; reviewing and verifying financial reports, operation reports and profit distribution proposals prepared by the Board, and in case of doubt, appointing certified public accountants and practicing auditors to re-examine the financial information of the Company; bringing actions on behalf of the Company against Directors or senior management officers; and exercising other powers and performing other functions and duties conferred by the Articles of Association.

In 2013, all members of the Supervisory Committee strictly complied with relevant laws and regulations and the Articles of Association and earnestly performed their duties to protect the interest of the shareholders and the benefit of the Company. The relevant implementation procedures were in compliance with relevant laws and regulations and the Articles of Association. Set out below is a summary of the major tasks performed by the Supervisory Committee in the Reporting Period.

MEETINGS CONVENED BY THE SUPERVISORY COMMITTEE

In accordance with applicable laws and regulations, the Articles of Association and the practical needs of the Company's development, the Supervisory Committee convened four meetings and completed the following tasks in 2013:

1. At the sixth meeting of the first session of the Supervisory Committee held on 19 March 2013, the work report of the Supervisory Committee for 2012, profit distribution plan for 2012, annual final financial report for 2012 and financial budget report for 2012 were considered and approved.

2. At the seventh meeting of the first session of the Supervisory Committee held on 26 April 2013, the proposal on election of a new session of the Supervisory Committee of the Company was considered and approved.

3. At the first meeting of the second session of the Supervisory Committee held on 4 July 2013, the proposal on election of the chief supervisor for the second session of the Supervisory Committee of the Company was considered and approved.

4. At the second meeting of the second session of the Supervisory Committee held on 20 August 2013 to hear and review the interim results announcement of the Company for the year of 2013 and interim report and financial status of the Company.

WORK OF THE SUPERVISORY COMMITTEE

In 2013, the Supervisory Committee mainly carried out the following tasks:

MONITORING COMPANY'S OPERATION

During the Reporting Period, members of the Supervisory Committee participated in discussions of major operating decisions through attending Board meetings and general meetings of shareholders held by the Company, reviewed proposals submitted to the Board for consideration and monitored the operation of the Company. The Supervisory Committee is of the opinion that the business activities of the Company complied with relevant laws and regulations and the Articles of Association. Meanwhile, the Directors and senior management of the Company have diligently performed their duties and earnestly implemented the resolutions of the general meetings of the shareholders to safeguard the interests of the shareholders and the benefit of the Company. In the course of examining the operation of the Company and supervising the performance of duties of the Directors and senior management, the Supervisory Committee has not found any of their behaviors that contravened any applicable laws or the Articles of Association or any issues that has caused damage to the interests of the shareholders and the Company.

EXAMINING THE COMPANY'S FINANCIAL CONDITION

During the Reporting Period, the Supervisory Committee carefully examined and reviewed the relevant financial information and the auditors' reports of the Company. The Supervisory Committee is of the opinion that the preparation of the Company's financial statements complies with the International Financial Reporting Standards and is not aware of any irregularities. Having duly reviewed the 2013 annual financial report and relevant information to be submitted by the Board to the general meeting of shareholders, and as audited by the independent auditors with an unqualified opinion, the Supervisory Committee 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.

MONITORING THE COMPANY'S INFORMATION DISCLOSURE

During the Reporting Period, the Supervisory Committee reviewed the information disclosure system and all relevant documents that the Company has publicly published and is of the opinion that the Company has disclosed the relevant information in a timely, true, accurate and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

Chief Supervisor
HUANG Jian

Beijing, the PRC, 18 March 2014

Biographies of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

CAO Peixi (曹培璽), aged 58, is the Chairman of the Board of the Company, the President of Huaneng Group, the Chairman of HIPDC, and the Chairman of HPI. Mr. Cao was appointed as a Non-executive Director of the Company in August 2010 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Cao has successively served as deputy general manager and general manager of Shandong Qingdao Power Plant (山東青島發電廠), assistant head of Shandong Power Bureau (山東電力局), deputy head (Vice President) of Shandong Power Industry Bureau (Company) (山東電力工業局(公司)), Chairman and President of Shandong Power Group Corporation (山東電力集團公司), Vice President and President of China Huadian Corporation(中國華電集團公司) and Chairman of HPI. Mr. Cao graduated from Shandong University, majoring in electrical engineering. He also graduated from Party School of the Central Committee of C.P.C. with a master's degree in engineering. Mr. Cao is a researcher-level senior engineer.

ZHANG Tingke (張廷克), aged 57, is the Vice Chairman of the Board of the Company, a Vice President of Huaneng Group, and Chairman of the board of directors of Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd. (山東石島灣核電有限公司). Mr. Zhang was appointed as a Non-executive Director of the Company in November 2011 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Zhang has served successively as deputy chief of the Planning Department, deputy head (Vice President) of Henan Power Bureau (河南省電力局), head of Preparation Office of Yuzhou Power Plant (禹州電廠), Chairman of Huaneng International Trade-Economics Co., Ltd. (華能國際經濟貿易有限責任公司), Vice President of HIPDC, Chairman of Huaneng IT Industry Holding Co., Ltd. (華能信息產業控股有限公司), Chairman of Sichuan Huaneng Hydropower Development Co., Ltd. (四川華能水電開發有限責任公司), and Chairman of Huaneng Lancang River Hydropower Co., Ltd. (華能瀾滄江水電有限責任公司). Mr. Zhang graduated from Tsinghua University majoring in power system and automation. He also graduated from China Europe International Business School with an MBA degree. Mr. Zhang is a senior engineer.

ZHAO Keyu (趙克宇), aged 48, is a Non-executive Director of the Company and chief of Office of Huaneng Group. Mr. Zhao was appointed as a Non-executive Director of the Company in August 2010 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Zhao has served successively as technician in Weifang Power Plant (濰坊電廠), secretary to the Youth League Committee, secretary to the Communist Party Branch and deputy chief engineer of Shandong Fangzi Power Plant (山東坊子電廠), deputy secretary to the Youth League Committee of Shandong Power Bureau (山東省電力工業局), deputy secretary and secretary to the Communist Party Committee of ULTRA-HV Transmission & Distribution Branch Company of Shandong Power Group Corporation (山東電力集團公司超高壓輸變電分公司), human resource manager of Shandong Luneng Group Co., Ltd. (山東魯能集團公司), President and Chairman of Beijing Deyuan Investment Co., Ltd. (北京德源投資有限公司), secretary to the Communist Party Committee of Shandong Luneng Development Group Co., Ltd. (山東魯能發展集團公司), Vice President of Huaneng Shandong Power Generation Co., Ltd. (華能山東發電有限公司) and chief of Planning Department of Office of Huaneng Group. Mr. Zhao graduated from Shandong University of Technology with a bachelor's degree in engineering. He also graduated from Wuhan University with a master's degree in software engineering. Mr. Zhao is a senior political work specialist.

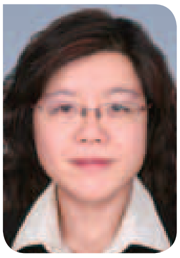
EXECUTIVE DIRECTORS

LIN Gang (林剛), aged 49, is an Executive Director and the President of the Company. Mr. Lin joined the Company in February 2012 and was appointed as an Executive Director of the Company. He was re-elected as a Non-executive Director of the Company in June 2013. Mr. Lin has served successively as deputy chief of Engineering Division of Engineering Department of HPI, assistant to general manager and deputy general manager of Huaneng Beijing Branch (Thermal Power Plant) (華能北京分公司(熱電廠)), deputy manager of General Planning Department, deputy manager (in charge of the department) of Marketing and Sales Department of Huaneng Power International, Inc. (HPI), President of Huaneng Northeast Branch (華能東北電力分公司) and concurrently director of Heilongjiang Office, manager of Marketing and Sales Department of HPI, assistant to President of HPI, and Vice President of HPI. Mr. Lin graduated from North China Electric Power University, specializing in thermal power, and holds a master degree in science. He also graduated from Peking University with an EMBA degree. Mr. Lin is a professor-level senior engineer.

XIAO Jun (肖俊), aged 51, is an Executive Director and a Vice President of the Company. Mr. Xiao joined the Company in April 2013 and was appointed as an Executive Director of the Company in June 2013. Mr. Xiao has served successively as deputy chief of Planning Division of Strategic Department of Ministry of Power Industry (電力工業部), deputy chief of the Planning Division of Strategic Investment Department of State Power Company (國家電力公司), deputy chief (in charge of work), chief of the Strategic Investment Division of Power Department of the State Economic and Trade Commission, deputy manager of Planning and Development Department, deputy manager of (in charge of work) and head of International Cooperation Department of China Huaneng Group. Mr. Xiao graduated from Wuhan University of Hydraulic and Electrical Engineering with a bachelor degree majoring in electric power system and automation. He also graduated from Tsinghua University with a MBA degree and the National University of Singapore with a MPA degree. Mr. Xiao is a senior engineer.

NIU Dongchun (牛棟春), aged 61, was an Executive Director of the Company in August 2010. Mr. Niu joined the Company in October 2007, and resigned as an Executive Director of the Company on 19 March 2013. He has served successively as deputy workshop head of Beijing Special Iron Plant (北京特殊鋼廠), chief staff member of Heavy Industry Bureau of State Economic and Trade Commission (國家經貿委重工業局), chief staff member of First Industry Department of State Planning Commission (國家計委工業一司), deputy division chief and division chief of the Steel and Iron Division, Raw Material Department of State Planning Commission (國家計委原材料司鋼鐵處), chief of Metallurgy and Building Materials Division, Economic Projection Department of State Planning Commission (國家計委經濟預測司冶金建材處), deputy head of Development and Reform Commission of Inner Mongolia Autonomous Region, director of Eastern Economic Revitalization Office of Inner Mongolia Autonomous Region (內蒙古自治區振興東部經濟工作辦公室), deputy general manager of and Executive Director and Vice President of the Company. He graduated from Beijing Iron and Steel Institute. Mr. Niu is a senior engineer.

YU Chunping (余春平), aged 47, is an Executive Director and a Vice President of the Company. Mr. Yu joined the Company in December 2012 and was appointed as an Executive Director of the Company in June 2013. Mr. Yu has served successively as assistant to general manager of Huaneng Simulation Technology Corporation (華能仿真技術公司), deputy chief of Policy Research Division of Strategy Research Department of Huaneng Group, deputy chief (in charge of work) of the Marketing Division of Marketing Department of Huaneng Group, deputy chief (in charge of work) of the Marketing Division of Marketing Department of HPI, chief of the Third Marketing Division and the Market Division of the Marketing Department of HPI, chief of the General Division and deputy manager of Marketing Department of HPI, Vice President of Huaneng Jiangsu Company (華能江蘇分公司). Mr. Yu obtained a bachelor's degree in thermal turbomachinery and a master's degree in engineering from Xi'an Jiaotong University, respectively. He also obtained an MBA degree from Tsinghua University. Mr. Yu is a senior engineer.



YANG Qing (楊青), aged 45, is an Executive Director, Vice President and Chief Financial Officer of the Company. Ms. Yang joined the Company in May 2002. She was appointed as an Executive Director of the Company in August 2010 and was re-appointed as an Executive Director of the Company in June 2013. Ms. Yang has served successively as deputy chief of the Financial Department of Huaneng Group, chief of the First Financial Department of Huaneng Group, deputy chief accountant cum manager and deputy chief accountant of the Financial Department of Huaneng New Energy Environment Industrial Co., Ltd., Vice President and chief accountant of HNEIC. Ms. Yang graduated from the accounting department of Central University of Finance & Economics, majoring in foreign financial accounting, and subsequently obtained a master's degree in economics from the School of Finance of Renmin University of China. Ms. Yang is a senior accountant.

HE Yan (何焱), aged 49, is a Vice President of the Company. Mr. He was appointed as an Executive Director of the Company in August 2010, and retired as an Executive Director of the Company on 21 June 2013. Mr. He joined the Company in May 2002. Mr. He has served successively as manager of First Business Department of Huaneng Construction Consultation Co., Ltd. (華能工程諮詢公司), deputy manager of Assets Operation Department of Huaneng Comprehensive Industrial Co., Ltd. (華能綜合產業公司), manager of New Energy Department and manager of Construction and Engineering Department of Huaneng New Energy Environment Industrial Co., Ltd., and Vice President of HNEIC. He graduated from Wuhan University, majoring in logic, and was a postgraduate student with a master's degree. He subsequently obtained an MBA degree from University of California. Mr. He is a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

QIN Haiyan (秦海岩), aged 44, is an Independent Non-executive Director of the Board of the Company, the director of China General Certification Center (北京鑒衡認證中心), the secretary-general of the Wind Power Committee of China Renewable Energy Society (中國可再生能源學會風能專業委員會), and standing director of China Renewable Energy Society,. He is also the deputy head of the Climatic Resources Application Research Committee of China Meteorological Society (中國氣象學會氣候資源應用研究委員會), Vice-Chairman of the Renewable Energy Committee of China Association of Resources Comprehensive Utilization (中國資源綜合利用協會可再生能源專業委員會) and member of the Technical Committee of National Wind Power Machinery Standardization (全國風力機械標準化技術委員會). Mr. Qin was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Qin has led over 20 research projects in the area of renewable energies. For example, he was the person-in-charge for the "Analysis of the Development Potential of China's Offshore Wind Power", and the person-in-charge for the "Establishment of Certification for Wind Turbines", a project sponsored by the PRC government, World Bank and the Global Environment Facility. He graduated from Shanghai Jiao Tong University with a bachelor's degree in engineering. He also obtained an MBA degree from Renmin University of China.

