華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Stock Code：1071

2013 annual report

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HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Contents

Company Profile

Huadian Power International Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") are one of the largest comprehensive energy companies in the Peoples's Republic of China (the "**PRC**"), and primarily engage in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects, and the development, construction and operation of coal mines. The power plants and companies affiliated with the Group are all strategically located in the vicinity of electricity load centres or coal mining regions. As at the date of this report, the controlled power plants of the Group which have commenced operation totaled 40, with the total controlled installed capacity of the Group amounting to 35,641MW, including 32,522MW attributable to controlled coal- and gas-fired generating units, and 3,119MW attributable to controlled renewable energy generating units such as hydropower, wind power, solar power and biomass energy power generating units. The coal mining enterprises controlled or invested by the Group totaled 17, with coal resource reserves of approximately 2.2 billion tonnes and expected production capacity of approximately 10 million tonnes/year.

The Company was incorporated in Jinan, Shandong Province, the PRC on 28 June 1994. On 30 June 1999, the Company issued approximately 1,431 million H shares in its initial public offering, which were listed on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**"). At the beginning of year 2005, the Company issued 765 million A shares in the PRC, which were listed on the Shanghai Stock Exchange on 3 February 2005. On 1 December 2009, the Company issued 750 million A shares through a non-public issue, and such shares were listed on the Shanghai Stock Exchange. On 3 July 2012, the Company issued 600 million A shares through a non-public issue, and such shares were listed on the Shanghai Stock Exchange. To date, the Company has issued 5,940,056,200 A shares and 1,431,028,000 H shares, accounting for approximately 80.59% and 19.41% of the total issued share capital of the Company, respectively. As at the date of this report, the total number of employees of the Group amounted to 24,304.

Details of the Group's major operational power generating assets and coal mining assets as at the date of this report are as follows:

(1) DETAILS OF CONTROLLED COAL- OR GAS-FIRED GENERATING UNITS ARE AS FOLLOWS:

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	800	100%	2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000MW
5	Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	2,000	75%	2 x 1,000MW
6	Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,000	45%	2 x 670MW + 2 x 330MW
7	Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320MW + 3 x 300MW
8	Huadian Zibo Thermal Power Company Limited ("Zibo Company")	950	100%	2 x 330MW + 2 x 145MW
9	Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
10	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.257%	2 x 315MW + 2 x 150MW
11	Shandong Century Electric Power Development Company Limited ("Century Power Company")	936	84.31%	4 x 220MW + 2 x 28MW
12	Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	3,320	65%	2 x 1,060MW+ 2 x 600MW
13	Ningxia Zhongning Power Generation Company Limited ("Zhongning Company")	660	50%	2 x 330MW
14	Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600MW + 4 x 300MW
15	Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	90%	2 x 660MW
16	Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330MW
17	Huadian Qudong Power Generation Company Limited ("Qudong Company")	660	90%	2 x 330MW
18	Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	1,260	97%	2 x 630MW
19	Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	1,320	65%	2 x 660MW
20	Hangzhou Huadian Banshan Power Generation Company Limited ("Hangzhou Banshan Company")	2,680	64%	3 x 415MW+ 3 x 390MW + 1 x 135MW + 1 x 130MW
21	Hangzhou Huadian Xiasha Thermal Power Company Limited ("Xiasha Company")	246	56%	1 x 88MW +2 x 79MW
22	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	1,075	82%	2 x 300MW +2 x 200MW + 3 x 25MW
23	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Company")	660	90%	2 x 330MW
24	Hebei Huarui Energy Group Corporation Limited ("Huarui Company") *(Note)*	1,766.4	100%	—
25	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	725	100%	2 x 300MW + 1 x 125MW

Note: As at the date of this report, the interested installed capacity of Huarui Company held by the Company amounted to 1,766.4MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99MW.

(2) DETAILS OF CONTROLLED RENEWABLE ENERGY GENERATING UNITS ARE AS FOLLOWS:

	Name of company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Energy Company")	25	78%	2 x 12.5MW
2	Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
4	Lixian Xinghe Ganbao Power Company Limited ("Ganbao Company")	34	100%	4 x 8.5MW
5	Lixian Xinghe Power Company Limited ("Lixian Company")	33	100%	3 x 11MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company")	114	57%	3 x 38MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company")	57	100%	1 x 16MW+2 x 15MW +1 x 11MW
8	Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Wind Power Company")	399	100%	262 x 1.5MW+2 x 3MW
9	Huadian Kezuozhongqi Wind Power Company Limited ("Kezuozhongqi Wind Power Company")	49.5	100%	33 x 1.5MW
10	Huadian Power International Ningxia New Energy Power Company Limited ("Ningxia New Energy Company")	399	100%	48x 2MW+202 x 1.5MW
11	Hebei Huadian Guyuan Wind Power Company Limited ("Guyuan Wind Power Company")	250.5	100%	167 x 1.5MW
12	Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company")	49.5	100%	24 x 2MW+1 x 1.5MW
13	Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Power Company")	40.5	55%	27 x 1.5MW
14	Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Company")	48	100%	24 x 2MW
15	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company")	10	60%	10 x 1MW

(3) DETAILS OF COAL MINING ENTERPRISES CONTROLLED OR INVESTED BY THE GROUP ARE AS FOLLOWS:

	Name of company	Percentage of equity interest held by the Group	Resources reserve *(million tonnes)*	Interested resources reserve *(million tonnes)*	Capacity *(thousand tonnes/year)*
1	Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited	100%	395	395	1,200
2	Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited	70%	373	261	2,100
3	Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited	70%	128	90	900
4	Shunge Mining Industry Company Limited of Inner Mongolia Alxa League Shunge Mining Group	100%	28	28	450
5	Inner Mongolia Haoyuan Coal Company Limited	85%	77	65	1,200
6	Inner Mongolia Huatong Ruisheng Energy Company Limited	90%	116	104	3,000
7	Anhui Wenhui New Products Promotion Company Limited	51%	39	20	600
8	Ningxia Yinxing Coal Company Limited	50%	1,037	519	4,000
9	Sichuan Huayingshan Longtan Coal Power Company Limited ("Longtan Company") *(Note)*	45%	97	44	1,500
10	Otog Front Banner Changcheng Mine Company Limited	35%	111	39	600
11	Inner Mongolia Fucheng Mining Company Limited	35%	238	83	2,400
12	Otog Front Banner Zhengtai Trading Company Limited	35%	216	76	2,400
13	Otog Front Banner Quanhui Trading Company Limited	35%	723	253	3,000
14	Otog Front Banner Baihui Trading Company Limited	35%	199	70	1,800
15	Linfen City Changfa Coal Coke Company Limited ("Changfa Coal Coke") *(Note)*	33%	117	39	1,200
16	Huadian Coal Industry Group Company Limited	12.56%	—	—	—
17	Shandong Luneng Heze Coal Power Development Company Limited	12.27%	—	—	—

Note: The Group holds 45% and 33% equity interests in Longtan Company and Changfa Coal Coke through its non-wholly-owned subsidiaries, Guang'an Company and Century Power Company, respectively.

Company Profile (Continued)

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this report is set out as follows:

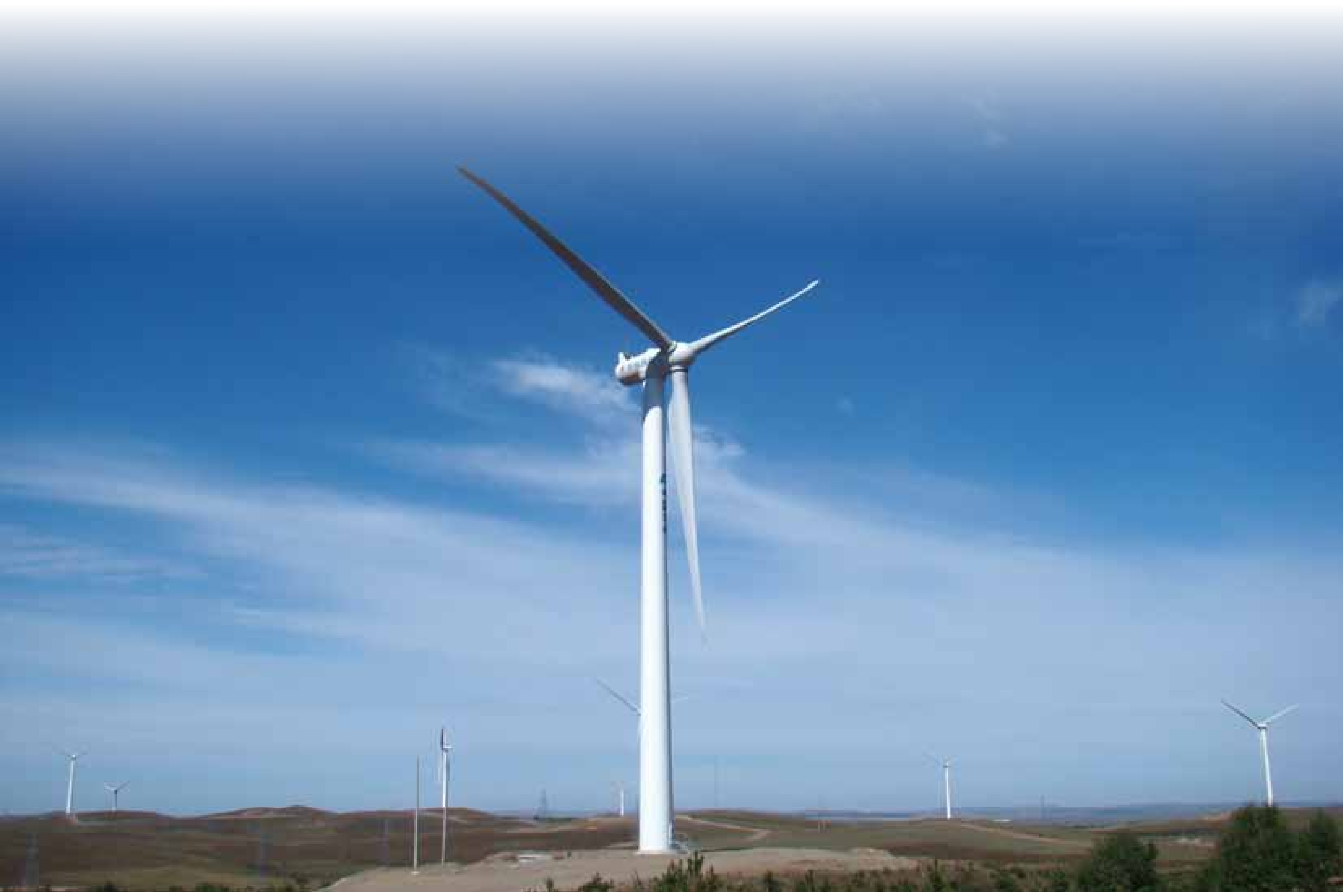
China Huadian Corporation
3,256,923,853 shares
44.19%

Shandong International Trust Corporation
800,766,729 shares
10.86%

Other Holders of H Shares
1,345,166,000 shares
18.25%

Other Holders of A Shares
1,968,227,618 shares
26.70%

Hudian Power International Corporation Limited



Chairman's Statement

Dear Shareholders,

I hereby present the annual results of the Group for the year ended 31 December 2013 (the "**Reporting Period**"). In 2013, the Group firmly grasped the favorable opportunity emerging from the commencement of benign development of power industry, thereby achieving a significant increase in operating results and continuous improvement of development quality with profit for the year hitting a record high. For the financial year ended 31 December 2013, power generation of the Group amounted to 175.46 million MWh, representing an increase of approximately 11.80% over 2012; turnover amounted to approximately RMB66,049 million, representing an increase of approximately 11.80% over 2012; profit for the year attributable to equity shareholders of the Company amounted to approximately RMB4,097 million and earnings per share was approximately RMB0.556. The board of directors of the Company proposes to declare a final cash dividend of RMB0.225 per share (tax inclusive) for the financial year of 2013.