DAI Huizhu (戴慧珠), aged 75, is an Independent Non-executive Director of the Board of the Company, and the senior consultant, professor and Supervisor of Doctorate Students of Renewable Energy Department of China Electric Power Research Institute (中國電力科學研究院新能源研究所). Ms. Dai was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Ms. Dai held various positions at Northeast Institute of Electric Power Engineering (東 北 電 力 學 院), including assistant lecturer, lecturer, associate professor, professor, head of Research Section of Electrical Engineering Fundamentals and deputy head of Electric Power Research Institute. She also held various positions at China Electric Power Research Institute, including, among others, head of New Energy Power Generation Laboratory, head of Graduate Department and chief engineer of Rural Electrification Research Department. Ms. Dai has conducted in-depth studies in the renewable energy and directed many research projects. She was the person-in-charge and participated in the drafting of "Research Report on Electric Power System" as part of the Evaluation of Renewable Energies, a project sponsored by the PRC government, World Bank and Global Environment Facility. Ms. Dai has led many award-winning research projects in wind power area. Ms. Dai has also published a number of research papers within and outside China. Ms. Dai graduated from Tsinghua University majored in electrical engineering.

ZHOU Shaopeng (周紹朋), aged 67, is an Independent Non-executive Director of the Board of the Company, a professor and Supervisor of Doctorate Students at Chinese Academy of Governance (國家行政學院), Vice Chairman of Public Economic Research Association (公共經濟研究會), member of the Expert Committee of China Development Bank Corporation, council member of History and Chinese Enterprise Association of China Federation of Industrial Economics (中國工業經濟聯合會), part-time professor and Supervisor of Doctorate Students at Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) and Renmin University of China (中國人民大學), and also holds various positions in academic institutions and industrial associations and organizations in China. Mr. Zhou was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Zhou has served as assistant researcher, associate researcher, researcher, Supervisor of Doctorate Students and head of Enterprise Governance Research Department of Industrial Economics Institute of Chinese Academy of Social Sciences (中國社會科學院工業經濟研究所) and deputy county head of Hulunbuir of Inner Mongolia Autonomous Region. Mr. Zhou was the author or co-author of over 30 academic books and research reports. He has also published over 300 research papers. Mr. Zhou graduated from Beijing Mechanical Institute (北京機械學院) majored in Industrial Economics and graduated from Chinese Academy of Social Sciences with a master's degree in economics. He also obtained a doctorate degree in economics from the Chinese Academy of Social Sciences.

WAN Kam To (尹錦滔), aged 61, is an Independent Non-executive Director of the Board of HNEIC, and an independent director of Mindray Medical International Limited (New York Stock Exchange: MR) and RDA Microelectronics, Inc. (NASDAQ: RDA). In addition, he serves as an independent non-executive director at China Resources Land Limited (Hong Kong Stock Exchange: 1109), Dalian Port (PDA) Company Limited (Hong Kong Stock Exchange: 2880, Shanghai Stock Exchange: 601880), Fairwood Holdings Limited (Hong Kong Stock Exchange: 0052), KFM Kingdom Holdings Limited (Hong Kong Stock Exchange: 3816), Shanghai Pharmaceutical Holding Co., Ltd. (Hong Kong Stock Exchange: 2607), S. Culture International Holdings Limited (Hong Kong Stock Exchange: 1255) and Kerry Logistics Network Limited (Hong Kong Stock Exchange: 0636), and a fellow of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wan was appointed as an Independent Non-executive Director of the Company in August 2010. Mr. Wan has served as a partner of PricewaterhouseCoopers and an independent non-executive director of Real Gold Mining Limited (Hong Kong Stock Exchange: 0246) and Greater China Professional Services Limited (Hong Kong Stock Exchange: 8193). He graduated from Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) with a Higher Diploma in accountancy.

SUPERVISORS

HUANG Jian (黃堅), aged 51, is a supervisor of the Company, a Non-executive Director of HPI, the Assistant to President of Huaneng Group and concurrently the Executive Vice Chairman of Huaneng Capital Services Co., Ltd. (華能資本服務有限公司), Chairman of Huaneng Hainan Power Ltd. and the Chairman of Huaneng Carbon Assets Management Company. Mr. Huang was appointed as a supervisor of the Company in November 2011 and was re-appointed as a supervisor of the Company in June 2013. Mr. Huang has served successively as deputy chief of Cost and Pricing Office of the Finance Department, chief of Pricing General Office of the Finance Department of HIPDC, chief accountant of Beijing Branch and deputy manager of the Finance Department of HIPDC. He also served as the deputy chief accountant, chief accountant, Vice President and secretary to the board of directors of HPI, and deputy chief economist and director of Budgeting and Comprehensive Planning Department of Huaneng Group. Mr. Huang graduated from the accounting department of Institute of Fiscal Science of the Ministry of Finance, with a master's degree in economics. He is a senior accountant.

WANG Huanliang (王焕良), aged 55, is a supervisor of the Company and the head of Audit Department of Huaneng Group. Mr. Wang was appointed as a supervisor of the Company in August 2010 and was re-appointed as a supervisor of the Company in June 2013. Mr. Wang has held various positions at Power Planning and Design Institute of Ministry of Water Resources and Electrical Power (水電部電力規劃設計院), including, among others, accountant, section chief and deputy chief of Finance Section. He also held various positions at Huaneng Group, including, among others, deputy manager of the Finance Department, deputy chief and chief of the Operation Finance Division of the Finance Department. He has served as Vice Chairman and President of BeihaiXinli Industrial Co., Ltd. (北海新力實業股份有限公司), head of Beihai Port Management Bureau (北 海 港 務 局), and Vice President and chief accountant of Huaneng Energy & Communications Holding Co., Ltd. (華能能源交通產業控股有限公司). Mr. Wang graduated from Correspondence School of Renmin University of China. He also graduated from Chinese Academy of Social Sciences with a master's degree in currency and banking. He is a senior accountant.

YU Zewei (于澤衛), aged 52, is a supervisor and head of Discipline Inspection Commission of the Company. Mr. Yu was appointed as a supervisor of the Company in July 2012. Mr. Yu has served successively as deputy manager of Basic Industries and Transportation Department of Huaneng Comprehensive Industrial Co., Ltd.(華能綜合產業公司), senior engineer of Planning Department of Huaneng New Energy Environment Industrial Co., Ltd., manager of Production and Technology Department of HNEIC, manager of Planning Department of the Company, manager of Corporate Culture Deportment of the Company, general manager of Jilin Tongyu Wind Power Brach of HIPDC, general manager of Huaneng Tongyu Xinhua Wind Power Co., Ltd., general manager of Huaneng Keyouzhongqi Wind Power Co., Ltd.. Mr. Yu graduated from Northern Jiaotong University, majoring in material management engineering, with a master's degree in engineering. Mr. Yu is a senior engineer.

SENIOR MANAGEMENT

LIN Gang – Please refer to his biography under the sub-section headed "Executive Directors".

XIAO Jun – Please refer to his biography under the sub-section headed "Executive Directors".

YU Chunping – Please refer to his biography under the sub-section headed "Executive Directors".

YANG Qing – Please refer to her biography under the sub-section headed "Executive Directors".

HE Yan – Please refer to his biography under the sub-section headed "Executive Directors".

HE Ji (何驥), aged 53, is a Vice President of the Company. Mr. He joined the Company in December 2012. Mr. He has served successively as deputy chief and chief of the Safety Supervision Division of Huaneng Group, chief of the Safety Supervision Division of Safety Supervision and Technology Environmental Protection Department of Huaneng Group, head of Discipline Inspection Commission, Chairman of Labor Union of Huaneng Hebei Corporation (華能河北分公司), Vice President of Huaneng Hebei Corporation. Mr. He obtained a bachelor's degree in power engineering from Tsinghua University. He is a senior engineer.

DING Kun (丁坤), aged 42, is a Vice President of the Company. Mr. Ding joined the Company in October 1998. Mr. Ding has served successively as deputy general manager and chief engineer of Huaneng Dali Hydropower Co., Ltd., general manager of Jilin Tongyu Wind Power Branch of HIPDC, the person-in-charge of HNEIC Inner Mongolia Branch, the preparatory bureau of Wuchuan Wind Power Project and Wulate Middle Banner Wind Power Project, assistant to president and concurrently manager of Construction and Engineering Department of HNEIC, assistant to president and concurrently manager of Construction and Engineering Department of the Company. Mr. Ding obtained a bachelor's degree in engineering from Beijing University of Agricultural Engineering and a master's degree in engineering from Kunming University of Science and Technology. He is a senior engineer.

HU Ying (胡瑛), aged 40, is a Vice President of the Company. Mr. Hu joined the Company in October 1998. Mr. Hu has served successively as deputy general manager, general manager of Huaneng Dali Hydropower Co., Ltd., general manager of Huaneng Fuxin Wind Power Co., Ltd., assistant to president of HNEIC, and assistant to president of the Company. Mr. Hu obtained an associate degree in power equipment of hydro power station from Changchun Hydro Power College. He then graduated from Beijing Jiaotong University with an MBA degree. Mr. Hu is an engineer.

YAN Shusen (閻樹森), aged 47, is a Vice President of the Company. Mr. Yan joined the Company in August 2011. Mr. Yan has served successively as deputy director of the Policy Research Office of Peking University, deputy head of the Development and Planning Department and concurrently the director of the Undertakings Development and Planning Office of Peking University, a confirmed chief rank investigation and research fellow and concurrently the vice chief of the Youth Cadre Services Division of Cadre Services Bureau I, chief of the Youth Cadre Services Division of Cadre Services Bureau I and chief of the Personnel General Division of Division I of the Personnel Services Bureau under the Central Committee of Communist Party of China ("**CCCPC**") Organization Department, director of the Office and chief of Division I of the Personnel Services Bureau under the CCCPC Organization Department. Mr. Yan graduated from the politics and administrative management department of Peking University with a doctorate degree, and also held a juris doctor degree. He is an associate research fellow.

SONG Yuhong (宋育紅), aged 46, is the secretary to the Board of the Company, joint company secretary of the Company and an assistant to the president of the Company. Ms. Song joined the Company in April 2002. She has served successively as deputy manager of New Energy Department, deputy manager of the Second Project Department, and manager of the Commerce Department of HNEIC. Ms. Song graduated from Beijing University of Technology with a bachelor's degree in engineering. She also graduated from North China Electric Power University with a master's degree in management. She is a senior engineer.

JOINT COMPANY SECRETARIES

SONG Yuhong – Please refer to her biography under the sub-section headed "Senior Management".

MOK Ming Wai (莫明慧), aged 42, was appointed as the joint company secretary of the Company on 28 March 2011. Ms. Mok is director of KCS Hong Kong Limited. She has over 18 years of professional and in-house experience in company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Mok is currently a company secretary or a joint company secretary of several listed companies.

KPMG

Independent auditor's report to the shareholders of Huaneng Renewables Corporation Limited

(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huaneng Renewables Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 83 to 172, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 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

18 March 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	Note	**2013** *RMB'000*	2012 *RMB'000*
Revenue	4	**5,797,548**	4,026,904
Other net income	5	**78,735**	189,542
Operating expenses			
Depreciation and amortisation		**(1,931,493)**	(1,612,031)
Service concession construction costs		**(355,362)**	–
Personnel costs		**(205,321)**	(151,002)
Repairs and maintenance		**(90,995)**	(50,355)
Administration expenses		**(146,292)**	(126,793)
Other operating expenses	7(b)	**(419,502)**	(103,880)
		(3,148,965)	(2,044,061)
Operating profit		**2,727,318**	2,172,385
Finance income		**211,073**	98,749
Finance expenses		**(1,951,194)**	(1,640,527)
Net finance expenses	6	**(1,740,121)**	(1,541,778)
Share of loss of a joint venture		**(3,003)**	–
Profit before taxation	7	**984,194**	630,607
Income tax	8	**(67,142)**	(29,523)
Profit for the year		**917,052**	601,084

The notes on pages 94 to 172 form part of these financial statements.

Consolidated Statement of 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 for the year, net of tax	12		
Items that may be reclassified to profit or loss:			
Available-for-sale securities:			
net movement in the fair value reserve		**69,989**	(69,989)
Exchange difference on translation of financial statements of a subsidiary outside mainland China		**(15,142)**	572
		54,847	(69,417)
Total comprehensive income for the year		**971,899**	531,667
Profit attributable to:			
Equity shareholders of the Company		**887,603**	557,940
Non-controlling interests		**29,449**	43,144
Profit for the year		**917,052**	601,084
Total comprehensive income attributable to:			
Equity shareholders of the Company		**942,450**	488,523
Non-controlling interests		**29,449**	43,144
Total comprehensive income for the year		**971,899**	531,667
Basic and diluted earnings per share *(RMB cents)*	13	**10.37**	6.61

The notes on pages 94 to 172 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	14	**45,598,874**	39,859,069
Lease prepayments	15	**137,909**	121,625
Intangible assets	16	**702,992**	363,511
Investment in a joint venture	18	**82,097**	85,100
Other non-current assets	19	**3,516,414**	3,717,288
Deferred tax assets	27(b)	**5,615**	6,382
Total non-current assets		**50,043,901**	44,152,975
Current assets			
Inventories		**4,254**	4,070
Trade debtors and bills receivable	20	**2,908,091**	3,302,640
Prepayments and other current assets	21	**403,047**	561,532
Tax recoverable	27(a)	**3,143**	–
Restricted deposits	22	**170,163**	208,979
Cash at bank and on hand	23	**6,265,421**	5,468,725
Total current assets		**9,754,119**	9,545,946
Current liabilities			
Borrowings	24	**10,388,910**	8,276,387
Obligations under finance leases	25	**386,104**	361,407
Other payables	26	**8,435,223**	6,213,566
Tax payable	27(a)	**31,837**	30,584
Total current liabilities		**19,242,074**	14,881,944
Net current liabilities		**(9,487,955)**	(5,335,998)
Total assets less current liabilities		**40,555,946**	38,816,977

The notes on pages 94 to 172 form part of these financial statements.

At 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	Note	**2013** *RMB'000*	2012 *RMB'000*
Non-current liabilities			
Borrowings	24	**22,605,652**	22,004,758
Obligations under finance leases	25	**1,883,210**	2,256,964
Retention payables		**1,086,388**	1,572,369
Deferred income	28	**264,949**	273,297
Deferred tax liabilities	27(b)	**18,805**	18,290
Total non-current liabilities		**25,859,004**	26,125,678
NET ASSETS		**14,696,942**	12,691,299
CAPITAL AND RESERVES	29		
Share capital		**9,029,215**	8,446,898
Reserves		**4,831,594**	3,373,144
Total equity attributable to equity shareholders of the Company		**13,860,809**	11,820,042
Non-controlling interests		**836,133**	871,257
TOTAL EQUITY		**14,696,942**	12,691,299

Approved and authorised for issue by the board of directors on 18 March 2014.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 94 to 172 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	14	**404,104**	371,949
Intangible assets		**415**	143
Investments in subsidiaries	17	**8,916,050**	7,586,810
Investment in a joint venture	18	**85,100**	85,100
Other non-current assets	19	**14,278,986**	13,906,337
Total non-current assets		**23,684,655**	21,950,339
Current assets			
Trade debtors and bills receivable	20	**200**	800
Prepayments and other current assets	21	**12,066,920**	8,977,774
Restricted deposits	22	**165,132**	119,776
Cash at bank and on hand	23	**3,708,933**	3,837,736
Total current assets		**15,941,185**	12,936,086
Current liabilities			
Borrowings	24	**9,632,320**	7,457,536
Obligations under finance leases	25	**181,587**	171,494
Other payables	26	**1,205,044**	779,830
Tax payable		**3,418**	3,418
Total current liabilities		**11,022,369**	8,412,278
Net current assets		**4,918,816**	4,523,808
Total assets less current liabilities		**28,603,471**	26,474,147

The notes on pages 94 to 172 form part of these financial statements.

At 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Borrowings	24	**16,188,313**	15,821,862
Obligations under finance leases	25	**441,364**	622,951
Deferred income	28	**890**	650
Total non-current liabilities		**16,630,567**	16,445,463
NET ASSETS		**11,972,904**	10,028,684
CAPITAL AND RESERVES	29		
Share capital		**9,029,215**	8,446,898
Reserves		**2,943,689**	1,581,786
TOTAL EQUITY		**11,972,904**	10,028,684

Approved and authorised for issue by the board of directors on 18 March 2014.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 94 to 172 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 equity shareholders of the Company								
	Share capital RMB'000 (note 29(c))	Capital reserve RMB'000 (note 29(d)(i))	Statutory surplus reserve RMB'000 (note 29(d)(ii))	Exchange reserve RMB'000 (note 29(d)(iii))	Fair value reserve RMB'000 (note 29(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012	8,446,898	1,366,477	2,830	(785)	–	1,516,099	11,331,519	827,922	12,159,441
Changes in equity for 2012:									
Profit for the year	–	–	–	–	–	557,940	557,940	43,144	601,084
Other comprehensive income	–	–	–	572	(69,989)	–	(69,417)	–	(69,417)
Total comprehensive income	–	–	–	572	(69,989)	557,940	488,523	43,144	531,667
Capital contributions	–	–	–	–	–	–	–	62,189	62,189
Transfer to reserve fund	–	–	21,248	–	–	(21,248)	–	–	–
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	(61,998)	(61,998)
Balance at 31 December 2012	8,446,898	1,366,477	24,078	(213)	(69,989)	2,052,791	11,820,042	871,257	12,691,299

The notes on pages 94 to 172 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 equity shareholders of the Company								
	Share capital RMB'000 (note 29(c))	Capital reserve RMB'000 (note 29(d)(i))	Statutory surplus reserve RMB'000 (note 29(d)(ii))	Exchange reserve RMB'000 (note 29(d)(iii))	Fair value reserve RMB'000 (note 29(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	8,446,898	1,366,477	24,078	(213)	(69,989)	2,052,791	11,820,042	871,257	12,691,299
Changes in equity for 2013:									
Profit for the year	–	–	–	–	–	887,603	887,603	29,449	917,052
Other comprehensive income	–	–	–	(15,142)	69,989	–	54,847	–	54,847
Total comprehensive income	–	–	–	(15,142)	69,989	887,603	942,450	29,449	971,899
Issuance of new shares, netting of issuance expenses *(note 29(c))*	582,317	646,876	–	–	–	–	1,229,193	–	1,229,193
Transfer to reserve fund	–	–	83,873	–	–	(83,873)	–	–	–
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	(60,506)	(60,506)
Dividends to equity shareholders of the Company *(note 29(b))*	–	–	–	–	–	(126,703)	(126,703)	–	(126,703)
Acquisition of non-controlling interests *(note 17(iii))*	–	(4,173)	–	–	–	–	(4,173)	(4,067)	(8,240)
Balance at 31 December 2013	9,029,215	2,009,180	107,951	(15,355)	–	2,729,818	13,860,809	836,133	14,696,942

The notes on pages 94 to 172 form part of these financial statements.

For the year ended 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	2013 RMB'000	2012 RMB'000
Cash flows from operating activities		
Profit for the year	**917,052**	601,084
Adjustments for:		
Depreciation	**1,910,145**	1,590,987
Amortisation	**21,348**	21,044
Amortisation of deferred income	**(16,396)**	(13,663)
Provision for impairment loss on property, plant and equipment	**95,783**	–
Provision for impairment loss on Certified Emission Reductions ("**CERs**") receivables	**138,127**	–
Interest expenses on financial liabilities	**1,870,203**	1,620,332
Foreign exchange differences, net	**77,317**	(2,535)
Interest income on financial assets	**(50,523)**	(92,214)
Dividend income	**(9,093)**	(4,000)
Share of loss of a joint venture	**3,003**	–
Gain on disposal of available-for-sale equity securities	**(150,754)**	–
Net loss on disposal of property, plant and equipment	**200**	23
Income tax	**67,142**	29,523
Others	**(3,851)**	5,962
Changes in working capital:		
Increase in inventories	**(184)**	(1,984)
Decrease/(increase) in trade debtors and bills receivable	**217,370**	(1,228,449)
Decrease in prepayments and other current assets	**92,620**	15,598
Increase in other payables	**805,988**	595,946
Cash generated from operations	**5,985,497**	3,137,654
PRC income tax paid	**(67,750)**	(24,709)
Net cash from operating activities	**5,917,747**	3,112,945

The notes on pages 94 to 172 form part of these financial statements.

For the year ended 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		**(7,156,586)**	(6,579,922)
Payments for acquisition of subsidiaries, net of cash acquired	35	**(1,977)**	–
Payments for acquisition of unquoted equity investment		**(10,000)**	–
Payments for acquisition of available-for-sale equity securities		**–**	(191,590)
Government grant received		**17,517**	30,675
Proceeds from disposal of property, plant and equipment		**3**	33
Proceeds from disposal of available-for-sale equity securities		**524,525**	–
Dividends received		**9,078**	4,000
Interest received		**58,141**	86,775
Time deposits		**(247,081)**	(1,688,592)
Restricted deposits		**38,816**	(149,513)
Others		**115,033**	133,032
Net cash used in investing activities		**(6,652,531)**	(8,355,102)

The notes on pages 94 to 172 form part of these financial statements.

For the year ended 31 December 2013
(Expressed in Renminbi unless otherwise stated)

	Note	2013 RMB'000	2012 RMB'000
Cash flows from financing activities			
Net proceeds from issuance of shares		**1,229,873**	–
Capital contributions from the non-controlling equity owners		**–**	62,189
Proceeds from borrowings		**13,376,000**	12,282,170
Repayment of borrowings		**(10,666,650)**	(8,019,124)
Dividends paid by subsidiaries to non-controlling equity owners		**(94,687)**	(31,829)
Special distribution paid to China Huaneng Group ("**Huaneng Group**")		**–**	(316,200)
Dividends paid to equity shareholders of the Company		**(126,703)**	–
Interest paid		**(1,849,791)**	(1,857,931)
Payment of finance lease obligations		**(502,990)**	(617,284)
Others		**(680)**	1,500
Net cash from financing activities		**1,364,372**	1,503,491
Net increase/(decrease) in cash and cash equivalents		**629,588**	(3,738,666)
Cash and cash equivalents at 1 January		**3,768,371**	7,506,226
Effect of foreign exchange rate changes		**(79,973)**	811
Cash and cash equivalents at 31 December	23	**4,317,986**	3,768,371

Note:

(i) For major non-cash transactions, please refer to note 34.

The notes on pages 94 to 172 form part of these financial statements.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huaneng Renewables Corporation Limited (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 5 August 2010 as a joint stock company with limited liability. The Company and its subsidiaries (the "**Group**") are mainly engaged in wind power generation and sale in the PRC and are also engaged in the development of solar business in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and interpretations issued by the International Accounting Standards Board ("**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 the Group's interest in a joint venture.

As at and for the year ended 31 December 2013, a portion of the Group's funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 31 December 2013, the Group has net current liabilities of approximately RMB9.5 billion. Taking into consideration of the expected operating cash flows of the Group and the undrawn available banking facilities, the Group are expected to refinance and/or restructure certain short-term borrowings into long-term borrowings and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared the consolidated financial statements on a going concern basis.

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

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(x)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and 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 consolidated 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*
- Annual Improvements to *IFRSs 2009-2011 Cycle*
- 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.

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

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in these financial statements has been modified accordingly.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

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 other entities as at 1 January 2013.

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 change any classification of the joint arrangements and 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 17 and 18.

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 30. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 1 has been amended to clarify that an opening balance sheet is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening balance sheet. The amendments also remove the requirement to present related notes to the opening balance sheet when such statement is presented.

The adoption of the amendments does not have any impact on the Group's financial statements because the Group has not made any retrospective restatement during the periods presented.

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 the Group's financial statement 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.

(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, transactions and cash flows 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a 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(g)) 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(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(x)).

(f) Associates and joint ventures

An associate is an entity in which the Group or the 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 the Company and other parties contractually agree to share control of the arrangement, and have rights to the 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) (see note 2(x)). 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(l)). 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 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.

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(g)).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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 and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. 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(u)(iv) and (v).

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 at amortised cost less impairment losses (see note 2(l)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period 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. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(u)(iv) and (v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Business combinations under common control

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

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

(i) Property, plant and equipment

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

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(w)).

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is capitalised.

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

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

–	Buildings and structures	8-30 years
–	Wind turbines	20 years
–	Other machinery and equipment	5-30 years
–	Motor vehicles	9 years
–	Furniture, fixtures and others	5-8 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)

(j) 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 impairment losses (see note 2(l)).

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(l)). 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	25 years
–	Software and others	3 – 5 years

Both the period and method of amortisation are reviewed annually.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets (continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in 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(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) 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.

(l) 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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

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

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

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

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

– For investment in associates and joint ventures accounted for under the equity method in the consolidated financial statements (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(l)(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(l)(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.

– 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)

(l) Impairment of assets (continued)

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

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

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

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

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

(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;

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

– intangible assets; and

– investments in subsidiaries, associates and joint ventures in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Calculation of recoverable amount

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

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the 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).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

(m) Inventories

Inventories include materials for repairs and maintenance and spare parts, and are stated at the lower of cost and realisable value.

Inventories are initially recorded at cost and are charged to operating expenses when used, or capitalised to property, plant and equipment when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation costs. Provision for inventory obsolescence is determined by the excess of cost over net realisable value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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(l)), 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.

(o) 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.

(p) 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(t)(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.

(q) 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.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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.

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.

(t) 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 is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Financial guarantees issued (continued)

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(t)(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) Other provisions and contingent liabilities

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

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

(u) 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

Electricity revenue is recognised when electricity is supplied to the provincial grid companies. Revenue excludes value added tax ("**VAT**") or other sales taxes and is after deduction of any trade discounts.

(ii) Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation revenue that represents the sales of electricity is recognised in the period in accordance with note 2(u)(i).

(iii) Rendering of services

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(iv) Dividends

Dividend income from unlisted investments is recognised when the equity 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.

(v) Interest income

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

(vi) 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 income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and consequently are recognised in profit or loss on a systematic basis over the useful life of the asset by way of reduced depreciation expense.

(vii) CERs income

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

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed and are fixed or could be reliably estimated; and

– relevant electricity has been generated.

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

(v) 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.

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies (continued)

The results of foreign operations 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 closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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.

(w) 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.

(x) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Non-current assets held for sale (continued)

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(y) 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.

(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 entity.

(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 (a).

(vii) A person identified in (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.

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 judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

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

(a) Recoverability of CERs receivables

The Group reviews its CERs receivables on a periodic basis to assess impairment and to determine the amount of impairment loss if CERs receivables were individually or collectively considered to be impaired. These allowances reflect the difference between the carrying amount of the CERs receivables and the present value of estimated future cash flows. Factors affecting this estimate mainly include the external environment in relation to CERs market, the credit status, financial conditions and reputation of the debtors, history of payments by the debtors (e.g. payment delinquency or default) and the enforceability of the underlying contracts. For the year ended 31 December 2013, management concluded that certain CERs receivables were individually or collectively considered to be impaired. Consequently, allowance of trade debtors of RMB14,063,000 and other receivable of RMB124,064,000 were provided for (2012: nil). Any change in circumstances including the Group's business in relation to CDM Projects and the external environment would affect the carrying amounts of CERs receivables and possible reversal of the impairment.

(b) Impairment losses for other bad and doubtful debts

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

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

(c) Impairment losses of non-current assets

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

(d) 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 judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(e) 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.

(f) Income tax

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

For the year ended 31 December 2013
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4 REVENUE

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

	2013	2012
	RMB'000	*RMB'000*
Sales of electricity	**5,439,844**	4,025,472
Service concession construction revenue *(note (ii))*	**355,362**	–
Others	**2,342**	1,432
	5,797,548	4,026,904

Notes:

(i) Sales of electricity were all generated by the wind power plants of the Group. The Group has a single reportable segment which is wind power segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented. Revenue from the PRC government controlled power grid companies amounted to RMB5,439,844,000 for the year ended 31 December 2013 (2012: RMB4,025,472,000).