In 2013, the Group highly emphasized on production safety, strictly implemented system of responsibility in safe production at all levels, firmly carried out safety evaluation and inspection and elimination and governance of potential hazards, and further consolidated the foundation of safety management. The Group vigorously enhanced management level. 27 generating units were granted the honor of outperformance in the national efficiency competition of thermal power generating units, among which 7 generating units won the first prize.

To increase the returns to shareholders and strengthen its core competitiveness, the Group has been continuously exploring new opportunities for development of electricity business across the country. During the Reporting Period, the installed capacity of the Group kept increasing; the Group has completed construction and commenced operation of the new projects with an aggregate capacity of 1,960.5MW, of which the installed capacity of clean energy was 1,300.5MW, accounting for 66.34%. As at the date of this report, the Group's projects with an aggregate capacity of 9,123.8MW involving thermal power, gas-fired power, hydropower, wind power and solar power generating units have been approved. While continually expanding power source projects, the Group has been actively adjusting its industrial structure, increasing efforts for the development of key coal-fired power projects and accelerating to promote clean energy projects. The Group steadily developed the coal industry through coordination with the power generation industry, striving to form a good pattern in which the coal industry and power generation industry provide mutual insurance in efficient cooperation.

In 2013, the Group strengthened the study on the funds and capital market, and improved operation benefits, laying a foundation for the sound and rapid development. In addition, the Group put forth effort to boost equity financing, completed the unlock for the second non-public issue of A shares, and started the third non-public issue of A shares. The financing scheme was approved by the State-owned Assets Supervision and Administration Commission ("**SASAC**") and submitted to China Securities Regulatory Commission ("**CSRC**"). It was proposed to issue 1.15 billion new A shares to China Huadian Corporation ("**China Huadian**") at RMB3.12 per share to raise proceeds not exceeding RMB3.588 billion for supplementing the working capital of the Company, which would be favorable for strengthening the strategic collaboration and interaction with the controlling shareholder.

The Group has always attached great importance to corporate governance, continuously promoted management innovation and improved its corporate governance structure and internal control system, striving to achieve a coordination between the Company's growth and the interest of its shareholders. While seeking for corporate development, the Group insisted on fulfillment of social responsibility, and endeavored to promote social welfare and improve social civilization, driving and contributing to economic revitalization. Furthermore, the Group earnestly implemented environmental protection policy, increased efforts in environmental protection and promoted the environment friendly and resource saving energy supply.

During the past year, the Group's achievements and honors were attributable to the trust and support of shareholders, the unremitting efforts of its staff, as well as the care and help of all sectors of society. I hereby express my heartfelt gratitude to them. In our future operation and development, the Groups will continue to pursue the coordination and unification of shareholder value, employee benefit and social responsibility, adhere to the development idea of "committed to principal businesses and achieving rapid sustainable development" and provide safe, clean, reliable and low-cost power for the society.

Li Qingkui
Chairman

Beijing, the PRC
21 March 2014

Business Review and Outlook

BUSINESS REVIEW

(1) Power Generation

Power generation of the Group in 2013 amounted to 175.46 million MWh, representing an increase of approximately 11.80% over 2012; the volume of power sold amounted to 164.35 million MWh, representing an increase of approximately 12.02% over 2012. The annual utilisation hours of the Group's generating units were 5,127 hours; in particular, the annual utilisation hours of the coal-fired generating units were 5,474 hours. Coal consumption for power supply was 308.79g/KWh.

(2) Turnover

In 2013, turnover of the Group amounted to approximately RMB66,049 million, representing an increase of approximately 11.80% over 2012. Revenue generated from sale of electricity amounted to approximately RMB62,155 million, representing an increase of approximately 12.30% over 2012; revenue generated from sale of heat amounted to approximately RMB2,963 million, representing an increase of approximately 5.55% over 2012; and revenue from sale of coal was approximately RMB932 million, representing an increase of approximately 0.62% over 2012.

(3) Profit

In 2013, operating profit of the Group amounted to approximately RMB12,485 million, representing an increase of approximately 78.78% over 2012, mainly due to decrease in coal prices and increase in volume of power sold. For the year ended 31 December 2013, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB4,097 million, and earnings per share was approximately RMB0.556.

(4) The Capacity of Newly-installed Generating Units:

From 1 January 2013 to the date of this report, the capacity of the Group's newly-installed generating units amounted to 1,960.5MW:

Name of Company	**Installed capacity** *(MW)*
Hangzhou Banshan Company	830
Xiasha Company	246
Zibo Company	330
Qudong Company	330
Shuiluohe Company	76
Ningxia New Energy Company	99
Guyuan Wind Power Company	49.5
Total	1,960.5

(5) Projects Approved and Under Construction

As at the date of this report, the Group's major generating units which have been officially approved by the relevant State or local authorities and under construction are as follows:

Name of project	Planned installed capacity
Project of Anhui Huadian Lu'an Power Generation Company Limited	2 x 660MW generating units
Chongqing Fengjie Project	2 x 600MW generating units
Shiliquan Plant Expansion Project	1 x 600MW generating unit
Shuozhou Thermal Power Branch Project	2 x 300MW heat-power co-generating units
Qingdao Company Phase III Project	1 x 300MW heat-power co-generating unit
Tianjin Nanjiang Phase I Project	2 x 300MW heat-power co-generating units
Tianjin Nanjiang Phase II Project	900MW gas-fired generating units
Tianjin Wuqing Distributed Energy Project	2 x 200MW gas-fired generating units
Jiangdong Natural Gas-fired Heat-power Co-generating Project in Hangzhou, Zhejiang	2 x 400MW gas-fired generating units
Longyou Natural Gas-fired Heat-power Co-generating Project in Zhejiang	2 x 200MW gas-fired generating units
Shenzhen Huadian Pingshan Distributed Energy Resources Project	3 x 100MW gas-fired generating units
Shuiluohe Company Project	534MW hydroelectric generating units
Ningxia New Energy Company Project	796MW wind power generating units
Kangbao Wind Power Company Project	49.5MW wind power generating units
Jincheng Wind Power Phase II Project of Laizhou Wind Company	48MW wind power generating units
Laizhou Guojiadian Wind Farm Project	49.8MW wind power generating units
Phases I Project of Jiaolaihe Wind Farm in Changyi, Shandong	49.5MW wind power generating units
Phases I Project of Huadian Kunlun Wind Farm in Zichuan	48MW wind power generating units
Huadian Longkou Wind Farm Project in Yantai	49.5MW wind power generating units
Guangdong Zhanjiang Xuwen Huahai Wind Power Project	49.5MW wind power generating units
Solar Power Generation Project in Taiyangshan, Wuzhong, Ningxia	10MW solar power generating units
Huadian Ningdong Solar Power Phase II Project	20MW solar power generating units
Total	9,123.8MW

BUSINESS OUTLOOK

(1) Opportunities for the Group

The Group expects that in 2014, the economic social development will be accelerated into the transformation period and the marco-economy will make progress in stable development, with the political effects of national reform and development increasing.

In 2014, the total volume in PRC coal market will be loose with the structural overpass situation remaining unchanged, while the coal production and consumption may increase slightly. The domestic coal price may see a further decline, but the decline will be narrowed to some degree.

In 2014, the overall supply and demand in power market will be balanced, with the total power consumption growing steadily and the power utilisation hours remaining basically flat, which will be conducive for the stable development of the Group's benefits.

(2) Challenges for the Group and Countermeasures

1. Operational and developmental risks brought about by the changes in market environment

2014 is the first year for China's comprehensive deepening of reform, for which the state has made clear the keynote of "structure adjustment, making progress while maintaining stability, reform and innovation". The state will deepen the reform of investment system, delegate approval authority, which will resulting in greater influence of local government on project development and new situations for projects' preparation works. The state will improve the mechanism of determining prices by the market, accelerate the reform of the power system and release competing business, the Group will thus be confronted with more intensive competition in the electricity market.

In the aspect of operation: the Group will seize the rare opportunity emerging from the prosperous cycle of power generating industry, continuously promote the improvement of operational capacity and effectively enhance the efficiency of stock assets. We will bring into play the advantage of industrial coordination and explore the value-added space through the tapping of the value growth potential by the industrial collaboration of electricity and coal together with electricity and heat. We will constantly optimize economic and technical indicators by technological transformation and by reducing energy consumption through management, so as to achieve an overall reduction in the energy consumption of the Group. We will strengthen the organization and coordination among all levels of operation management and keep to enhance the operational efficiency of the enterprise.

In the aspect of development: in face of the new situation and a more competitive market, the Group shall always adhere to the development concept of "committing to the principal business, achieving rapid and sustainable development" to realize scaled development with high-quality assets and sound economic efficiency. We will continue to optimize the regional, industrial and power structures.

2. Environmental risk

Since the end of 2012, as the smog weather, reflecting the increasingly severe environmental situation, has become more frequent and serious, the state has implemented stringent environmental protection system against air pollution. The existing Emission Standard of Air Pollutants for Thermal Power Plants specifically put forth the requirement that all thermal power generating units must meet the new national environmental protection standards before 1 July 2014, which stands as a higher and more rigorous requirement for the Group.

In this regard, the Group focuses on environment protection work as a priority task from the angle of cooperate sustainability and development, further strengthens the investment in environment protection and enhances the standards and quality of environmental technological improvement, with the intention that the environmental emission can meet the newest requirements. The Group also aims to advance scientifically technological transformation in respect of desulfurization, denitrification and dust abatement, to manage the whole process of projects to ensure that the safety, quality and working schedule are under control, and to launch special assessment of environmental technological transformation, and carry out heightened operation and maintenance of environmental protection facilities to ensure standard- compliant emission.

(3) Development strategy and business plan for 2014

The Group will adhere to value-oriented thinking in the coming years and further optimize structures; strengthen regional adjustment and vigorously develop thermal power projects; focus on developing port-power integrated coal-fired power projects along coastlines (rivers), and proactively develop coal-fired power transmission projects in regions with abundant resources; properly develop gas-fired power projects in economically-developed regions with high tolerance of electricity tariffs and heat supply prices, on the condition of ensuring gas sources; actively seek resources, and accelerate development of clean energy, including wind power and hydropower, and put forth effort to increase the proportion of clean energy; steadily advance the development of the coal industry, speed up technical innovation and improvement of existing coal mines, and vigorously improve management.

In 2014, based on the actual progress of newly-built projects, the Group expects to invest approximately RMB18 billion in projects of thermal power, hydropower, wind power, and coal mines. Under the circumstance that there is no significant change in external condition, the Group is expected to generate electricity of approximately 186 million MWh and achieve approximately 5,100 hours of power-generating equipments utilization. In order to accomplish the abovementioned objectives, the Group will mainly focus on the following tasks:

(1) To strengthen operation management and control. We will accurately grasp energy policy, economic situation and the rules of power, coal and financial market and formulate flexible and effective operation strategy; increase marketing efforts, insist on electric quantity as the lead and optimize power structure and power generation timing. We will fully reinforce fuel management, speed up the self-construction of coal purchasing system, develop procurement scheme in a scientific way, and vigorously reduce coal price. In addition, we will boost streamlined financial management, proactively innovate the way of financing, and optimize bond financing structure; intensify efforts in respect of policy, and strive to achieve new breakthrough in policies on tariff, taxes, funds, energy conservation and environment protection.

(2) To guarantee production safety. We will strictly implement the system of responsibility in safe production, improve the safety supervision and patrolling mechanism, place focus on shoring up troubleshooting and governance of hidden dangers in weak sections, and further consolidate the safety base.

(3) To improve development quality. We will concentrate resources on high-yielding projects to further enhance development quality and efficiency; vigorously develop efficient coal- fired power projects, actively develop hydropower projects, press ahead with orderly wind power development, standardize and develop gas-fired power generation projects and steadily advance the coal industry development. Meanwhile, we will tighten up projects management and continuously promote sophisticated management of project quality to ensure the long- term operation safety after the units come on stream.

(4) To comprehensively scale up environmental efforts. We will learn from previous success in environmental protection of units in service, do well in constructing environmental facilities of infrastructure projects, upgrade environmental technology and tighten management of environmental facilities.

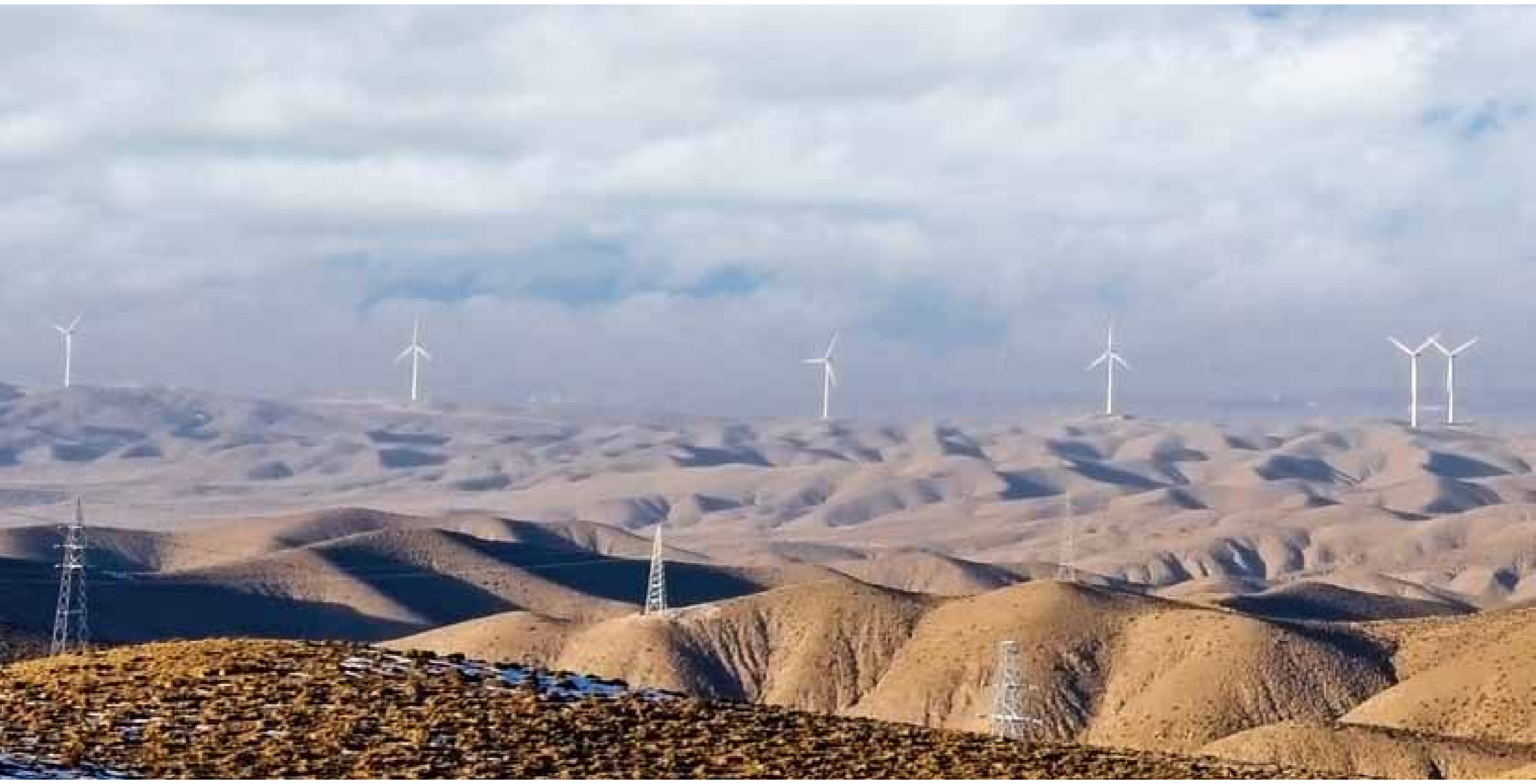
(5) To further enhance human resources management. We will establish a high-quality team of employees with a reasonable structure, continuously ramp up development of and incentives for key talents to provide strong personnel support for the Group's development.

Chen Jianhua
Vice Chairman and General Manager

Beijing, the PRC

21 March 2014

Directors, Supervisors and Senior Management

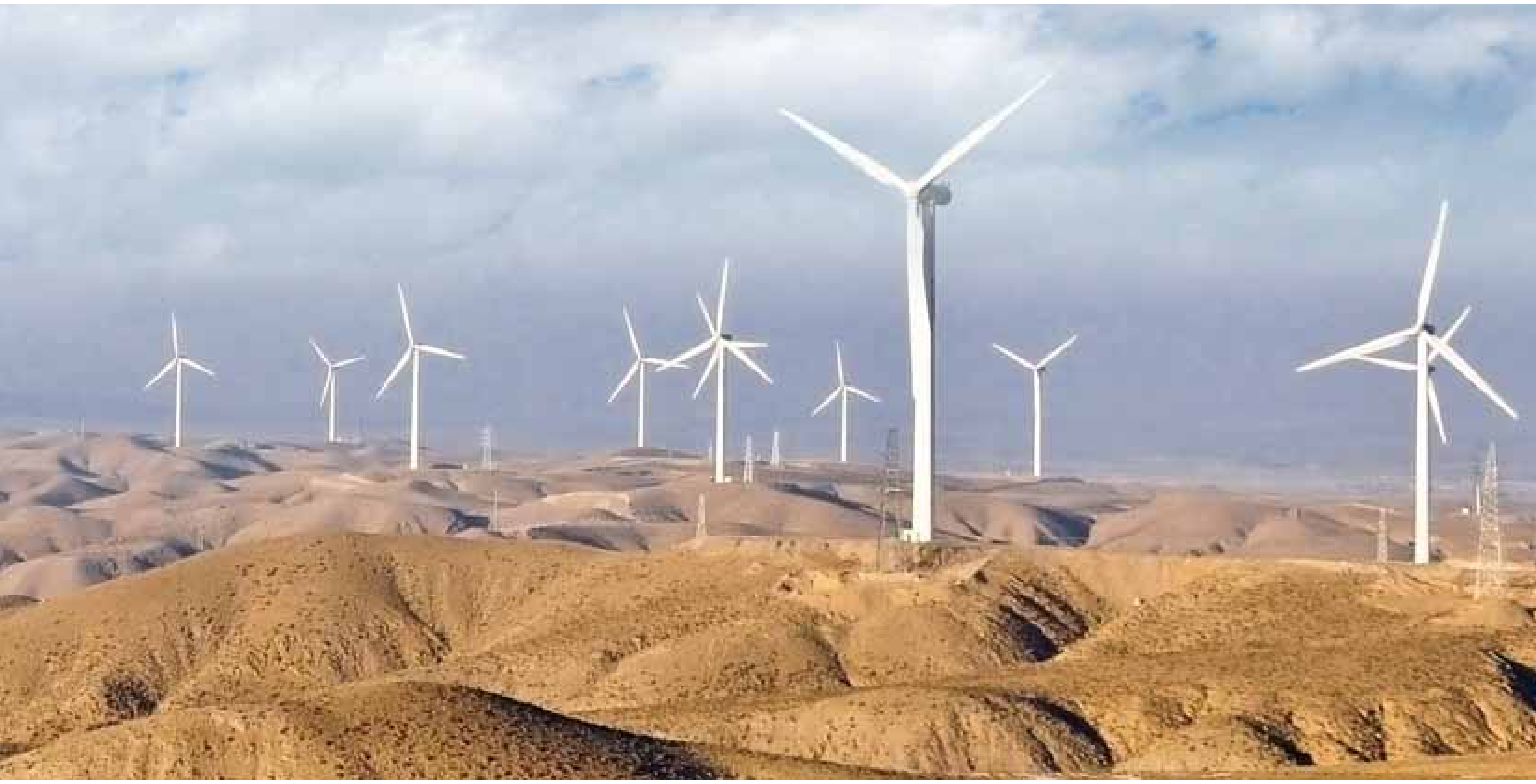


DIRECTORS

Mr. Li Qingkui, Chinese, born in March 1956, graduated from Shandong University, a senior engineer and on-the-job postgraduate. Mr. Li Qingkui is currently the Chairman of the Company and President and secretary of Party Committee of China Huadian Corporation. Mr. Li had served in the Power Bureau of Shandong Province and its affiliated Shandong Zhanhua Power Plant and Shandong Heze Power Plant, Discipline Inspection Groups of the Ministry of Supervision and the Central Commission for Discipline Inspection to the Ministry of Electric Power Industry and the State Grid Corporation of China, and China Guodian Corporation. Mr. Li has over 30 years' experience in electric power generation management.