(ii) The Group entered into service concession agreements with local government (the "**Grantor**") in 2013 to construct and operate two solar power plants for a concession period of 25 years. The Group is responsible for construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group needs to dismantle the power plants or negotiate with the Grantor for a renewal of the service concession agreement. Service concession construction revenue was recognised during the construction stage of the service concession period.

5 OTHER NET INCOME

	2013	2012
	RMB'000	*RMB'000*
CERs income	**–**	105,044
Government grants	**78,482**	83,844
Net loss on disposal of property, plant and equipment	**(200)**	(23)
Others	**453**	677
	78,735	189,542

(Expressed in thousands of Renminbi unless otherwise stated)

6 FINANCE INCOME AND EXPENSES

	2013	2012
	RMB'000	*RMB'000*
Interest income on financial assets	**50,523**	92,214
Foreign exchange gains	**703**	2,535
Gain on disposal of available-for-sale equity securities *(note (i))*	**150,754**	–
Dividend income	**9,093**	4,000
Finance income	**211,073**	98,749
Interest on bank and other borrowings wholly repayable within five years	**630,981**	565,011
Interest on others loans and finance charges on obligations under finance leases	**1,382,570**	1,500,001
Less: interest expenses capitalised into property, plant and equipment and intangible assets *(note (ii))*	**143,348**	444,680
	1,870,203	1,620,332
Foreign exchange losses	**78,510**	14,201
Bank charges and others	**2,481**	5,994
Finance expenses	**1,951,194**	1,640,527
Net finance expenses recognised in profit or loss	**(1,740,121)**	(1,541,778)

Notes:

(i) In February 2013, the Group disposed of its available-for-sale equity securities in Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司) with gross proceeds of HKD275,527,500 (equivalent to approximately RMB221,637,000). The fair value reserve of approximately RMB32,005,000 (see note 12) has been reclassified to profit or loss and net gain on disposal of approximately RMB26,790,000 has been recognised accordingly after deducting relevant transaction expenses of approximately RMB5,215,000.

In December 2013, the Group disposed of its available-for-sale equity securities in Huadian Fuxin Energy Corporation Limited (華電福新能源股份有限公司) with gross proceeds of HKD395,012,800 (equivalent to approximately RMB311,554,000). The fair value reserve of approximately RMB126,017,000 (see note 12) has been reclassified to profit or loss and net gain on disposal of approximately RMB123,964,000 has been recognised accordingly after deducting relevant transaction expenses of approximately RMB2,053,000.

(ii) The borrowing costs have been capitalised at rates of 5.36% to 6.55% for the year ended 31 December 2013 (2012: 5.74% to 7.00%).

(Expressed in thousands of Renminbi unless otherwise stated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**181,156**	134,441
Contributions to defined contribution retirement plan	**24,165**	16,561
	205,321	151,002

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 15% to 22% of the salaries of the employees. The local government authorities are responsible for the pension obligations to retired employees. In addition, the Group and its staff participate in a retirement plan managed by Huaneng Group to supplement the above-mentioned Schemes and the Group makes contributions to the retirement plan at 5% of the salaries of the employees. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and supplementary retirement plan other than the annual contributions described above.

(b) Other items

	2013	2012
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments	**2,868**	2,732
– intangible assets	**18,480**	18,312
Depreciation		
– property, plant and equipment	**1,910,145**	1,590,987
Impairment losses included in other operating expenses		
– trade debtors and bills receivable *(note 20(b))*	**14,063**	–
– prepayments and other current assets *(note 21)*	**124,064**	–
– property, plant and equipment *(note 14)*	**95,783**	–
Auditors' remuneration		
– audit services	**11,900**	10,900
– other services	**3,600**	4,650
Operating lease charges: minimum lease payments		
– hire of properties	**20,145**	15,193
Cost of inventories	**42,700**	12,343

(Expressed in thousands of Renminbi unless otherwise stated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Provision for the year		
– PRC *(note (i) and note 27(a))*	**75,422**	47,710
– Hong Kong profits tax *(note (ii))*	**–**	–
Over-provision in respect of prior years *(note 27(a))*	**(9,562)**	(10,401)
	65,860	37,309
Deferred tax		
Origination and reversal of temporary differences *(note 27(b))*	**1,282**	(7,786)
	67,142	29,523

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2013 and 2012.

(ii) Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group incorporated in Hong Kong in 2011, is subject to Hong Kong profits tax which is calculated at 16.5% of its estimated assessable profit for the year. The subsidiary had no assessable profit for 2013 and 2012.

(Expressed in thousands of Renminbi unless otherwise stated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

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

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**984,194**	630,607
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**246,049**	157,652
Tax effect of non-deductible expenses	**37,756**	1,510
Tax effect of non-taxable income	**(40,128)**	(1,000)
Effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(268,834)**	(242,762)
Tax effect of temporary differences not recognised	**23,946**	–
Tax effect of unused tax losses not recognised	**79,724**	125,622
Over-provision in respect of prior years	**(9,562)**	(10,401)
Others	**(1,809)**	(1,098)
Income tax	**67,142**	29,523

Note:

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

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

Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (財政部、國家稅務總局、海關總署關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy (國家稅務總局關於深入實施西部大開發戰略有關企業所得稅問題的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% and can enjoy the preferential tax rate till 31 December 2020.

(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	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2013 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Cao Peixi (Chairman)	–	–	–	–	–
Mr. Zhang Tingke	–	–	–	–	–
Mr. Zhao Keyu	–	–	–	–	–
Mr. Lin Gang	–	654	160	82	896
Mr. Xiao Jun (appointed in June 2013)	–	337	–	43	380
Mr. Yu Chunping (appointed in June 2013)	–	297	45	33	375
Ms. Yang Qing	–	583	136	69	788
Mr. He Yan (retired in June 2013)	–	290	–	34	324
Mr. Niu Dongchun (resigned in March 2013)	–	–	–	–	–
Independent non-executive directors					
Mr. Qin Haiyan	140	–	–	–	140
Ms. Dai Huizhu	140	–	–	–	140
Mr. Zhou Shaopeng	140	–	–	–	140
Mr. Wan Kam To	140	–	–	–	140
Supervisors					
Mr. Huang Jian	–	–	–	–	–
Mr. Wang Huanliang	–	–	–	–	–
Mr. Yu Zewei	–	582	79	66	727
	560	**2,743**	**420**	**327**	**4,050**

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9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Directors' and Supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2012 Total *RMB'000*
Directors					
Mr. Cao Peixi (Chairman)	–	–	–	–	–
Mr. Zhang Tingke	–	–	–	–	–
Mr. Zhao Keyu	–	–	–	–	–
Mr. Lin Gang (appointed in February 2012)	–	627	208	67	902
Mr. Zhao Shiming (resigned in February 2012)	–	114	208	11	333
Mr. Niu Dongchun	–	627	208	66	901
Ms. Yang Qing	–	588	177	67	832
Mr. He Yan	–	588	177	67	832
Independent non-executive directors					
Mr. Qin Haiyan	140	–	–	–	140
Ms. Dai Huizhu	140	–	–	–	140
Mr. Zhou Shaopeng	140	–	–	–	140
Mr. Wan Kam To	140	–	–	–	140
Supervisors					
Mr. Huang Jian	–	–	–	–	–
Mr. Wang Huanliang	–	–	–	–	–
Mr. Yu Zewei (appointed in July 2012)	–	344	–	33	377
Mr. Liang Zongxin (resigned in July 2012)	–	245	177	28	450
	560	3,133	1,155	339	5,187

(Expressed in thousands of Renminbi unless otherwise stated)

10 INDIVIDUALS WITH HIGH EMOLUMENTS

Of the five individuals with the highest emoluments, two (2012: four) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2012: one) individuals are as follows:

	2013	2012
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**1,730**	588
Discretionary bonuses	**425**	177
Retirement scheme contributions	**208**	67
	2,363	832

The emoluments of the three (2012: one) individuals with the highest emoluments are within the following bands:

	2013	2012
HKD 500,001 to HKD 1,000,000	**3**	–
HKD 1,000,001 to HKD 1,500,000	**–**	1

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB389,058,000 (2012: RMB35,167,000) 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:

		2013	2012
	Note	***RMB'000***	*RMB'000*
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements		**(389,058)**	(35,167)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved during the year		**1,230,788**	281,105
Company's profit for the year	29(a)	**841,730**	245,938

Details of dividends paid and payable to equity shareholders of the Company are set out in note 29(b).

(Expressed in thousands of Renminbi unless otherwise stated)

12 OTHER COMPREHENSIVE INCOME

	2013	2012
	RMB'000	*RMB'000*
Items that may be reclassified to profit or loss:		
Available-for-sale equity securities:		
– Changes in fair value recognised during the year	**228,011**	(69,989)
– Reclassification to profit or loss upon disposal *(note 6)*	**(158,022)**	–
– Tax expense	**–**	–
Net movement in the fair value reserve	**69,989**	(69,989)
Exchange difference on translation of financial statements of a subsidiary outside mainland China		
– Before and net of tax amount	**(15,142)**	572
Other comprehensive income	**54,847**	(69,417)

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the year ended 31 December 2013 of RMB887,603,000 (2012: RMB557,940,000) and the weighted average number of shares in issue during the year ended 31 December 2013 of 8,561,766,000 (2012: 8,446,898,000).

The weighted average number of shares for the year ended 31 December 2013 reflects the issuance of 582,317,360 shares in October 2013 in connection with the Company's placing of new H shares (see note 29(c)). The weighted average number of shares in issue is set out below:

	2013	2012
	Thousands shares	*Thousands shares*
Issued ordinary shares at 1 January	**8,446,898**	8,446,898
Effect of new shares issued in October 2013	**114,868**	–
	8,561,766	8,446,898

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

(Expressed in thousands of Renminbi unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2012	2,012,425	27,293,066	122,016	41,499	9,662,300	39,131,306
Additions	–	17,509	16,343	9,889	4,458,857	4,502,598
Transfer from construction in progress	1,203,569	8,469,298	144	2,253	(9,675,264)	–
Disposals	–	–	(532)	(33)	–	(565)
Reclassification	(161,487)	161,776	–	(289)	–	–
At 31 December 2012	3,054,507	35,941,649	137,971	53,319	4,445,893	43,633,339
At 1 January 2013	**3,054,507**	**35,941,649**	**137,971**	**53,319**	**4,445,893**	**43,633,339**
Additions	**–**	**11,806**	**37,333**	**14,220**	**7,653,300**	**7,716,659**
Transfer from construction in progress	**341,513**	**3,144,050**	**–**	**–**	**(3,485,563)**	**–**
Acquisition of subsidiaries *(note 35)*	**–**	**–**	**362**	**15**	**44,497**	**44,874**
Disposals	**–**	**–**	**(1,782)**	**–**	**–**	**(1,782)**
Reclassification	**58,632**	**(58,873)**	**–**	**241**	**–**	**–**
Others	**(9,874)**	**2,364**	**–**	**278**	**–**	**(7,232)**
At 31 December 2013	**3,444,778**	**39,040,996**	**173,884**	**68,073**	**8,658,127**	**51,385,858**

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14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The Group (continued)

	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	110,035	2,019,303	34,259	11,307	–	2,174,904
Depreciation charge for the year	89,487	1,486,599	15,500	8,290	–	1,599,876
Written back on disposal	–	–	(496)	(14)	–	(510)
Reclassification	13,735	(13,720)	–	(15)	–	–
At 31 December 2012	213,257	3,492,182	49,263	19,568	–	3,774,270
At 1 January 2013	**213,257**	**3,492,182**	**49,263**	**19,568**	**–**	**3,774,270**
Depreciation charge for the year	**115,720**	**1,776,277**	**17,880**	**8,432**	**–**	**1,918,309**
Impairment losses *(note (iii))*	**–**	**–**	**–**	**–**	**95,783**	**95,783**
Written back on disposal	**–**	**–**	**(1,409)**	**–**	**–**	**(1,409)**
Acquisition of subsidiaries *(note 35)*	**–**	**–**	**29**	**2**	**–**	**31**
At 31 December 2013	**328,977**	**5,268,459**	**65,763**	**28,002**	**95,783**	**5,786,984**
Net book value:						
At 31 December 2012	2,841,250	32,449,467	88,708	33,751	4,445,893	39,859,069
At 31 December 2013	**3,115,801**	**33,772,537**	**108,121**	**40,071**	**8,562,344**	**45,598,874**

(Expressed in thousands of Renminbi unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2012	–	5,582	4,514	12,269	348,373	370,738
Additions	–	–	3,790	1,165	132,705	137,660
Transfer to subsidiaries	–	–	–	–	(126,363)	(126,363)
At 31 December 2012	–	5,582	8,304	13,434	354,715	382,035
At 1 January 2013	**–**	**5,582**	**8,304**	**13,434**	**354,715**	**382,035**
Additions	**–**	**–**	**624**	**1,435**	**327,236**	**329,295**
Transfer to subsidiaries	**–**	**–**	**–**	**–**	**(293,830)**	**(293,830)**
Disposals	**–**	**–**	**(605)**	**–**	**–**	**(605)**
At 31 December 2013	**–**	**5,582**	**8,323**	**14,869**	**388,121**	**416,895**
Accumulated depreciation and impairment losses:						
At 1 January 2012	–	1,683	2,916	2,432	–	7,031
Depreciation charge for the year	–	198	484	2,373	–	3,055
At 31 December 2012	–	1,881	3,400	4,805	–	10,086
At 1 January 2013	**–**	**1,881**	**3,400**	**4,805**	**–**	**10,086**
Depreciation charge for the year	**–**	**198**	**640**	**2,463**	**–**	**3,301**
Written back on disposal	**–**	**–**	**(596)**	**–**	**–**	**(596)**
At 31 December 2013	**–**	**2,079**	**3,444**	**7,268**	**–**	**12,791**
Net book value:						
At 31 December 2012	–	3,701	4,904	8,629	354,715	371,949
At 31 December 2013	**–**	**3,503**	**4,879**	**7,601**	**388,121**	**404,104**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The Company (continued)

Notes:

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

(ii) Property, plant and equipment held under finance leases

Certain properties and equipment of the Group with an aggregate net book value of RMB2,525,958,000 as at 31 December 2013 (2012: RMB2,656,788,000), are accounted for as finance leases (of which RMB1,007,674,000 are finance leases pursuant to sales and leaseback transactions (2012: RMB1,066,126,000)), with lease periods of 81 to 120 months.

Certain properties and equipment held under finance leases with an aggregate net book value of RMB545,908,000 as at 31 December 2013 (2012: RMB578,663,000), are pledged by the future electricity revenue of relevant wind power projects of the Group.

(iii) In view of the delay in construction of electricity transmission facilities in certain regions by the local grid companies and changes in local government development scheme in certain region in the PRC, the Group reviewed the construction and development plans of its wind power projects under construction in those areas. As a result, the carrying amounts of certain projects have been written down by RMB95,783,000 (2012: nil) in total. The recoverable amounts of these projects have been estimated based on their value in use. The impairment losses have been included in other operating expenses.

(iv) 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.

(Expressed in thousands of Renminbi unless otherwise stated)

15 LEASE PREPAYMENTS

The Group

	2013	2012
	RMB'000	*RMB'000*
Cost:		
At 1 January	**130,268**	107,820
Additions	**19,184**	22,448
At 31 December	**149,452**	130,268
Accumulated amortisation:		
At 1 January	**8,643**	5,661
Amortisation for the year	**2,900**	2,982
At 31 December	**11,543**	8,643
Net book value:	**137,909**	121,625

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period of 20-50 years.

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.

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTANGIBLE ASSETS

The Group

	Concession assets *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2012	427,780	3,236	431,016
Additions	–	486	486
At 31 December 2012	427,780	3,722	431,502
At 1 January 2013	**427,780**	**3,722**	**431,502**
Additions	**356,167**	**1,829**	**357,996**
At 31 December 2013	**783,947**	**5,551**	**789,498**
Accumulated amortisation:			
At 1 January 2012	48,711	915	49,626
Charge for the year	17,572	793	18,365
At 31 December 2012	66,283	1,708	67,991
At 1 January 2013	**66,283**	**1,708**	**67,991**
Charge for the year	**17,791**	**724**	**18,515**
At 31 December 2013	**84,074**	**2,432**	**86,506**
Net book value:			
At 31 December 2012	361,497	2,014	363,511
At 31 December 2013	**699,873**	**3,119**	**702,992**

The Group has recognised intangible assets related to the service concession arrangements, representing the rights the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the local government will not provide the Group any guaranteed minimum payment for the operating period of the power plants.

The Group recognises the intangible assets at the fair value of the concession construction service as all the contracts related to the power plants construction are entered into at fair market value through public tender in open market. The concession assets are amortised over the operating period of the service concession projects.

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES

The Company

	2013	2012
	RMB'000	*RMB'000*
Unlisted investments, at cost	**8,916,050**	7,586,810

As at 31 December 2013, the subsidiaries of the Company, all of which are unlisted limited liability companies, were listed as follows:

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
1	Huaneng Shantou Nan'ao Wind Power Company Limited 華能汕頭南澳風力發電有限公司 *(note ii&iii)*	the PRC	RMB23,000,000	60%	Wind power generation
2	Huaneng Shantou Wind Power Company Limited 華能汕頭風力發電有限公司 *(note ii)*	the PRC	RMB194,190,000	50%	Wind power generation
3	HNEEP-CLP Changdao Wind Power Co., Ltd 華能中電長島風力發電有限公司 *(note ii)*	the PRC	RMB99,072,000	55%	Wind power generation
4	HNNE-CLP Weihai Wind Power Company Limited 華能中電威海風力發電有限公司 *(note ii)*	the PRC	RMB253,240,000	55%	Wind power generation
5	Huaneng Rongcheng Wind Power Company Limited 華能榮成風力發電有限公司	the PRC	RMB60,000,000	100%	Wind power generation
6	Huaneng Shouguang Wind Power Company Limited 華能壽光風力發電有限公司	the PRC	RMB186,730,000	55%	Wind power generation
7	Huaneng Changyi Wind Power Company Limited 華能昌邑風力發電有限公司	the PRC	RMB196,500,000	100%	Wind power generation
8	Huaneng Weifang Binhai Wind Power Company Limited 華能濰坊濱海風力發電有限公司	the PRC	RMB90,000,000	100%	Wind power generation
9	Huaneng Lijin Wind Power Company Limited 華能利津風力發電有限公司	the PRC	RMB85,000,000	100%	Wind power generation

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
10	Huaneng Dongying Hekou Wind Power Company Limited 華能東營河口風力發電有限公司	the PRC	RMB347,060,000	100%	Wind power generation
11	Huaneng Laoting Wind Power Company Limited 華能樂亭風力發電有限公司 *(note ii)*	the PRC	RMB185,280,000	55%	Wind power generation
12	Huaneng Chengde Wind Power Company Limited 華能承德風力發電有限公司	the PRC	RMB120,000,000	100%	Wind power generation
13	Huaneng Hong Kong Electric Dali Wind Power Company Limited 華能港燈大理風力發電有限公司 *(note ii)*	the PRC	RMB150,690,000	55%	Wind power generation
14	Huaneng Eryuan Wind Power Company Limited 華能洱源風力發電有限公司	the PRC	RMB210,000,000	100%	Wind power generation
15	Huaneng Fuxin Wind Power Company Limited 華能阜新風力發電有限責任公司	the PRC	RMB1,081,250,000	100%	Wind power generation
16	Huaneng Panjin Wind Power Company Limited 華能盤錦風力發電有限公司	the PRC	RMB172,336,120	53%	Wind power generation
17	Huaneng Jinzhou Wind Power Company Limited 華能錦州風力發電有限公司	the PRC	RMB10,000,000	100%	Wind power generation
18	Huaneng Tongliao Wind Power Company Limited 華能通遼風力發電有限公司	the PRC	RMB1,374,554,000	100%	Wind power generation and relevant services
19	Huaneng Hulunbuir Wind Power Company Limited 華能呼倫貝爾風力發電有限公司 *(note ii)*	the PRC	RMB100,000,000	51%	Wind power generation
20	Huaneng Baotou Wind Power Company Limited 華能包頭風力發電有限公司	the PRC	RMB204,790,700	100%	Wind power generation

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
21	Huaneng Huhhot Wind Power Company Limited 華能呼和浩特風力發電有限公司	the PRC	RMB294,241,300	100%	Wind power generation
22	Huaneng Keyouzhongqi Wind Power Company Limited 華能科右中旗風力發電有限公司	the PRC	RMB337,488,000	100%	Wind power generation
23	Huaneng Yangjiang Wind Power Company Limited 華能陽江風力發電有限公司	the PRC	RMB80,000,000	100%	Wind power generation
24	Huaneng Jimo Wind Power Company Limited 華能即墨風力發電有限公司	the PRC	RMB72,000,000	100%	Wind power generation
25	Huaneng Tongyu Xinhua Wind Power Company Limited 華能通榆新華風力發電有限公司	the PRC	RMB40,000,000	100%	Wind power generation
26	Huaneng Xinjiang Santanghu Wind Power Company Limited 華能新疆三塘湖風力發電有限責任公司	the PRC	RMB185,000,000	100%	Wind power generation
27	Huaneng Weining Wind Power Company Limited 華能威寧風力發電有限公司	the PRC	RMB140,000,000	100%	Wind power generation
28	Huaneng Ningwu Wind Power Company Limited 華能甯武風力發電有限公司	the PRC	RMB163,000,000	100%	Wind power generation
29	Huaneng New Energy Shanghai Power Company Limited 華能新能源上海發電有限公司	the PRC	RMB90,500,000	100%	Wind power generation
30	Huaneng Tieling Wind Power Company Limited 華能鐵嶺風力發電有限公司	the PRC	RMB155,500,000	75%	Wind power generation
31	Huaneng Yuanping Wind Power Company Limited 華能原平風力發電有限公司	the PRC	RMB96,658,000	100%	Wind power generation
32	Huaneng Tianzhen Wind Power Company Limited 華能天鎮風力發電有限公司	the PRC	RMB125,310,000	100%	Wind power generation

For the year ended 31 December 2013
(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
33	Huaneng Pianguan Wind Power Company Limited 華能偏關風力發電有限公司	the PRC	RMB160,200,000	100%	Wind power generation
34	Huaneng Hezhang Wind Power Company Limited 華能赫章風力發電有限公司	the PRC	RMB152,500,000	100%	Wind power generation
35	Huaneng Tieling Daxing Wind Power Company Limited 華能鐵嶺大興風力發電有限公司	the PRC	RMB163,960,000	75%	Wind power generation
36	Huaneng Baicheng Wind Power Company Limited 華能白城風力發電有限公司	the PRC	RMB80,850,000	100%	Wind power generation
37	Huaneng Yantai Wind Power Company Limited 華能煙臺風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
38	Huaneng Dali Wind Power Company Limited 華能大理風力發電有限公司	the PRC	RMB210,000,000	100%	Wind power generation
39	Huaneng Weifang Wind Power Company Limited 華能濰坊風力發電有限公司	the PRC	RMB193,955,500	100%	Wind power generation
40	Huaneng Gaizhou Wind Power Company Limited 華能蓋州風力發電有限公司	the PRC	RMB50,000,000	100%	Wind power generation
41	Huaneng Raoping Wind Power Company Limited 華能饒平風力發電有限公司	the PRC	RMB145,000,000	100%	Wind power generation
42	Huaneng Tielingkaiyuan Wind Power Company Limited 華能鐵嶺開原風力發電有限公司	the PRC	RMB31,860,240	75%	Wind power generation
43	Huaneng Dingbian New Energy Power Company Limited 華能定邊新能源發電有限公司	the PRC	RMB26,000,000	100%	Wind power generation
44	Huaneng Chenbaerhuqi Wind Power Company Limited 華能陳巴爾虎旗風力發電有限公司	the PRC	RMB60,000,000	100%	Wind power generation

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
45	Huaneng Manzhouli Wind Power Company Limited 華能滿洲里風力發電有限公司	the PRC	RMB75,000,000	100%	Wind power generation
46	Huaneng Zhanjiang Wind Power Company Limited 華能湛江風力發電有限公司	the PRC	RMB10,000,000	100%	Wind power generation
47	Huaneng Xinjiang Qinghe Wind Power Company Limited 華能新疆青河風力發電有限公司	the PRC	RMB10,000,000	100%	Wind power generation
48	Huaneng Nanhua Wind Power Company Limited 華能南華風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
49	Huaneng Zhaojue Wind Power Company Limited 華能昭覺風力發電有限公司	the PRC	RM1,000,000	100%	Wind power generation
50	Huaneng Renewables (Hong Kong) Limited 華能新能源(香港)有限公司	Hong Kong	HKD100,000	100%	Investment management
51	Huaneng Tangshan Fengnan Wind Power Company Limited 華能唐山豐南風力發電有限公司	the PRC	RMB45,000,000	100%	Wind power generation
52	Huaneng Yunlong Wind Power Company Limited 華能雲龍風力發電有限公司	the PRC	RMB33,000,000	100%	Wind power generation
53	Huaneng Changning Wind Power Company Limited 華能昌寧風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
54	Huaneng Weishan Wind Power Company Limited 華能巍山風力發電有限公司	the PRC	RMB33,000,000	100%	Wind power generation
55	Huaneng Yishui Wind Power Company Limited 華能沂水風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
56	Shanghai Lingang Offshore Wind Power Company Limited 上海臨港海上風力發電有限公司 *(note ii)*	the PRC	RMB351,810,000	46%	Wind power generation

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
57	Huaneng Mingyang New Energy Investment Company Limited 華能明陽新能源投資有限公司	the PRC	RMB100,000,000	63%	Wind power generation
58	Huaneng Heqing Wind Power Company Limited 華能鶴慶風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
59	Huaneng Kunming Wind Power Company Limited 華能昆明風力發電有限公司	the PRC	RMB3,000,000	100%	Wind power generation
60	Huaneng Wutai Wind Power Company Limited 華能五台風力發電有限公司	the PRC	RMB15,000,000	100%	Wind power generation
61	Huaneng Huili Wind Power Company Limited 華能會理風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
62	Huaneng Butuo Wind Power Company Limited 華能布拖風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
63	Huaneng Shenchi Wind Power Company Limited 華能神池風力發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Wind power generation
64	Huaneng Huailai Wind Power Company Limited 華能懷來風力發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Wind power generation
65	Huaneng Fanshi Wind Power Company Limited 華能繁峙風力發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Wind power generation
66	Huaneng Gansu Jinchang New Energy Power Company Limited 華能甘肅金昌新能源發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Wind power and solar power generation
67	Jinchang Century Concord New Energy Company Limited 金昌協合新能源有限公司 *(note 35)*	the PRC	RMB2,000,000	100%	Solar power generation

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
68	Yongchang Century Concord Solar Power Company Limited 永昌協合太陽能發電有限公司 *(note 35)*	the PRC	RMB2,000,000	100%	Solar power generation
69	Huaneng Ningnan Wind Power Company Limited 華能甯南風力發電有限公司 *(note iv)*	the PRC	RMB1,000,000	100%	Wind power generation
70	Huaneng Qingtongxia New Energy Power Company Limited 華能青銅峽新能源發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Solar power generation
71	Huaneng Fuchuan Wind Power Company Limited 華能富川風力發電有限公司 *(note iv)*	the PRC	RMB20,000,000	100%	Wind power generation
72	Huaneng Gonghe Solar Power Company Limited 華能共和光伏發電有限公司 *(note iv)*	the PRC	RMB100,000,000	100%	Solar power generation

Notes:

(i) The English translation of the names is for reference only, except for the subsidiary incorporated in Hong Kong. The official names of these entities are in Chinese.