Mr. Yun Gongmin, Chinese, born in September 1950, graduated from the Heat Energy Engineering Department of Tsinghua University majoring in Auto Manufacturing. He once served as the Chairman of the Company, and the general manager of China Huadian Corporation. Mr. Yun had served as deputy chief and chief of Yikezhao Banner of Inner Mongolia and general secretary of Yikezhao Banner Committee of CPC and director of the Working Committee of the People's Congress of Yikezhao Banner, vice chairman of Inner Mongolia Autonomous Region, deputy governor and deputy secretary of party committee of Shanxi Province, vice chairman and deputy secretary of party committee of Shenhua Group Corporation Limited. Mr. Yun has over 30 years' experience in government administration and industry management. He resigned as the Chairman of the Company on 13 January 2014.

Directors, Supervisors and Senior Management (Continued)



Mr. Chen Feihu, Chinese, born in July 1962, graduated from Renmin University of China with a Bachelor's degree. He once served as the vice chairman of the Company as well as the deputy general manager of China Huadian Corporation. Mr. Chen had served in the Production and Finance Division of Finance Bureau of Ministry of Electric Power and Industry, the Production and Finance Department of Finance Bureau of Ministry of Water Resources and Electric Power, Electric Enterprise Division of Economic Regulation Bureau of Ministry of Energy, Production Division of Finance Department of China Electricity Council, Economic Regulation Division of Economic Regulation Bureau of the Ministry of Electric Power, Fujian Provincial Bureau of Electricity Industry, Economic Regulation Bureau of the Ministry of Electric Power, State Power Corporation. He has over 30 years' experience in electricity generation, public finance, banking and finance and macro economic management, etc.. He resigned as a Director of the Company on 13 January 2014.

Mr. Chen Jianhua, Chinese, born in May 1960, a senior engineer with a Doctor's degree, is currently a vice chairman and the general manager of the Company. Mr. Chen graduated from Xi'an Jiaotong University. He has over 30 years' experience in power generation, operating management and securities finance. Before joining the Company, Mr. Chen had worked at Qingdao Power Plant and Shandong Electric Power Group Corporation.

Directors, Supervisors and Senior Management (Continued)

Mr. Chen Dianlu, Chinese, born in October 1954, graduated from Shandong Chemical College with a Master's degree, is currently serving as the vice chairman of the Company and a researcher of Shandong Luxin Investment Holdings Group Co., Ltd.. Mr. Chen had served as the head of the Resource Department of Shandong Development and Planning Commission, the manager of the Fund Finance Department, assistant general manager and deputy general manager of Shandong International Trust and Investment Corporation and a director and deputy general manager of Shandong Luxin Investment Holdings Co., Ltd.. Mr. Chen has over 30 years' experience in trust, investments and similar related work.

Mr. Geng Yuanzhu, Chinese, born in November 1964, is a senior engineer and currently a Director and a deputy general manager of the Company. He graduated from Shandong University of Technology. Mr. Geng has successively worked at Shandong Weifang Power Plant, Shandong Zouxian Power Plant, Hainan Luneng Guangda Properties Co., Ltd., Huadian Power International Corporation Limited, Guizhou Wujiang Hydropower Development Company Limited, Guizhou Qianyuan Power Co., Ltd., and China Huadian Corporation. Mr. Geng has 25 years' experiencee in power production and operation management.

Ms. Wang Yingli, Chinese, born in September 1961, is a senior engineer and holds a MBA degree. She is currently a director of the Company, and the party secretary and general manager of Shandong International Trust Corporation. She is also a director of Jinan International Airport Co., Ltd., Shandong Nuclear Power Company Ltd., respectively, and a supervisor of Shandong Airline Group Co., Ltd.. Ms. Wang commenced her job career in 1981. Ms. Wang has over 30 years' experience in macroeconomics, trust and investment management. Ms. Wang had worked at Shandong University and Shandong International Trust Corporation.

Mr. Chen Bin, Chinese, born in November 1958, a senior engineer with a Bachelor's degree in Law, is currently a director of the Company, and the head of the Strategic Planning Department of China Huadian Corporation. Graduated from Hebei University, Mr. Chen has over 30 years' experience in power management. Mr. Chen joined the People's Liberation Army of China in 1976. From 1980, Mr. Chen has successively held such positions as secretary of the Committee of CPC, technician and head of Overhaul Section of Hangzhou Zhakou Power Plant, secretary and deputy head of Working Office of Power Bureau of Zhejiang Province, deputy factory manager and factory manager of Hangzhou Banshan Power Plant, general manager and party secretary of Hangzhou Banshan Power Generation Company Limited, and head of Marketing Department and Economic Operation and Coordination Department of Zhejiang Representative Office of China Huadian Corporation.

Mr. Gou Wei, Chinese, born in June 1967, a senior engineer graduated from North China Electric Power University with a MBA degree. Mr. Gou is currently a Director of the Company and the head of the Economic Operation and Coordination Department of China Huadian Corporation. Mr. Gou had previously worked with Jiangyou Electric Power Plant, Sichuan Guang'an Power Generation Co., Ltd., Huadian Power International Corporation Limited, Hubei branch of China Huadian Corporation and Huadian Hubei Power Co., Ltd.. Mr. Gou has 25 years' experience in operation and management of power industry.

Directors, Supervisors and Senior Management (Continued)

Mr. Chu Yu, Chinese, born in August 1963, an engineer, graduated from Shanghai Electric Power College. He is currently serving as a director of the Company and the head of Financial and Risk Management Department of China Huadian Corporation, the chairman of China Huadian Finance Corporation Limited, a director of Huadian Property Co., Ltd., Huadian Tendering Co. Ltd, Huadian Energy Corporation Limited and Guizhou Wujiang Hydropower Development Company Limited. He had worked at Yangzhou Power Plant, Yangzhou Power Generation Co., Ltd., China Huadian Jiangsu Branch and China Huadian Corporation. He has 28 years' experience in electric power generation and operation management.

Mr. Wang Yuesheng, Chinese, born in July 1960, is a professor and PhD tutor. Since he graduated from School of Economics of Peking University in 1985, Mr. Wang has been teaching in Peking University after graduation till now. He is currently serving as an independent director of the Company, the head of the Department of International Economy and the head of International Economic Research Institute of Peking University. He also serves as an executive director in China Association of World Economic Research, China Association of International Economic Relations and Chinese Association for Russian, East European and Central Asian Studies. His research covers new system economics and economic transition issues, economy in transitional countries; enterprise theory, enterprise system and corporate governance; and contemporary international economy and multinational corporations. His research mainly covers international comparison of economic transition, enterprise theory, international enterprise system and the contemporary international economy in recent years.

Mr. Wang Jixin, Chinese, born in September 1946, graduated from the Philosophy Department of Nankai University with a Bachelor of Arts degree. Mr. Yang is currently the vice president of China Education Development Foundation and an independent director of Hong Yuan Securities Co., Ltd. and Rongfeng Holding Group Co., Ltd.. He used to work as secretary, deputy section chief, section chief and deputy director of the general office, sub-librarian and deputy director of the intelligence information research center at the Party School of the CPC Central Committee. He also had served as deputy director of the labor and personnel department of the Government of Inner Mongolia Autonomous Region, a member, standing member and secretary-general of the Inner Mongolia Autonomous Region Committee of CPPCC, president, chief editor and editor at China Finance Magazine of the Ministry of Finance of the PRC, executive deputy secretary of the Committee of the CPC of the Ministry of Finance and director of the Internal Service Bureau of the Ministry of Finance. Besides, he also had worked as the legal representative and general manager of Debao Industrial Corporation, chairman of the board of directors of Debao Property Development Ltd. as well as a consultant at the Internal Service Bureau of the Ministry of Finance and Debao Industrial Corporation.

Mr. Ning Jiming, Chinese, born in April 1957, a PhD in economics, a professor and PhD tutor. Mr. Ning graduated from Shandong University in 1981. Currently, he is an independent director of the Company, the dean of the School of International Education of Shandong University, and also a member of the Consultant Committee for Master's Degree Education for National Chinese Language International Education. He was Consul of Chinese General Consulate in Toronto (First Level Secretary). His research covers human capital theory, corporate organization and management, public economics and theories of linguistic economy.

Mr. Yang Jinguan, Chinese, born in April 1963, is a professor in accounting. Mr. Yang graduated from the Accounting Department of Central College of Public Finance initially with a Bachelor's degree in Economics in July 1983 and then with a Master's degree in Economics in July 1988. He is currently an independent director of the Company, the director of the Academic Affairs of Central University of Finance and Economics, an independent director of North Navigation Control Technology Co., Ltd. He is also a director of China Certified Tax Agents Association, an executive director of China Institute of Internal Audit, a member of China Accounting Society and a non-practicing member of Chinese Institute of Certified Public Accountants (non-practicing CPA in China). He served as the general secretary to the party committee of the Accounting School of Central University of Finance and Economics, vice dean of the Accounting School of Central University of Finance and Economics.

Directors, Supervisors and Senior Management (Continued)

SUPERVISORS

Mr. Li Xiaopeng, Chinese**,** born in March 1973, a senior economist with a Master's degree, is currently a supervisor of the Company, the general manager assistant of of Shandong International Trust Corporation, while concurrently acting as a director of Shandong Century Electric Power Development Co., Ltd., Shanxi Lujin Wangqu Power Generation Co., Ltd. and Hanji Railway Co., Ltd.. Mr. Li has been working in Shandong International Trust Corporation since he started his career in 1995. He has extensive experience in fund, investment, financing and securities.

Mr. Peng Xingyu, Chinese, born in February 1962, is a Chinese Certified Public Accountant and a senior accountant. He graduated from Wuhan University with a Master's degree in Economics. He is currently a supervisor of the Company, chief auditor of China Huadian Corporation, the chairman of Shenyang Jinshan Energy Co., Ltd., the chairman of the supervisory committee of Huadian Coal Industry Group Company Limited, and an executive director of Huadian Jinshan Energy Co., Ltd.. Mr Peng had worked at Huazhong Electric Power Management Bureau, China Huazhong Electric Power Group Company and Hubei Electric Power Company. He has 30 years' experience in the fields of power finance, assets, corporate operation and capital operation.

Mr. Chen Bin, Chinese, born in September 1973, graduated from Guanghua School of Management, Peking University with a Master's degree in Economics. He currently serves as a supervisor of the Company and director of the Work Committee of the Company. Mr. Chen had served as deputy director of the Secretariat of the General Manager Office of China Guodian Corporation and assistant to general manager of Guodian Finance Corporation Ltd. in succession. Mr. Chen Bin has 17 years' experience in power generation industry.

SECRETARY TO BOARD

Mr. Zhou Lianqing, Chinese, born in November 1960, is a senior engineer and a graduate from Shandong University with a Master's degree. He is currently the secretary to the Board of the Company and an associate member of the Hong Kong Institute of Company Secretaries. Mr. Zhou started his working career in 1982. Before joining the Company, Mr. Zhou had worked at the Shandong Xindian Power Plant and Shandong Electric Power Group Corporation. He has over 30 years' experience in electric power generation, management, laws and regulations, finance, investor relations, securities management and many other sectors.

SENIOR MANAGEMENT

Mr. Luo Xiaoqian, Chinese, born in December 1962, who graduated from Xi'an Jiaotong University and holds a Doctor's degree in management, is a senior engineer and currently a deputy general manager of the Company. Mr. Luo concurrently serves as an executive director of Sichuan Huadian Luding Hydropower Company Limited, the chairman of Sichuan Huadian Za-gunao Hydroelectric Development Company Limited, the chairman of Lixian Xinghe Ganbao Power Company Limited, the chairman of Lixian Xinghe Power Company Limited, an executive director of Sichuan Huoxing Investment Co., Ltd., an executive director of Sichuan Xiexing Investment Co., Ltd., the chairman of Sichuan Liangshan Shuiluohe Hydropower Development Company Limited, as well as a director of Sichuan Daduhe Shuangjiangkou Hydropower Development Company Limited and Huadian Jinshajiang Upstream Hydropower Development Co. Ltd.. Mr. Luo has over 30 years' experience in the design, infrastructure construction, production, operation and management of hydropower generation. Before joining the Company, Mr. Luo once served as deputy director, deputy chief engineer, chief engineer, director and party secretary of the machinery branch plant of Wujiangdu Power Plant, assistant to the general manager of Guizhou Wujiang Hydropower Development Co., Ltd. and director of the construction preparation office of Goupitan Hydropower Station, a deputy general manager of Guizhou Wujiang Hydropower Development Co., Ltd. and of Guizhou Company under China Huadian Corporation, and deputy director of the Engineering Management Department of China Huadian Corporation.

Directors, Supervisors and Senior Management (Continued)

Mr. Peng Guoquan, Chinese, born in October 1966, a senior engineer with a Master's degree, is currently a deputy general manager of the Company. Mr. Peng concurrently serves as the chairman of Anhui Wenhui New Products Promotion Company Limited and of Anhui Hualin International Energy Company Limited. Mr. Peng graduated from Huazhong University of Science and Technology, majoring in thermal energy and power. Mr. Peng has 24 years' experience in power generation and management. Before joining the Company, Mr. Peng had served in Qingshan Thermal Power Plant, Wuchang Thermal Plant and Anhui Huadian Wuhu Power Company Limited.

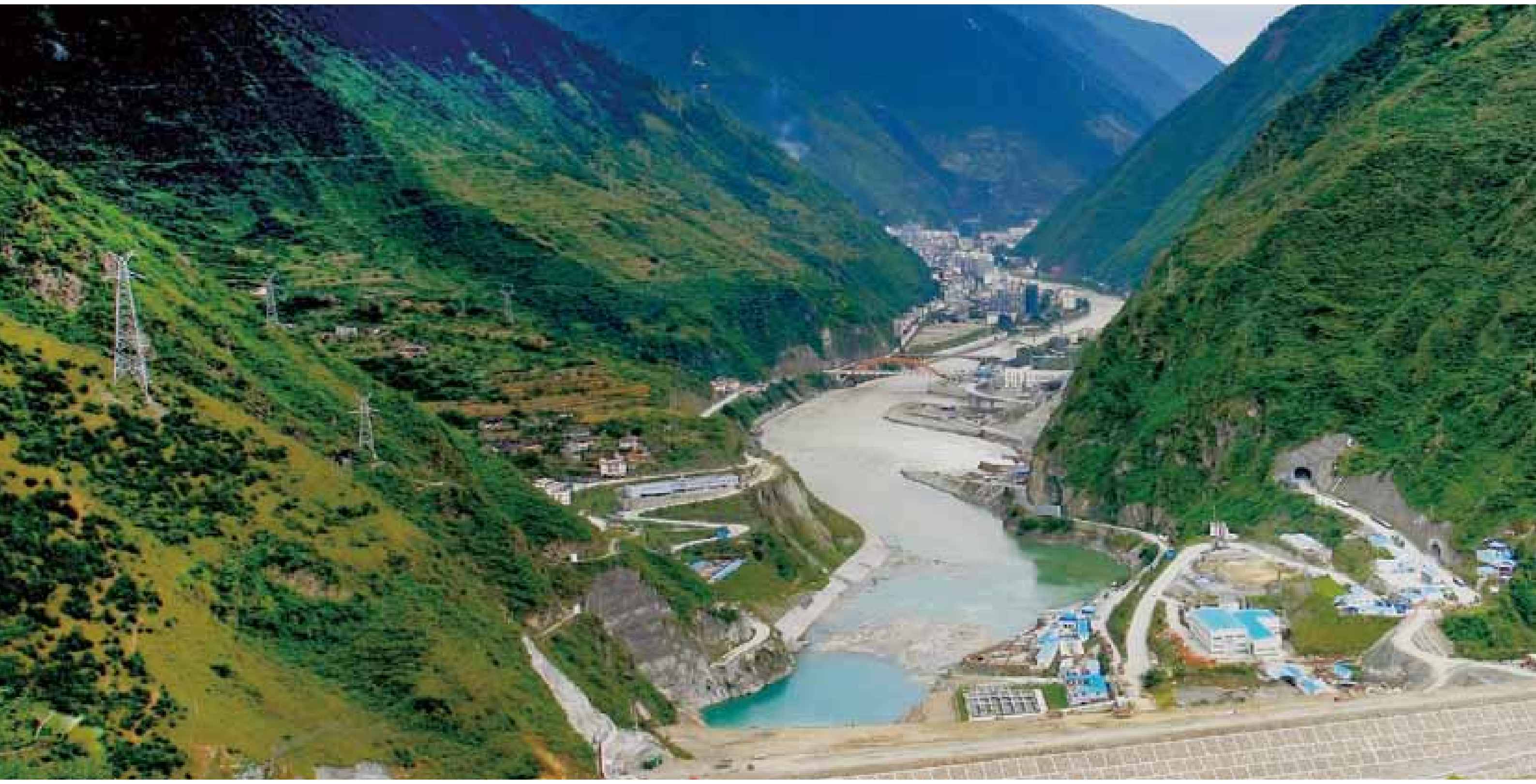
Mr. Xing Shibang, Chinese, born in June 1960, a senior engineer with a master's degree, is currently a deputy general manager of the Company. Mr. Xing concurrently serves as the chairman of Huadian Qudong Power Generation Company Limited, Tianjin Huadian Fuyuan Thermal Power Company Limited, Hangzhou Huadian Xiasha Thermal Power Company Limited and Huadian Zibo Thermal Power Company Limited, and vice chairman of Sichuan Luzhou Chuannan Power Generating Company Limited. Mr. Xing graduated from Xi'an Jiaotong University majoring in Business Administration. Mr. Xing has over 30 years' experience in power generation, operation and management. Mr. Xing had served as electricity operating director and director of Power Generation Department of Shiliquan Plant, the head of Production Department of Huadian Power International Corporation Limited, factory manager of Laicheng Plant and general manager of Huadian Weifang Power Generation Company Limited.

Mr. Chen Cunlai, Chinese, born in November 1962, a Master's degree holder, senior economist and senior accountant. He is currently the chief financial officer of the Company and a director of China Huadian Finance Corporation Limited. Mr. Chen graduated from North China Electric Power University majoring in Business Administration in 2001. Mr. Chen has 30 years' experience in power generation, operation management and financial management. Mr. Chen had served as director of Planning and Budgeting Department, deputy chief economist, deputy chief accountant and assistant to factory manager of Zouxian Plant. He had also served as the head of Supervision & Audit Department, the head of HR Administration Department, deputy chief accountant and the head of Financial Department of the Company.

Mr. Wang Huiming, Chinese, born in October 1962, a doctor's degree holder and researcher-level senior engineer, who graduated from China University of Mining and Technology and is tutor to postgraduates in the School of Management of the said university, is currently a deputy general manager of the Company and the chairman of Shanxi Maohua Energy Investment Company Limited. Mr. Wang has 29 years' experience in the construction, production, operation and management coal mines. Mr. Wang had served as deputy secretary of the Youth League Committee of Xuzhou Mining Bureau, PRC technical head of Philippine Xitai Mining Company, director of general office, director of business department and deputy general manager of Xuzhou Mining Co., Ltd., general manager of Xuzhou Mining Co., Ltd. and general manager of International Economic & Technical Cooperation Company under Xuzhou Mining Group, manager and secretary of party committee of Sanhejian Mine of Xuzhou Mining Group, chairman and general manager of Jiangsu Huamei Engineering Construction Group Co., Ltd., chairman and general manager of Jiangsu Mining and Engineering Corporation, deputy general manager and party member of Huadian Shanxi Energy Co., Ltd..