(ii) The Company directly owns the most equity interests in these companies but the voting power attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. The Company is the largest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. Historically, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees etc. The Company 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. 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.

(iii) In December 2013, the Company entered into equity transfer agreement with Huaneng Group and acquired the non-controlling interests in Huaneng Shantou Nan'ao Wind Power Company Limited ("**Nan'ao Power**") held by Huaneng Group at a cash consideration of RMB8,240,000. Upon the completion of the transaction, the percentage of equity interests held by the Company increased from 52% to 60%.

(iv) These companies were newly established in 2013.

(Expressed in thousands of Renminbi unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Huaneng Shantou Wind Power Company Limited		HNNE-CLP Weihai Wind Power Company Limited		Huaneng Shouguang Wind Power Company Limited		Huaneng Laoting Wind Power Company Limited		Huaneng Hong Kong Electric Dali Wind Power Company Limited	
	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*
NCI percentage	**50%**	50%	**45%**	45%	**45%**	45%	**45%**	45%	**45%**	45%
Current assets	**23,691**	47,109	**44,892**	99,485	**31,748**	80,964	**54,030**	57,653	**31,656**	62,864
Non-current assets	**428,052**	457,922	**573,075**	606,876	**423,221**	446,230	**410,617**	439,062	**325,120**	342,015
Current liabilities	**(51,691)**	(60,470)	**(106,288)**	(147,826)	**(36,725)**	(53,439)	**(59,463)**	(69,914)	**(22,395)**	(37,512)
Non-current liabilities	**(169,702)**	(203,387)	**(220,610)**	(262,649)	**(223,500)**	(256,500)	**(202,489)**	(222,970)	**(144,243)**	(166,603)
Net assets	**230,350**	241,174	**291,069**	295,886	**194,744**	217,255	**202,695**	203,831	**190,138**	200,764
Carrying amount of NCI	**115,175**	120,587	**130,981**	133,149	**87,635**	97,765	**91,213**	91,724	**85,562**	90,344
Revenue	**77,087**	89,738	**80,793**	82,034	**47,483**	48,298	**45,615**	43,703	**58,374**	66,319
Profit and total comprehensive income for the year	**19,346**	33,517	**20,667**	29,385	**313**	5,893	**6,324**	7,051	**20,971**	30,647
Profit allocated to NCI	**9,673**	16,759	**9,300**	13,223	**141**	2,652	**2,846**	3,173	**9,437**	13,791
Dividends paid to NCI	**18,190**	10,270	**28,147**	878	**17,343**	6,341	**3,357**	5,512	**18,873**	4,654
Cash flows from operating activities	**69,232**	75,660	**104,098**	86,722	**73,457**	41,816	**58,780**	29,339	**56,870**	40,814
Cash flows from investing activities	**(5,222)**	(7,434)	**(4,604)**	(2,588)	**(4,241)**	30,317	**(4,213)**	14,495	**(1,882)**	(2,248)
Cash flows from financing activities	**(73,307)**	(73,025)	**(115,492)**	(60,037)	**(85,374)**	(62,543)	**(36,735)**	(23,172)	**(70,585)**	(40,718)

(Expressed in thousands of Renminbi unless otherwise stated)

18 INVESTMENT IN A JOINT VENTURE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**–**	–	**85,100**	85,100
Share of net assets	**82,097**	85,100	**–**	–
	82,097	85,100	**85,100**	85,100

The investment in a joint venture represented the 50% equity interests in Beijing Hua Heng Hai Hui Oceanic Energy Co., Ltd. (北京華恒海惠海洋能有限責任公司) which has a registered capital of RMB170,200,000, is unlisted, was established in the PRC in 2011 and is mainly engaged in the development of oceanic energy.

According to the articles of association of the investee, the decisions about its relevant activities require the unanimous consent of the Company and the other equity owner. The parties sharing control have rights to the net assets of the arrangement. Accordingly, the Group has classified its interest in the investee as a joint venture.

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18 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summary financial information of the joint venture is disclosed below:

	2013 RMB'000	2012 RMB'000
Current assets	**86,636**	101,116
Non-current assets	**107,574**	99,107
Current liabilities	**(16)**	(23)
Non-current liabilities	**(30,000)**	(30,000)
Equity	**164,194**	170,200
Included in the above assets and liabilities:		
Cash and cash equivalents	**13,601**	15,834
Revenue	**–**	–
Loss for the year	**(6,006)**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(6,006)**	–
Reconciled to the Group's interest in the joint venture		
Gross amounts of the net assets	**164,194**	170,200
The Group's effective interest	**50%**	50%
The Group's share of the net assets	**82,097**	85,100
Carrying amount in the consolidated financial statements	**82,097**	85,100

(Expressed in thousands of Renminbi unless otherwise stated)

19 OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Deductible Value-Added Tax ("**VAT**") *(note (i))*	**3,228,149**	3,084,427	**–**	–
Unquoted equity investments in non-listed companies, at cost *(note (ii))*	**231,067**	221,067	**133,675**	123,675
Available-for-sale equity securities, measured at fair value				
– Listed in Hong Kong	**–**	312,716	**–**	–
Deposits and advances to third parties *(note (iii))*	**57,198**	99,078	**28,989**	72,795
Loans to subsidiaries *(note (iv))*	**–**	–	**14,116,322**	13,709,867
	3,516,414	3,717,288	**14,278,986**	13,906,337

Notes:

(i) Deductible VAT mainly represents the input VAT relating to purchase of property, plant and equipment, which is deductible from output VAT.

(ii) The following list contains the unquoted equity investments in non-listed entities as of 31 December 2013, all of which are corporate entities and established in the PRC:

	Name of the Company	Particulars of registered capital *RMB'000*	Percentage of attributable equity interest	Principal activities
1	China Huaneng Finance Corporation Ltd. ("**Huaneng Finance**", 中國華能財務有限責任公司)	5,000,000	1%	Financial services
2	Jilin Zhanyu Wind Power Assets Management Co., Ltd. (吉林省瞻榆風電資產經營管理有限公司)	713,800	12.86%	Management of wind power equipment
3	Neimeng Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限責任公司)	1,500,000	6.49%	Hydro-power generation utilizing pumped storage technology technology
4	Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon**", 華能碳資產經營有限公司)	150,000	10%	Management and investment of carbon assets

As at 31 December 2013, the balance of investments in Huaneng Finance and Huaneng Carbon were RMB51,225,000 and RMB15,000,000 respectively. (31 December 2012: RMB51,225,000 and RMB5,000,000).The Company made proportionate capital injection in Huaneng Carbon of RMB10,000,000 in 2013.

(Expressed in thousands of Renminbi unless otherwise stated)

19 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

(iii) The deposits and advances to third parties are unsecured and interest free. The balance as at 31 December 2013 of the Group mainly represented deposits with third parties in connection with the finance lease arrangement in the amount of RMB37,444,000 (31 December 2012: RMB37,444,000), which are expected to be repaid at the end of the lease period, and funding support amounting to RMB5,450,000 (31 December 2012: RMB46,250,000), to local grid companies in order to facilitate the construction of the grid network, which the directors of the Company expect it will be recovered in two to three years.

(iv) Loans to subsidiaries were at the rates of 5.54% to 5.90% per annum as at 31 December 2013 (2012: 5.54% to 7.05%). The current portion is recorded in other current assets.

20 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	**2,921,956**	3,301,840	**–**	–
Amounts due from fellow subsidiaries	**198**	800	**–**	800
Amounts due from subsidiaries	**–**	–	**200**	–
	2,922,154	3,302,640	**200**	800
Less: allowance for doubtful debts	**14,063**	–	**–**	–
	2,908,091	3,302,640	**200**	800

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

(a) Aging analysis

	The Group		**The Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current	**2,922,154**	3,302,640	**200**	800
Past due	**–**	–	**–**	–
	2,922,154	3,302,640	**200**	800
Less: allowance for doubtful debts	**14,063**	–	**–**	–
	2,908,091	3,302,640	**200**	800

(Expressed in thousands of Renminbi unless otherwise stated)

20 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

(a) Aging analysis (continued)

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

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

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

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

	The Group		**The Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**–**	–	**–**	–
Impairment loss recognised	**14,063**	–	**–**	–
At 31 December	**14,063**	–	**–**	–

(Expressed in thousands of Renminbi unless otherwise stated)

20 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

(b) Impairment of trade debtors and bills receivable (continued)

As at 31 December 2013, the Group's trade debtors of RMB14,063,000 and other receivable of RMB124,064,000 (see note 21) were individually determined to be impaired. The individually impaired receivables are CERs receivables. Due to the changes in the external environment of CDM projects, the management evaluated various factors including the credit status, financial conditions and reputation of the debtors, history of payments by the debtors and the enforceability of the underlying contracts. Based on the assessment, management concluded that certain CERs receivables were individually or collectively considered to be impaired. Consequently, allowance of trade debtors of RMB14,063,000 and other receivable of RMB124,064,000 have been provided for during the year ended 31 December 2013 (2012: nil), reflecting the difference between the carrying amount of the CERs receivables and the present value of estimated future cash flows. The Group does not hold any collateral over these balances.

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

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

21 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
CERs receivable	**413,555**	507,508	**–**	–
Government grant receivable	**3,095**	5,827	**–**	–
Amounts due from subsidiaries *(note (i))*	**–**	–	**11,516,759**	8,925,945
Amounts due from fellow subsidiaries	**3,400**	4,005	**–**	–
Dividends receivable from subsidiaries	**–**	–	**497,066**	39,829
Interest receivable	**1,792**	5,439	**1,792**	5,439
Staff advance	**4,980**	3,680	**158**	426
Deposits	**80,738**	17,083	**50,000**	5,200
Prepayments	**2,910**	1,550	**–**	–
Other debtors	**17,459**	17,258	**1,145**	935
	527,929	562,350	**12,066,920**	8,977,774
Less: allowance for doubtful debts	**124,882**	818	**–**	–
	403,047	561,532	**12,066,920**	8,977,774

(Expressed in thousands of Renminbi unless otherwise stated)

21 PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

Note:

(i) Amounts due from subsidiaries mainly represented loans to subsidiaries with interests charged at the rates of 5.34% to 5.90% per annum as at 31 December 2013 (2012: 5.40% to 7.05%) and payments made on behalf of subsidiaries for the procurement of property, plant and equipment.

Impairment losses in respect of prepayments and other current asset are recorded using an allowance account. The movement in the allowance for doubtful debts during the year is as follows:

	The Group		**The Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**818**	818	**–**	–
Impairment loss recognised (note 20(b))	**124,064**	–	**–**	–
At 31 December	**124,882**	818	**–**	–

As at 31 December 2013, the Group's CERs receivable of RMB124,064,000 were individually determined to be impaired (see note 20(b)). For the other balance of prepayments and other current assets, the management of the Group is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

22 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for issuance of bank-acceptance bills. These restricted deposits are expected to be released within one year.

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AT BANK AND ON HAND

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash on hand	**1,328**	693	**5**	13
Cash at bank and other financial institutions	**6,264,093**	5,468,032	**3,708,928**	3,837,723
	6,265,421	5,468,725	**3,708,933**	3,837,736
Representing:				
– Cash and cash equivalents	**4,317,986**	3,768,371	**1,987,628**	2,149,770
– Time deposits with original maturity over three months	**1,947,435**	1,700,354	**1,721,305**	1,687,966
	6,265,421	5,468,725	**3,708,933**	3,837,736

24 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 and other loans				
– Secured	**2,201,058**	1,883,810	**1,529,658**	1,771,909
– Unsecured	**20,406,396**	21,034,998	**13,903,867**	14,145,152
Other borrowings *(note 24(e))*				
– Unsecured	**1,987,108**	1,982,337	**1,987,108**	1,982,337
	24,594,562	24,901,145	**17,420,633**	17,899,398
Less: Current portion of long-term borrowings – Bank and other loans	**1,988,910**	2,896,387	**1,232,320**	2,077,536
	22,605,652	22,004,758	**16,188,313**	15,821,862

As at 31 December 2013, the Group's bank loans guaranteed by Huaneng Group amounted to RMB20,852,000 (2012: RMB22,810,000).

(Expressed in thousands of Renminbi unless otherwise stated)

24 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 and other loans (unsecured)	**8,400,000**	5,380,000	**8,400,000**	5,380,000
Current portion of long-term borrowings				
– Bank and other loans	**1,988,910**	2,896,387	**1,232,320**	2,077,536
	10,388,910	8,276,387	**9,632,320**	7,457,536

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term (including current portion)				
Bank and other loans	**1% (note (i)), 5.54%~6.80%**	1% (note (i)), 5.54%~7.40%	**5.54%~5.90%**	5.54%~7.05%
Other borrowings *(note 24(e))*	**5.14%, 5.31%**	5.14%, 5.31%	**5.14%, 5.31%**	5.14%, 5.31%
Short-term (excluding current portion of long-term borrowings)				
Bank and other loans	**5.34%~5.40%**	5.40%~6.56%	**5.34%~5.40%**	5.40%~6.56%

Note:

(i) A subsidiary of the Company, Nan'ao Power, obtained a loan from Spanish government through China Construction Bank Guangdong Branch on 29 November 1999. According to the terms of the loan, Nan'ao Power is obligated to use the loan proceeds to purchase goods and services only from entities in Spain. The total loan amount is US$8,586,809, of which US$4,317,319 was settled in 2008. The remaining loan of US$4,269,490 has an annual interest rate of 1% and is repayable semi-annually starting from 15 June 2010. The final installment is to be settled by 15 December 2029. The loan is unsecured and is guaranteed by Huaneng Group.