Mr. Xie Yun, Chinese, born in November 1963, a senior engineer, graduated from Thermal Engineering Department of Tsinghua University with a bachelor's degree. He is currently a deputy general manager and chief engineer of the Company. Mr. Xie concurrently serves as an executive director of Huadian Zhejiang Longyou Thermal Power Company Limited and Huadian International Shandong Project Company Limited and as the chairman of Anhui Huadian Lu'an Power Generation Company Limited, Tianjin Huadian Nanjiang Thermal Power Company Limited and Tianjin Huadian Tiantou Heating Company Limited, and an executive director of Huadian International Shandong Materials Company Limited. Before joining the Company, Mr. Xie successively served in the Huabei Electricity Research Institute, Safe Production Department of the Ministry of Power, Generation and Transmission Operation Department of State Electric Power Corporation and Production Operation Department of China Huadian Corporation. He has 26 years' experience in scientific research, production and management of electric power.

Management Discussion and Analysis



(1) MACROECONOMIC CONDITIONS AND ELECTRICITY DEMAND

According to relevant information and statistics, the gross domestic product ("**GDP**") of the PRC in 2013 amounted to RMB56,884.5 billion, representing an increase of 7.7% over 2012. Power consumption of the whole society totaled 5,322.3 million MWh, representing a faster growth of 7.5% over 2012, of which the consumption of the primary industry accounted for 101.4 million MWh, representing a year-on-year increase of 0.7%, secondary industry accounted for 3,914.3 million MWh, representing a year-on-year increase of 7.0%, and tertiary industry accounted for 627.3 million MWh, representing a year-on-year increase of 10.3% and the consumption by urban and rural residents accounted for 679.3 million MWh, representing a year-on-year increase of 9.2%.

(2) TURNOVER

In 2013, the Group strengthened the management, actively strove for planned output and optimized scheduling, and achieved a considerable increase in power generation. The total volume of power sold by the Group for the year was 164.35 million MWh, representing an increase of approximately 12.02% over 2012. Turnover for the year amounted to approximately RMB66,049 million, representing an increase of approximately 11.80% over 2012. The increase in turnover was mainly due to the growth in volume of power sold.

(3) MAJOR OPERATING EXPENSES

In 2013, the operating expenses of the Group amounted to approximately RMB53,565 million, representing an increase of approximately 2.82% over 2012. This was mainly attributable to the combined effect of more power generation and lower coal prices.

The principal contribution to the operating expenses of the Group was fuel costs, which amounted to approximately RMB35,729 million in 2013, representing a decrease of approximately 3.68% over 2012. Apart from the coal cost increased due to the increase in power generation, the Group's unit price of standard coal for furnace decreased by 14.83% over 2012. The fuel cost accounted for approximately 66.70% of the Group's operating expenses, representing a decrease of approximately 4.50 percentage points over 2012.

Depreciation and amortisation expenses of the Group amounted to approximately RMB7,508 million in 2013, representing an increase of approximately 19.50% over 2012. This was mainly due to the commencement of operation of new generating units and the depreciation of newly operated technical reconstruction projects.

Management Discussion and Analysis (Continued)

Repairs, maintenances and inspection expenses of the Group amounted to approximately RMB2,529 million in 2013, representing an increase of approximately 28.89% over 2012. This was mainly due to the increase in the number of generating units undergoing repairs and the increase in costs of consumable materials as a result of increase in power generation.

Personnel costs of the Group amounted to approximately RMB3,424 million in 2013, representing an increase of approximately 21.90% over 2012, mainly due to the increase in the number of operating staff due to the commencement of operation of new generating units and in employee remuneration and the accordingly increase in payment base of social insurance.

Administration expenses of the Group amounted to approximately RMB2,263 million in 2013, representing an increase of approximately 23.71% over 2012, mainly due to the increase in impairment loss of assets and the commencement of operation of new generating units.

(4) INVESTMENT INCOME

Investment income of the Group amounted to approximately RMB3.10 million in 2013, representing a decrease of approximately RMB477 million or 99.35% over the year of 2012, which was mainly attributable to the gain on disposal of equity interest in Ningxia Power Generation Company (Group) Limited ("**Ningxia Power Group**") by the Group in 2012.

(5) OTHER REVENUE AND NET INCOME

In 2013, the other revenue and net income of the Group amounted to approximately RMB85.38 million, representing a decrease of approximately RMB666 million or 88.63% over 2012, mainly due to the decrease in government grants and the loss from disposal of assets demolished in environmental improvement project.

(6) SHARE OF PROFIT OF ASSOCIATES AND A JOINT VENTURE

In 2013, profit of associates and a joint venture attributable to the Group amounted to approximately RMB541 million, representing a decrease of approximately RMB105 million or 16.26% over 2012, mainly due to decreased income from coal mines invested by the Group.

(7) FINANCE COSTS

Finance costs of the Group in 2013 amounted to approximately RMB6,084 million, representing a decrease of approximately RMB204 million or 3.24% over 2012. This was mainly attributable to the decrease in the Group's operating borrowings, optimization of debt structure, and decrease in capital cost rate.

(8) INCOME TAX

Income tax of the Group in 2013 amounted to RMB1,515 million, representing an increase of approximately 119.78% over 2012, mainly due to the impact of increase in the Group's profit.

(9) PLEDGE OF ASSETS

As at 31 December 2013, the Company's subsidiaries, including Qingdao Company, Tengzhou Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Laizhou Company, Zhongning Company, Shuiluohe Company, and Ningxia New Energy Company, have altogether pledged their income stream in respect of the sale of electricity, and trade receivables for sale of electricity as security for loans amounting to approximately RMB16,334 million. In addition, the 75% equity interest in Pingshi Power Company held by the Company was pledged as security for repayment of the long-term payables (including the portion due within one year) guaranteed by the Company.

As at 31 December 2013, the generating units and relevant equipment, construction in progress, land use right and mining rights of Pingshi Power Company, Shuiluohe Company and Shanxi Maohua Energy Investment Company Limited were mortgaged to secure their loans amounting to RMB3,899 million.

(10) INDEBTEDNESS

As at 31 December 2013, the total borrowings of the Group amounted to approximately RMB82,463 million, of which borrowings denominated in US dollars and Euro amounted to approximately US$199 million and approximately EUR23 million, respectively. The liabilities to assets ratio was 80.68%, approximately 2.54% percentage points lower than that in 2012. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB24,353 million, and long-term borrowings due after one year amounted to approximately RMB58,111 million. The closing balance of short-term and super short-term debenture payables of the Group amounted to approximately RMB17,250 million, and the medium-term notes (including the portion due within one year) and balance of the debt financing instruments issued through non-public offering to target subscribers amounted to approximately RMB13,365 million. The closing balance of obligations under finance lease of the Group amounted to RMB1,491 million, increased by RMB535 million or 55.90% as compared with last year.

(11) CONTINGENT LIABILITIES

As at 31 December 2013, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB87.24 million to Longtan Company, an associate of Guang'an Company. Zhongning Company provided guarantees to banks for loans amounting to approximately RMB20.36 million to Ningxia Power Group. Save as disclosed above, the Group had no other material contingent liabilities.

(12) PROVISION

Provision represents the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry standards and historical experience. As at 31 December 2013, the balance of the Group's provision amounted to RMB80.05 million.

(13) CASH FLOW ANALYSIS

In 2013, the net cash inflow from operating activities of the Group amounted to approximately RMB15,450 million, increased by approximately RMB9,931 million over 2012, mainly due to more power generation of the Group and lower procurement prices of coal in 2013; the net cash outflow used in investing activities amounted to approximately RMB14,186 million, decreased by approximately RMB2,214 million over 2012, mainly due to the decrease in external investment and construction in progress of the Group in 2013 as compared to that of 2012; the net cash outflow from financing activities amounted to approximately RMB1,404 million, varied by approximately RMB13,233 million over the net cash inflow from financing activities amounting to approximately RMB11,829 million in 2012, mainly due to increase in cash from the operating activities of the Group which resulted in more net repayment of borrowings in 2013.

(14) IMPAIRMENT LOSS

In 2013, the Group made provisions for impairment loss in respect of certain assets such as certain assets suffering long-term loss, assets with shut-down risk, and long-term charged receivables and long-term receivables with significant recovery risk. The major items involved include asset impairment of Suzhou Biomass Energy Company, asset impairment for certain coal-fired generating units of Hangzhou Banshan Company and impairment for trade receivables and long-term receivables. The provisions for impairment loss are expected to reduce the total profit of the Group for 2013 by approximately RMB528 million and the profit for the year attributable to equity shareholders of the Company by approximately RMB376 million, respectively.

Directors' Report

The board of directors ("**Directors**") of the Company (the "**Board**") has pleasure in presenting the annual report together with the audited financial statements of the Group for the year ended 31 December 2013 (the "**Year**").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the generation and sale of electricity and heat, sales of coal and other relevant businesses in the PRC. All electricity generated is supplied to the grid companies where the plants are located. The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in this financial information. The profit of the Group for the year ended 31 December 2013 and the Group's and the Company's financial positions as of that date prepared in accordance with IFRSs are set out on pages 40 to 110 of the annual report.

STATUTORY SURPLUS RESERVE

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the Board) of its profit after tax, as determined under the PRC accounting rules and regulations, to its statutory surplus reserve until the surplus reserve balance reaches 50% of its registered capital. The transfer to the statutory surplus reserve must be made before the distribution of dividend to shareholders. The statutory surplus reserve can be used to make up losses (if any) of the previous year and may be converted into share capital by issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after the issue of new shares is not less than 25% of the registered share capital. The Board resolved to transfer 10% of the annual profit after tax as determined under the PRC accounting rules and regulations, amounting to RMB69,927,000 (2012: RMB6,603,000), to the statutory surplus reserve on 21 March 2014.

DIVIDENDS

Pursuant to a resolution passed at the Board meeting held on 21 March 2014, the Board proposes to declare a final cash dividend of RMB0.225 per share (tax inclusive) (based on the total share capital of 7,371,084,200 shares) for the financial year ended 31 December 2013, totalling RMB1,658,493,945 (tax inclusive). The total dividend accounts for approximately 40.48% of the profit for the year attributable to equity shareholders of the Company for 2013. The dividend distribution proposal is subject to the approval by the shareholders at the annual general meeting.

SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

Particulars of the Company's subsidiaries, associates and a joint venture as at 31 December 2013 are set out in notes 22 and 23 respectively to the financial statements prepared in accordance with IFRSs included in this annual report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Group and the Company as at 31 December 2013 are set out in note 32 to the financial statements prepared in accordance with IFRSs included in this annual report.

INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2013 are set out in note 9 to the financial statements prepared in accordance with IFRSs included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2013 are set out in note 17 to the financial statements prepared in accordance with IFRSs included in this annual report.

RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2013 are set out in the consolidated statement of changes in equity in the financial statements and note 40(a) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report respectively.

DONATIONS

During the year of 2013, the Group made donations for charitable purposes in an aggregate amount of approximately RMB325,000 (2012: RMB620,000).

RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group's staff participate in a retirement plan managed by China Huadian to supplement the above-mentioned plan. The Group's contribution to these plans amounted to RMB491 million during the year of 2013.

EMPLOYEES' MEDICAL INSURANCE

During 2013, there was no change in employees' medical insurance policies of the Group as compared with that of 2012. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

PRE-EMPTIVE RIGHTS

Under the Articles of Association of the Company and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

SHARE CAPITAL

Details of the share capital of the Company for the year 2013 and as at 31 December 2013 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 40(c) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year of 2013, details regarding the percentages of the Group's sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's Sales	Purchases
The largest customer	47.64%	
The five largest customers combined	75.99%	
The largest supplier		9.06%
The five largest suppliers combined		22.34%

None of the Directors, their associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 31 December 2013 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2013, or was a substantial shareholder of the Company as at 31 December 2013 (as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"):

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	3,171,061,853	43.02%	53.38%	—
	H shares	85,862,000(L) *(Note 1)*	1.16%	—	6.00%
Shandong International Trust Corporation ("**Shandong International Trust**")	A shares	800,766,729	10.86%	13.48%	—
Cheah Cheng Hye（謝清海）	H shares	85,720,000(L) *(Note 2)*	1.16%	—	5.99%

(L)=long position

Note 1: So far as the Directors of the Company are aware or are given to understand, these 85,862,000 H shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited.

Note 2: So far as the directors of the Company are aware or are given to understand, these 85,720,000 H shares were held in name of HKSCC Nominees Limited. Each of Cheah Capital Management Limited, Cheah Company Limited and Value Partners Group Limited was deemed to be interested in the same number of H shares by virtue of their being directly and/or indirectly controlled by Cheah Cheng Hye; Hang Seng Bank Trustee International Limited was deemed to be interested in the same number of H shares by virtue of it being a trustee for Cheah Cheng Hye, and To Hau Yin was deemed to be interested in the same number of H shares by virtue of he/she being a spouse or child under 18 of Cheah Cheng Hye.

Save as disclosed above and so far as the directors are aware, as at 31 December 2013, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company' shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Listing Rules) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the directors, supervisors and senior management of the Company for the financial year ended 31 December 2013 and as at the date of this report. All directors and supervisors are currently serving a term of three years, renewable upon re-election and re-appointment every three years.

Name	Position in the Company	Changes
Yun Gongmin	Chairman, Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011 Resigned as the Chairman on 13 January 2014 Ceased to be the non-executive director after the extraordinary general meeting held on 13 January 2014
Li Qingkui	Chairman, Non-executive Director	Appointed at the extraordinary general meeting held on 13 January 2014
Chen Feihu	Vice Chairman, Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011 Resigned as the Vice Chairman on 27 November 2013 Ceased to be the non-executive director after the extraordinary general meeting held on 13 January 2014
Chen Jianhua	Vice Chairman, General Manager	Reappointed upon election as the executive director and general manager of the Company at the annual general meeting held on 8 June 2011 Appointed as the Vice Chairman on 27 November 2013
Chen Dianlu	Vice Chairman, Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Geng Yuanzhu	Executive Director, Deputy General Manager	Appointed as the Deputy General Manager at the sixteenth meeting of the six session of the Board held on 26 April 2013 Appointed as the executive director at the annual general meeting held on 25 June 2013
Wang Yingli	Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Chen Bin	Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Gou Wei	Non-Executive Director	Appointed as the executive director at the extraordinary general meeting held on 28 December 2012 Ceased to be the executive director at the annual general meeting held on 25 June 2013 Reappointed as the non-executive director at the extraordinary general meeting held on 13 January 2014
Chu Yu	Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Wang Yuesheng	Independent Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Wang Jixin	Independent Non-executive Director	Appointed at the annual general meeting held on 8 June 2011
Ning Jiming	Independent Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Yang Jinguan	Independent Non-executive Director	Reappointed upon election at the annual general meeting held on 8 June 2011
Li Xiaopeng	Chairman of the Supervisory Committee	Reappointed upon election at the annual general meeting held on 8 June 2011
Peng Xingyu	Supervisor	Reappointed upon election at the annual general meeting held on 8 June 2011
Chen Bin	Supervisor	Reappointed upon election at the annual general meeting held on 8 June 2011
Zhou Lianqing	Secretary to the Board	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Luo Xiaoqian	Deputy General Manager	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Peng Guoquan	Deputy General Manager	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Xing Shibang	Deputy General Manager	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Chen Cunlai	Chief Financial Officer	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Wang Huiming	Deputy General Manager	Appointed at the first meeting of the six session of the Board held on 8 June 2011
Xie Yun	Chief Engineer, Deputy General Manager	Appointed as the Chief Engineer at the first meeting of the six session of the Board held on 8 June 2011 Appointed as the Deputy General Manager at the tenth meeting of the six session of the Board held on 8 June 2012

The Directors' and Supervisors' remunerations for the year ended 31 December 2013 are set out in note 11 to the financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the existing Directors, Supervisors and members of senior management of the Company, including essentially the particulars required under paragraph 12 of Appendix 16 to the Hong Kong Listing Rules (if and as applicable and appropriate), are set out on pages 12 to 17 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules concerning his independence pursuant to Rule 3.15 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

As at 31 December 2013, none of the Directors, Supervisors, chief executives or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/ or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, Supervisor, chief executive or member of senior management was taken or deemed to have under such provisions of the SFO) and was required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Hong Kong Listing Rules (which for this purpose shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

On 28 December 2012, Mr. Gou Wei was elected as the Executive Director of the Company, and resigned as the Executive Director on 25 June 2013 due to other job arrangement. On 13 January 2014, Mr. Gou Wei was re-elected as the Non-executive Director of the Company. As at the date of this report, Mr. Gou Wei held 10,000 A shares of the Company, accounting for approximately 0.0001% of the total A shares in issue of the Company.

During the year of 2013 and as at 31 December 2013, none of the Directors, Supervisors, chief executives or members of senior management of the Company or any of their respective spouses or children under 18 years of age were granted any right, and the Company (or its subsidiaries, holding company or subsidiaries of its holding company) had not made and was not a party to any arrangement enabling any of them, to subscribe for any share capital or debt securities of the Company or any other body corporate.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance or proposed contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

In 2013, the Company has purchased liability insurance for its Directors and Supervisors.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its Directors and Supervisors. No Director or Supervisor has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

In 2013, there was no management or administration contract in respect of all or substantial part of the Company's business.

SIGNIFICANT EVENTS

Significant events of the Company in the year ended 31 December 2013 are as follows:

(1) Amendments to the Articles of Association

On 25 June 2013, the Company held the annual general meeting ("**AGM**") to consider and approve the amendments to Article 11 of the original Articles of Association, i.e. the business scope of the Company, so as to meet the operating requirements of the Company.

For details please refer to the announcements of the Company dated 26 April 2013 and 25 June 2013.

(2) Change of auditors

On 25 June 2013, the Company held the AGM to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the international and domestic auditors of the Company for the financial year ended 31 December 2013. KPMG and KPMG Huazhen (Special General Partnership) retired as the international and domestic auditors of the Company, respectively, and have confirmed in writing that there are no matters in relation to their retirement which should be brought to the attention of the Shareholders.

For details please refer to the announcements of the Company dated 27 March 2013 and 25 June 2013.

(3) On-grid tariffs adjustments

According to the notification regarding the adjustments of on-grid tariffs for power generation enterprises (the "Notification") (Fa Gai Jia Ge No. [2013]1942) from the National Development and Reform Commission of the PRC, the on-grid tariffs of the Group's coal-fired power generating units in relevant major service regions was adjusted downwards since 25 September 2013, the weighted average on-grid tariffs for the installed capacity of the Group's coal-fired power generating units (without taking into account increase in the on-grid tariffs that shall result from such adjustments in respect of the denitration and dedusting for the coal-fired power generating units which already met the requirements of the Notification) will decrease by approximately RMB11.4/MWh.

For details please refer to the announcements of the Company dated 15 October 2013.

(4) Proposed issuance of A shares to China Huadian

On 16 October 2013, as approved at the 18th meeting of the six session of the Board of the Company, the Company entered into the A Shares Subscription Agreement with China Huadian, pursuant to which, the Company has conditionally agreed to issue and China Huadian has conditionally agreed to subscribe in cash for an aggregate of 1,150,000,000 new A Shares at the subscription price of RMB3.12 per share, with a total subscription price of RMB3,588,000,000 ("**A Shares Subscription**"). Immediately after completion of the A Shares Subscription, China Huadian and its associates will, as ultimate beneficial owner, hold in aggregate 4,406,923,853 Shares, representing approximately 51.72% of the then enlarged total issued share capital of the Company.

The total proceeds of the A Shares Subscription will be approximately RMB3,588,000,000, which is intended to be used to supplement the working capital of the Company. The net proceeds (after deducting all applicable costs and expenses in association with the A Shares Subscription) of the A Shares Subscription will be approximately RMB3,550,000,000. The accurate net proceeds of the A Shares Subscription and net price of each new A Share to be issued will be determined and disclosed as required by and in accordance with applicable laws and rules, upon completion of the A Shares Subscription and determination of relevant expenses incurred or to be incurred in relation to the A Shares Subscription.

The Board believes that the A Shares Subscription will significantly enhance the capital structure and financial position of the Company by improving its balance sheet and leverage ratios, and enhance the financing capability of the Company, thus strengthening the competitiveness of the Company in long distance, and helping to improve the operating situations of the Company.

The A Shares Subscription has been approved at the extraordinary meeting of the Company held on 6 December 2013. As at the dated of this report, the A Shares Subscription is still in progress.

For details please refer to the Company's announcement dated 16 October 2013, the circular dated 15 November 2013 and the announcement on the voting results of extraordinary general meeting held on 6 December 2013.

(5) Extraordinary General Meeting

The Company held the first extraordinary general meeting in 2013 on 6 December 2013, on which considered and approved the proposal concerning the non-public issuance of shares of the Company, agreed the agreement on subscription for A shares issued by Huadian Power International Corporation Limited by way of non-public Issuance, entered into between China Huadian and the Company, and authorized the Board to deal with relevant matters at full direction; considered and approved the resolutions concerning the continuing connected transactions entered into between the Company and China Huadian, Yanzhou Coal Mining Company Limited ("Yanzhou Coal") and Huainan Mining Industry Group Company Limited ("Huainan Mining"), respectively; considered and approved the resolution regarding the 2014-2016 Shareholders' Return Plan.