(Expressed in thousands of Renminbi unless otherwise stated)

24 BORROWINGS (CONTINUED)

(d) The long-term borrowings (including current portion) 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	**1,988,910**	2,896,387	**1,232,320**	2,077,536
After 1 year but within 2 years	**4,996,502**	1,905,071	**4,280,375**	1,184,320
After 2 years but within 5 years	**7,264,591**	9,788,548	**4,956,595**	7,721,813
After 5 years	**10,344,559**	10,311,139	**6,951,343**	6,915,729
	24,594,562	24,901,145	**17,420,633**	17,899,398

(e) Significant terms of other borrowings:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term				
Corporate bonds *(note (i))*	**1,987,108**	1,982,337	**1,987,108**	1,982,337

Note:

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

(Expressed in thousands of Renminbi unless otherwise stated)

25 OBLIGATIONS UNDER FINANCE LEASES

The Group and the Company had obligations under finance leases repayable as follows:

(a) The Group

	2013		2012	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	**386,104**	**507,893**	361,407	504,969
After 1 year but within 2 years	**405,187**	**513,123**	379,947	512,444
After 2 years but within 5 years	**943,521**	**1,131,560**	1,096,230	1,352,614
After 5 years	**534,502**	**576,432**	780,787	871,167
	1,883,210	**2,221,115**	2,256,964	2,736,225
	2,269,314	**2,729,008**	2,618,371	3,241,194
Less: total future interest expense		**459,694**		622,823
Present value of finance lease obligations		**2,269,314**		2,618,371

(Expressed in thousands of Renminbi unless otherwise stated)

25 OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

(b) The Company

	2013		2012	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**181,587**	**210,611**	171,494	209,869
After 1 year but within 2 years	**192,274**	**213,438**	181,587	213,438
After 2 years but within 5 years	**249,090**	**262,524**	441,364	475,962
	441,364	**475,962**	622,951	689,400
	622,951	**686,573**	794,445	899,269
Less: total future interest expense		**63,622**		104,824
Present value of finance lease obligations		**622,951**		794,445

At inception, the lease periods of the finance lease obligation is approximately 7 to 10 years. The principal obligations and interest expenses are to be paid at least annually within the lease period.

(Expressed in thousands of Renminbi unless otherwise stated)

26 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 and intangible assets	**4,346,441**	3,833,923	**–**	–
Retention payable *(note (i))*	**2,091,129**	1,467,686	**–**	–
Bills payable	**1,717,073**	635,730	**751,568**	468,057
Dividends payable	**10,049**	43,951	**–**	–
Amounts due to *(note (ii))*				
– subsidiaries	**–**	–	**392,156**	225,360
– fellow subsidiaries	**28,891**	15,065	**3,073**	7,436
– a joint venture	**–**	30,000	**–**	30,000
Payables for staff related costs	**29,872**	29,809	**4,307**	2,700
Payables for other taxes	**43,549**	34,734	**2,726**	1,204
Interest payable	**82,043**	80,526	**22,395**	25,251
Other accruals and payables	**86,176**	42,142	**28,819**	19,822
	8,435,223	6,213,566	**1,205,044**	779,830

Notes:

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

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

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

(Expressed in thousands of Renminbi unless otherwise stated)

27 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 payable at 1 January	**30,584**	17,984
Provision for the year *(note 8(a))*	**75,422**	47,710
Over-provision in respect of prior years *(note 8(a))*	**(9,562)**	(10,401)
Income tax paid	**(67,750)**	(24,709)
Net tax payable at 31 December	**28,694**	30,584
Representing:		
Tax payable	**31,837**	30,584
Tax recoverable	**(3,143)**	–
	28,694	30,584

(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:	**Trial operation income**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	6,926	223	7,149
Charged to profit or loss	(767)	–	(767)
At 31 December 2012	6,159	223	6,382
At 1 January 2013	**6,159**	**223**	**6,382**
Charged to profit or loss	**(767)**	**–**	**(767)**
At 31 December 2013	**5,392**	**223**	**5,615**

(Expressed in thousands of Renminbi unless otherwise stated)

27 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (CONTINUED))

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

The Group

Deferred tax liabilities arising from:	Depreciation of fixed assets and amortisation of concession assets *RMB'000*	Non-deductible costs of fixed assets *RMB'000*	Total *RMB'000*
At 1 January 2012	(17,680)	(9,163)	(26,843)
(Charged)/credited to profit or loss	(610)	9,163	8,553
At 31 December 2012	(18,290)	–	(18,290)
At 1 January 2013	**(18,290)**	**–**	**(18,290)**
Charged to profit or loss	**(515)**	**–**	**(515)**
At 31 December 2013	**(18,805)**	**–**	**(18,805)**

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), the Group did not recognise deferred tax assets on accumulated tax losses and temporary differences related to provisioin made for impairment of assets under construction of RMB1,114,375,000 and RMB95,783,000 respectively as at 31 December 2013 (31 December 2012: RMB795,479,000 and nil) as the directors considered it is not probable that sufficient future taxable profits will be available to allow the tax losses and temporary differences to be utilised in relevant entities. The tax losses that will expire in the year ending 31 December 2014, 2015, 2016, 2017, and 2018 are nil, RMB119,304,000, RMB173,686,000, RMB407,685,000 and RMB413,700,000 respectively.

28 DEFERRED INCOME

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**273,297**	257,826	**650**	700
Additions	**9,589**	30,675	**1,570**	–
Credited to profit or loss	**(17,937)**	(15,204)	**(1,330)**	(50)
At 31 December	**264,949**	273,297	**890**	650

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

(Expressed in thousands of Renminbi unless otherwise stated)

29 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	Capital reserve	Statutory surplus reserve	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	8,446,898	1,369,138	2,830	(36,120)	9,782,746
Changes in equity for 2012:					
Total comprehensive income for the year *(note 11)*	–	–	–	245,938	245,938
Transfer to reserve fund	–	–	21,248	(21,248)	–
Others	–	(2,663)	–	2,663	–
At 31 December 2012	8,446,898	1,366,475	24,078	191,233	10,028,684
At 1 January 2013	**8,446,898**	**1,366,475**	**24,078**	**191,233**	**10,028,684**
Changes in equity for 2013:					
Total comprehensive income for the year *(note 11)*	**–**	**–**	**–**	**841,730**	**841,730**
Issuance of new shares, netting of issuance expenses *(note 29(c))*	**582,317**	**646,876**	**–**	**–**	**1,229,193**
Transfer to reserve fund	**–**	**–**	**83,873**	**(83,873)**	**–**
Dividends to equity shareholders of the Company *(note 29(b))*	**–**	**–**	**–**	**(126,703)**	**(126,703)**
At 31 December 2013	**9,029,215**	**2,013,351**	**107,951**	**822,387**	**11,972,904**

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2013 *RMB*	2012 *RMB*
Final dividend proposed after the end of the reporting period of RMB0.02 per share (2012: RMB0.015)	**180,584,307**	126,703,470

The directors resolved on 18 March 2014 that RMB0.02 per share is to be distributed to the equity shareholders for 2013, subject to approval of the equity 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 balance sheet date.

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

	2013 *RMB*	2012 *RMB*
Final dividend in respect of the financial year ended 31 December 2012, approved during the year, of RMB0.015 per share (year ended 31 December 2011: Special distribution to Huaneng Group)	**126,703,470**	316,200,000

(c) Share capital

	The Group and the Company	
	2013 *RMB'000*	2012 *RMB'000*
Issued and fully paid		
5,535,311,200 domestic state-owned ordinary shares of RMB1.00 each	**5,535,311**	5,535,311
3,493,904,160 (2012: 2,911,586,800) H shares of RMB1.00 each	**3,493,904**	2,911,587
	9,029,215	8,446,898

In October 2013, the Company issued 582,317,360 H shares with a par value of RMB1.00, at a price of HK$2.71 per H share.

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

For the year ended 31 December 2013
(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

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

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 and cash injected by the promoters upon the establishment of the Company.

(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 equity 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 foreign operations that have functional currency other than the RMB. The reserve is dealt with in accordance with the accounting policies as set out in note 2(v).

(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(g) and 2(s).

(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 was RMB822,387,000 (2012: RMB191,233,000).

29 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 equity shareholders and benefits for other stakeholders.

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group as at 31 December 2013 is 75% (2012: 76%).

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.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

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

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

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 97.8% of the Group's total trade debtors as at 31 December 2013 (2012: 97.5%). 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 does not provide any other guarantees which would expose the Group to credit risk.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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. In order to repay the borrowings due within one year, the Group negotiates banking facilities and utilises operating cash inflows in its subsidiaries. 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 working capital and capital expenditure requirements of the Group during the year.

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

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

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 24(a))*	**22,605,652**	**29,267,179**	**1,284,401**	**6,205,630**	**9,670,981**	**12,106,167**
Short-term borrowings *(note 24(b))*	**10,388,910**	**10,641,196**	**10,641,196**	**–**	**–**	**–**
Obligations under finance leases *(note 25)*	**2,269,314**	**2,729,008**	**507,893**	**513,123**	**1,131,560**	**576,432**
Retention payables	**1,086,388**	**1,086,388**	**–**	**626,659**	**416,140**	**43,589**
Other payables *(note 26)*	**8,435,223**	**8,435,223**	**8,435,223**	**–**	**–**	**–**
	44,785,487	**52,158,994**	**20,868,713**	**7,345,412**	**11,218,681**	**12,726,188**
31 December 2012						
Long-term borrowings *(note 24(a))*	22,004,758	29,396,366	1,313,396	3,187,297	12,560,173	12,335,500
Short-term borrowings *(note 24(b))*	8,276,387	8,483,361	8,483,361	–	–	–
Obligations under finance leases *(note 25)*	2,618,371	3,241,194	504,969	512,444	1,352,614	871,167
Retention payables	1,572,369	1,572,369	–	873,034	667,649	31,686
Other payables *(note 26)*	6,213,566	6,213,566	6,213,566	–	–	–
	40,685,451	48,906,856	16,515,292	4,572,775	14,580,436	13,238,353

(Expressed in thousands of Renminbi unless otherwise stated)

30 RISK MANAGEMENT AND FAIR VALUES (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 24(a))*	**16,188,313**	**20,737,276**	**911,127**	**5,122,800**	**6,588,639**	**8,114,710**
Short-term borrowings *(note 24(b))*	**9,632,320**	**9,855,717**	**9,855,717**	**–**	**–**	**–**
Obligations under finance leases *(note 25)*	**622,951**	**686,573**	**210,611**	**213,438**	**262,524**	**–**
Other payables *(note 26)*	**1,205,044**	**1,205,044**	**1,205,044**	**–**	**–**	**–**
	27,648,628	**32,484,610**	**12,182,499**	**5,336,238**	**6,851,163**	**8,114,710**
31 December 2012						
Long-term borrowings *(note 24(a))*	15,821,862	20,984,377	927,553	2,095,792	9,640,206	8,320,826
Short-term borrowings *(note 24(b))*	7,457,536	7,630,258	7,630,258	–	–	–
Obligations under finance leases *(note 25)*	794,445	899,269	209,869	213,438	475,962	–
Other payables *(note 26)*	779,830	779,830	779,830	–	–	–
	24,853,673	30,293,734	9,547,510	2,309,230	10,116,168	8,320,826

(c) Interest rate risk

The Group's interest rate risk arises primarily from 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 24.

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

The Group

	2013	2012
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Borrowings	**3,707,960**	2,785,147
Less: Bank deposits (including restricted deposits)	**2,127,598**	1,838,671
	1,580,362	946,476
Net floating rate borrowings:		
Borrowings	**29,286,602**	27,495,998
Obligations under finance lease	**2,269,314**	2,618,371
Less: Bank deposits (including restricted deposits)	**4,306,658**	3,838,340
	27,249,258	26,276,029
Total net borrowings:	**28,829,620**	27,222,505

The Company

	2013	2012
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Borrowings	**3,687,108**	2,762,337
Less: Loans to subsidiaries	**1,697,000**	300,000
Bank deposits (including restricted deposits)	**1,886,437**	1,807,741
	103,671	654,596
Net floating rate borrowings:		
Borrowings	**22,133,525**	20,517,061
Obligations under finance lease	**622,951**	794,445
Less: Loans to subsidiaries	**20,890,867**	18,550,152
Bank deposits (including restricted deposits)	**1,987,623**	2,149,758
	(122,014)	611,596
Total net (deposits)/borrowings:	**(18,343)**	1,266,192

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

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 RMB234,747,000 (31 December 2012: RMB196,072,000).

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

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

(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 other than RMB. The currencies giving rise to this risk are primarily Hong Kong dollars, Euros and United States dollars.

(i) Recognised assets and liabilities

Except for CERs sales which were denominated in foreign currencies, substantially all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars. The Company has certain proceeds from share issuance in Hong Kong dollar that have not converted into RMB which are expected to be utilised following the strategic arrangement of the Group.

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

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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	**USD**	**EUR**	HKD	USD	EUR
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,864,121**	**1,032**	**1,967**	2,426,704	6,743	1,967
Trade debtors	**–**	**–**	**63,352**	–	–	81,941
Other receivables	**–**	**–**	**413,555**	–	–	507,508
Short-term borrowings	**–**	**(1,301)**	**–**	–	(1,342)	–
Tax payable	**–**	**–**	**–**	(309)	–	–
Long-term borrowings	**–**	**(19,551)**	**–**	–	(21,468)	–
Net exposure	**3,864,121**	**(19,820)**	**478,874**	2,426,395	(16,067)	591,416

The Company

	Exposure to foreign currencies (expressed in RMB)					
	2013			2012		
	HKD	**USD**	**EUR**	HKD	USD	EUR
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,334,602**	**–**	**1,967**	2,418,760	–	1,967
Other payables	**(2,111)**	**–**	**–**	(1,229)	–	–
Net exposure	**3,332,491**	**–**	**1,967**	2,417,531	–	1,967

(Expressed in thousands of Renminbi unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

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

	Average rate		Reporting date spot rate	
	2013	2012	**2013**	2012
HKD	**0.7986**	0.8108	**0.7862**	0.8109
USD	**6.1912**	6.2932	**6.0969**	6.2855
EUR	**8.3683**	8.2401	**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:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**(193,206)**	(121,320)	**(166,625)**	(120,877)
USD	**730**	518	**–**	–
EUR	**(21,617)**	(27,314)	**(98)**	(98)
	(214,093)	(148,116)	**(166,723)**	(120,975)

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 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 2012.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

The IFRS 13, Fair value measurement requires to disclose the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety. 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.

At 31 December 2013, there were no financial instruments of the Group carried at fair value. As at 31 December 2012, the financial instruments of the Group carried at fair value are investments in available-for-sale equity securities (see note 19), which fall into Level 1 of the fair value hierarchy described above. During the years ended 31 December 2012 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(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 primarily including receivables, payables and borrowings are not materially different from their fair values as at 31 December 2013 and 2012, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The investments in unquoted equity securities (see note 19) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose of these investments.

(Expressed in thousands of Renminbi unless otherwise stated)

31 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	**5,674,605**	4,973,284	**582,682**	95,762
Authorised but not contracted for	**11,191,549**	11,982,424	**1,454,419**	1,117,066
	16,866,154	16,955,708	**2,037,101**	1,212,828

(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	**3,496**	14,795	**–**	13,333
After 1 year but within 5 years	**2,556**	495	**–**	–
	6,052	15,290	**–**	13,333

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.

32 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 31 December 2013, the Company has issued certain guarantees to banks and other financial institutions in respect of bank loans and finance lease arrangement granted to the subsidiaries, amounting to RMB2,132,810,000 (2012: RMB2,389,456,000).

(b) Contingent liabilities in respect of taxes on sales of CERs

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

(Expressed in thousands of Renminbi unless otherwise stated)

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

Apart from those disclosed elsewhere in the financial statements, the principal related party transactions which were carried out in the ordinary course of business are as follows:

	2013	2012
	RMB'000	*RMB'000*
Non-exempted continuing connected transactions		
Service provided to		
Fellow subsidiaries	**–**	1,274
Service provided by		
Fellow subsidiaries *(note (ii))*	**67,064**	62,519
Net (withdrawal from)/deposit in		
Huaneng Finance	**(688,333)**	1,358,949
Interest income		
Huaneng Finance	**18,535**	7,003
Other connected transactions		
Service provided by		
China Huaneng R&D Center	**3,400**	3,300
Service provided to		
Fellow subsidiaries	**707**	–
Repayments of loan guaranteed by		
Huaneng Group *(note 24(a))*	**1,958**	1,490
Service provided by		
Fellow subsidiaries	**10,188**	3,306
Proportionate increase in investment in		
Huaneng Carbon *(note 19(ii))*	**10,000**	–

(Expressed in thousands of Renminbi unless otherwise stated)

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	2013 *RMB'000*	2012 *RMB'000*
Other connected transactions (continued)		
Acquisition of non-controlling interests from		
Huaneng Group *(note 17 (iii))*	**8,240**	–
Loans received from		
Huaneng Finance	**2,300,000**	–
Loans repaid to		
Huaneng Finance	**(2,300,000)**	–
Interest expense		
Huaneng Finance	**3,097**	–
Working capital received from		
Fellow subsidiary	**9,998**	–
Huaneng Group	**3,483**	–

In September 2013, Huaneng Tongliao Wind Power Company Limited ("**Huaneng Tongliao**"), a wholly-owned subsidiary of the Company, entered into the Power Generation Rights Transfer Agreement (the "**Agreement**") with Huaneng Yimin Coal Power Co., Ltd. ("**Huaneng Yimin**", 華能伊敏煤電有限責任公司), a wholly-owned subsidiary of Huaneng Group, and two grid companies (namely, State Grid Corporation of China (Northeast) (國家電網公司東北分部) and East Inner Mongolia Electric Power Co., Ltd. (國網內蒙古東部電力有限公司), which has expired on 31 December 2013. Pursuant to the Agreement, Huaneng Yimin transferred the power generation rights to Huaneng Tongliao such that electricity has been generated by Huaneng Tongliao on behalf of Huaneng Yimin. State Grid Corporation of China (Northeast) has agreed to pay a transfer fee to Huaneng Yimin for the amount of electricity supplied by Huaneng Tongliao on its behalf based on a rate of RMB285.7/MWh. East Inner Mongolia Electric Power Co., Ltd. has agreed to pay to Huaneng Tongliao for the amount of electricity supplied based on a rate of RMB293.3/MWh. For the year ended 31 December 2013, the volume of net power generated by Huaneng Tongliao on behalf of Huaneng Yimin was 30,610MWh, the amount of electricity fee (excluding VAT) received and receivable from East Inner Mongolia Electric Power Co., Ltd. by Huaneng Tongliao is approximately RMB7,673,000, and the amount of electricity transfer fee (excluding VAT) received and receivable from State Grid Corporation of China (Northeast) by Huaneng Yimin is approximately RMB7,475,000.

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

Notes:

(i) The related party transactions listed above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on HKSE (the "**Listing Rules**"). The detailed disclosures required by Chapter 14A of the Listing Rules are provided in the "Reports of the Board of Directors" section of the annual report for the year ended 31 December 2013.

(ii) Service provided by fellow subsidiaries mainly comprised property insurance services provided by Alltrust Insurance Company of China Limited (永誠財產保險股份有限公司), technical services and management support services provided by Xi'an Thermal Power Research Institute Co., Ltd. (西安熱工研究院有限公司), and property lease services provided by Xinsheng Property Management Co., Ltd. (新升物業管理公司).

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary, Huaneng Finance, amounted to RMB915,616,000 as at 31 December 2013 (2012: RMB1,603,949,000). Details of the other outstanding balances with related parties are set out in notes 19, 20, 21, 24 and 26.

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

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

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

- Sales of electricity;
- Depositing and borrowing money;
- Purchase of materials and receiving construction work services; and
- Service concession arrangement.

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

For the years ended 31 December 2013 and 2012, all revenue from the sales of electricity is made to the provincial power grid companies which are government-related entities. As at 31 December 2013 and 2012, substantially all the trade and bills receivable are due from these power grid companies.

(Expressed in thousands of Renminbi unless otherwise stated)

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

(d) Commitments with related parties

Commitments with related parties outstanding at the year end not provided for in the financial statements were as follows:

	2013	2012
	RMB'000	*RMB'000*
Services to be provided by related parties	**14,920**	28,776

(e) 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	**6,618**	6,121
Discretionary bonus	**1,274**	1,762
Retirement scheme contributions	**739**	622
	8,631	8,505

34 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENTS

The major non-cash transaction of the Group is set out as follows:

	2013	2012
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment by means of finance lease (including related deductible VAT)	**–**	379,536

(Expressed in thousands of Renminbi unless otherwise stated)

35 ACQUISITION OF SUBSIDIARIES

In September 2013, the Company entered into equity transfer agreements with third parties to acquire 100% equity interests in Jinchang Century Concord New Energy Power Company Limited ("**Jinchang Century Concord**") and Yongchang Century Concord Solar Power Company Limited ("**Yongchang Century Concord**"), at cash considerations of RMB2,000,000 and RMB2,000,000, respectively. Both of the above mentioned acquisitions were completed at the acquisition date (the "**Acquisition Date**") of 30 September 2013, through which the Company obtained control of Jinchang Century Concord and Yongchang Century Concord.

Jinchang Century Concord and Yongchang Century Concord are limited liabilities companies and are principally engaged in solar power plant development and generation. As at the Acquisition Date, Jinchang Century Concord and Yongchang Century Concord were at construction stage.

The combined identifiable assets acquired and liabilities assumed at the Acquisition Date are as follows:

	RMB'000
Property, plant and equipment *(note 14(a))*	44,843
Other non-current assets	1,194
Prepayments and other current assets	23
Cash and cash equivalents	23
Other payables	(42,083)
Total identifiable net assets acquired	4,000

For the above identifiable net assets, as there are no active market for even the similar types of assets, valuation technique was adopted by a professional valuer to determine the fair value.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of the subsidiaries in 2013 is as follows:

	2013 *RMB'000*
Total cash consideration	4,000
Less: Cash consideration paid in 2014	2,000
Less: Cash and cash equivalents acquired	23
Payments for acquisition of subsidiaries. net of cash acquired	1,977

(Expressed in thousands of Renminbi unless otherwise stated)

36 PARENT AND ULTIMATE HOLDING COMPANY

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

37 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 number of 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
Amendments to IAS 32, Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to IAS 36, Recoverable amount disclosures for non-financial assets	1 January 2014
Annual Improvement to IFRSs 2010-2012 cycle	1 Jul 2014
Annual Improvement to IFRSs 2011-2013 cycle	1 Jul 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 the Group believes that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

38 NON-ADJUSTING SUBSEQUENT EVENT

In December 2013, the Company entered into an equity transfer agreement with Huaneng International Power Development Corporation ("**HIPDC**", 華能國際電力開發公司), a subsidiary of Huaneng Group. Pursuant to the agreement, the Company is to acquire 100% of the equity interests in Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd. ("**Huaneng Ge'ermu**", 華能格爾木光伏發電有限公司) held by HIPDC at a cash consideration of RMB356,070,000. Huaneng Ge'ermu is principally engaged in solar power generation in Qinghai Province, the PRC. As at 31 December 2013, the acquisition has not been completed and the Group has not made any payment for the consideration.

REGISTERED OFFICE	10-11th Floor No. 23A Fuxing Road Haidian District, Beijing, the PRC
HEAD OFFICE IN THE PRC	10-11th Floor No. 23A Fuxing Road Haidian District, Beijing, the PRC
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	8th Floor, Gloucester Tower The Landmark 15 Queen's Road Central, Hong Kong
COMPANY'S WEBSITE	www.hnr.com.cn
JOINT COMPANY SECRETARIES	Ms. SONG Yuhong Ms. MOK Ming Wai *(FCIS, FCS)*
AUTHORIZED REPRESENTATIVES	Mr. LIN Gang Ms. MOK Ming Wai *(FCIS, FCS)*
NON-EXECUTIVE DIRECTORS	Mr. CAO Peixi (Chairman) Mr. ZHANG Tingke (Vice Chairman) Mr. ZHAO Keyu
EXECUTIVE DIRECTORS	Mr. LIN Gang (President) Mr. XIAO Jun (appointed with effect from 21 June 2013) Mr. NIU Dongchun (resigned on 19 March 2013) Ms. YANG Qing Mr. YU Chunping (appointed with effect from 21 June 2013) Mr. HE Yan (retired on 21 June 2013)
INDEPENDENT NON-EXECUTIVE DIRECTORS	Mr. QIN Haiyan Ms. DAI Huizhu Mr. ZHOU Shaopeng Mr. WAN Kam To
SUPERVISORS	Mr. HUANG Jian Mr. WANG Huanliang Mr. YU Zewei
AUDIT COMMITTEE	Mr. ZHOU Shaopeng (Chairman) Mr. ZHAO Keyu Mr. WAN Kam To

NOMINATION COMMITTEE	Mr. CAO Peixi (Chairman) Mr. ZHOU Shaopeng Mr. QIN Haiyan
REMUNERATION COMMITTEE	Mr. QIN Haiyan (Chairman) Ms. DAI Huizhu Mr. LIN Gang (appointed with effect from 19 March 2013) Mr. NIU Dongchun (resigned on 19 March 2013)
LEGAL ADVISERS	Hong Kong Legal Advisers Skadden, Arps, Slate, Meagher & Flom 42/F, Edinburgh Tower 15 Queen's Road Central Hong Kong PRC Legal Advisers DeHeng Law Offices 12/F Tower B, Focus Place 19 Finance Street, Beijing, the PRC
AUDITORS	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong KPMG Huazhen (SGP) 8th Floor, Office Tower E2 Oriental Plaza No. 1 East Chang An Avenue Beijing the PRC
H SHARE REGISTRAR	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

PRINCIPAL BANKERS	China Development Bank Corporation No. 29 Fuchengmenwai Street Xicheng District Beijing the PRC
	China Construction Bank Corporation No. 25 Finance Street Beijing the PRC
	Industrial and Commercial Bank of China Limited No. 55 Fuxingmennei Street Xicheng District Beijing the PRC

Glossary of Technical Terms

"CERs"	Certified Emission Reductions, which are carbon credits issued by CDM EB for emission reductions achieved by registered CDM projects and verified by a DOE under the Kyoto Protocol
"gross power generation"	by a power plant in that period, including auxiliary electricity and electricity generated during the construction and testing period
"GW"	unit of power, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measure for the annual energy production of large power plants
"installed capacity"	the capacity of power generation units or wind turbines that have been completely assembled or erected in the case of wind power. For wind power, installed capacity includes the capacity of wind turbines in testing period
"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
"Kyoto Protocol"	a protocol to the United Nations Framework Convention on Climate Change which became effective on 21 March 1994
"MW"	unit of power, megawatt. 1 MW = 1,000 kW, MW is typically used to measure installed capacity of power plants
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"pipeline projects"	wind or solar power projects that have been identified and reserved for future development pursuant to the investment and development agreements that we entered into with various levels of local government under which we have the exclusive right or priority to develop wind or solar power projects at specified sites with certain estimated capacity. We classify our wind power pipeline projects into three categories – Advanced-stage Projects, Developing-stage Projects and Early-stage Projects, based on their maturity
"renewable energy"	energy generated from sustainable energy sources that are regenerative or, for all practical purposes, cannot be depleted
"ton"	metric ton
"weighted average utilization hours"	the consolidated gross power generation less the electricity generated during the construction and testing period in a specified period divided by the weighted average consolidated operational capacity in the same period

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