For details please refer to the announcement on the poll results of extraordinary general meeting held on 6 December 2013.

CONNECTED TRANSACTIONS

Pursuant to the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2013 are as follows:

(1) Capital Increase in Huadian Property Co., Ltd ("Huadian Property")

On 6 February 2013, the Company entered into the Capital Increase Agreement with Huadian Property, which will be funded entirely by capital contributions by the existing shareholders of Huadian Property. Immediately after the Capital Increase, the registered capital of Huadian Property will be increased by RMB1,110 million. The Company will contribute an amount of RMB150 million in cash, and the equity interests held by the Company in the then enlarged registered capital of Huadian Property will be diluted from approximately 16.6% to approximately 15.4%.

Huadian Property is a subsidiary of the Company's controlling Shareholder, i.e., China Huadian, and thus a Connected Person of the Company according to Hong Kong Listing Rules.

For details please refer to the announcement of the Company dated 6 February 2013.

(2) Capital Increase in Huadian Jinshajiang Upstream Hydropower Development Co., Ltd. ("Huadian Jinshajiang")

On 31 May 2013, the Company entered into the Capital Increase Agreement with Huadian Jinshajiang, which will be funded entirely by capital contributions by the existing shareholders of Huadian Jinshajiang. Immediately after the Capital Increase, the registered capital of Huadian Jinshajiang will be increased by RMB336 million. The Company will contribute an amount of RMB67.2 million in cash on a pro-rata basis and the equity interests held by the Company in the then enlarged registered capital of Huadian Jinshajiang are expected to remain as 20%.

Huadian Jinshajiang is a subsidiary of the Company's controlling Shareholder, i.e., China Huadian, and thus a Connected Person of the Company according to Hong Kong Listing Rules.

For details please refer to the announcement of the Company dated 31 May 2013.

(3) Proposed issuance of new A shares to China Huadian

On 16 October 2013, the Company entered into the A Shares Subscription Agreement with China Huadian, pursuant to which, the Company has conditionally agreed to issue and China Huadian has conditionally agreed to subscribe in cash for an aggregate of 1,150,000,000 new A Shares at the subscription price of RMB3.12 per share, with a total subscription price of RMB3,588,000,000. Immediately after completion of the A Shares Subscription, China Huadian and its associates will, as ultimate beneficial owner, hold in aggregate 4,406,923,853 Shares, representing approximately 51.72% of the then enlarged total issued share capital of the Company.

China Huadian is a controlling shareholder of the Company, thus it is a connected person of the Company according to Hong Kong Listing Rules.

For details please refer to the Company's announcement dated 16 October 2013, the circular dated 15 November 2013 and the announcement on the voting results of extraordinary general meeting held on 6 December 2013.

CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transactions in Relation to Renewal of the Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian

A. Connected transactions expected to be conducted in 2014:

On 17 October 2013, the Group and China Huadian entered into the Coal, Equipments and Services Purchase (Supply) Framework Agreement between Huadian Power International Corporation Limited and China Huadian Corporation ("Framework Agreement"), which constituted all framework agreements for purchase of coal, engineering equipment, systems and products by the Company (including subsidiaries incorporated into the consolidated financial statements of the Company; the same applies below) from China Huadian (including its subsidiaries and invested companies directly or indirectly held as to 30% or more by it; the same applies below), provision of material procurement service, technical service, maintenance service, financial agent service, equity transaction intermediary service, CDM registration service, quota services and property service at the headquarters of the Company by China Huadian to the Company and supply of coal and provision of maintenance service and quota services by the Company to China Huadian. The term of the Framework Agreement commenced from 1 January 2014 and expires on 31 December 2014. Pursuant to the Framework Agreement, the annual cap for purchase of coal by the Group from China Huadian is RMB6.0 billion; the annual cap for provision of engineering equipments, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian is RMB3.0 billion; and sale of coal and provision of services such as repair and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian is RMB2.0 billion.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

B. Connected transactions conducted in 2013:

On 6 November 2012, the Group entered into the similar Coal, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian, pursuant to which, during the period from 1 January 2013 to 31 December 2013, the annual cap for purchase of coal by the Group from China Huadian was RMB6.0 billion; the annual cap for provision of engineering equipment, systems, products and engineering and construction contracting projects, supplies procurement services and other miscellaneous and relevant services by the Group from China Huadian was RMB1.5 billion; the annual cap for sale of coal and provision of services such as repair and maintenance of generating units of power plants, alternative power generation and relevant quota services to China Huadian was RMB2.0 billion.

In 2013, the actual amount of coal procurement by the Group from China Huadian was RMB1,761 million; the actual amount of provision of engineering equipments, systems, products, and engineering and construction contracting projects, supplies procurement service and other miscellaneous and relevant services by China Huadian was RMB1,374 million, and the actual amount sale of coal, provision of maintenance services for generation units of the power plants, alternative power generation and relevant quota services to China Huadian by the Group was RMB70 million.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

(2) Renewal of Financial Services Agreement with China Huadian Corporation Finance Company Limited ("Huadian Finance")

On 7 February 2012, the Group entered into the Financial Services Agreement with Huadian Finance a non wholly-owned subsidiary of China Huadian for a term of three years commencing from 1 January 2012 to 31 December 2014, pursuant to which Huadian Finance shall provide certain financial services (including deposit services, settlement services, loan services) to the Group. Pursuant to the Financial Services Agreement, the maximum daily balance of the deposits placed by the Group with Huadian Finance is RMB4.8 billion and shall not be more than the average daily loan balance from Huadian Finance to the Group.

For details, please refer to the announcements dated 9 November 2011 and 7 February 2012 and the circular dated 10 February 2012 of the Company.

In 2013, the average daily balance of the deposits placed by the Group with Huadian Finance did not exceed RMB4.8 billion and was not more than the average daily loan balance from Huadian Finance to the Group.

(3) Continued Implementation of the Lease Agreement with Beijing Anfu Real Estate Development Co., Ltd. ("Anfu Real Estate")

On 9 November 2011, the Group renewed the Lease Agreement with Anfu Real Estate (a non wholly-owned subsidiary of China Huadian), pursuant to which, the Group would lease certain properties in Huadian Tower from Anfu Real Estate for a term of three years commencing from 1 April 2012 to 31 December 2014 at an annual rental of approximately RMB49 million.

For details, please refer to the connected transaction announcement of the Company dated 9 November 2011.

The annual rental paid by the Group to Anfu Real Estate during 2013 amounted to approximately RMB49 million.

(4) Continued Implementation of the Coal Purchase Framework Agreement with Yanzhou Coal

The Group and Yanzhou Coal renewed the Coal Purchase Framework Agreement on 17 October 2013, for another term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB8 billion, RMB8 billion and RMB8 billion respectively. Yanzhou Coal is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Yanzhou Coal is a connected person of the Company and the purchase of coal from Yanzhou Coal by the Company constitutes a continuing connected transaction of the Group, for the purpose of the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2013, the Group's actual amount of coal purchased from Yanzhou Coal was approximately RMB3,289 million.

(5) Continued Implementation of the Coal Purchase Framework Agreement with Huainan Mining

The Group and Huainan Mining renewed the Coal Purchase Framework Agreement on 17 October 2013, for a term of three years from 1 January 2014 to 31 December 2016. The proposed annual caps for the coal purchase would not exceed RMB4 billion, RMB4 billion and RMB4 billion respectively. Huainan Mining is a substantial shareholder of a non wholly-owned subsidiary of the Company, thus Huainan Mining is a connected person of the Group and coal purchase from Huainan Mining by the Company constitutes a continuing connected transaction of the Group, for the purpose of the Hong Kong Listing Rules.

For details, please refer to the announcement dated 17 October 2013 and the circular dated 15 November 2013 of the Company.

In 2013, the Group did not purchase any coal from Huainan Mining according to market-oriented principles of procurement.

(6) Continued Implementation of the Continuing Loan Framework Agreement Entered into Respectively with China Huadian and Shandong International Trust

On 9 November 2011, the Group entered into the continuing loan framework agreement with China Huadian and Shandong International Trust respectively, for a term of three years from 1 January 2012 to 31 December 2014, pursuant to which, the annual average loan balance of the Group from China Huadian and Shandong International Trust shall not be more than RMB20 billion and RMB10 billion respectively, provided that (i) the loan rate shall not be higher than that available to the Group from commercial banks during the same period; and (ii) the Group shall not be required to provide any mortgages, pledges, third party guarantees or other forms of guarantee. China Huadian and Shandong International Trust respectively hold 44.19% and 10.86% equity interests of the Company. According to relevant requirements of the Listing Rules of the Shanghai Stock Exchange, the transaction constituted a connected transaction of the Group.

For details, please refer to the announcement dated 9 November 2011 and circular dated 12 December 2011 of the Company.

As at 31 December 2013, the loan balances of the Group from China Huadian and its subsidiaries and Shandong International Trust amounted to RMB6,847 million and RMB613 million respectively, both falling within the maximum average annual balances approved by shareholders in general meeting.

The Company has engaged an external auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has submitted an unqualified letter containing their conclusions in respect of the No. (1) to No. (5) continuing connected transactions set out above to the Board of the Company in accordance with Rule 14A.38 of the Hong Kong Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The auditors of the Company confirmed that these continuing connected transactions:

(1) had been approved by the Board;

(2) were carried out on the price policies of the Company, if the transactions related to the provision of goods or services by the Company;

(3) were carried out under relevant agreements of these transactions; and

(4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

(1) these transactions were entered into in the ordinary and usual course of business of the Group;

(2) these transactions were under normal commercial terms, or the terms of the agreements governing these transactions are no less favorable than those generally available from the independent third party with similar procurement scale under similar products or services; and

(3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

In respect of the Company's material related party transactions disclosed in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company for the purpose of the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material related party transactions of Company set out in note 41 to the financial statements prepared in accordance with International Financial Reporting Standards do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued listed securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2013 prepared in accordance with IFRSs are set out on page 111.

The Company is not aware of any matter taking place in the year ended 31 December 2013 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

MATERIAL LITIGATION

As at 31 December 2013, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The final outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that any possible legal liability which may incur from the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2013, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2013 and the financial statements prepared under IFRSs for the financial year ended 31 December 2013.

AUDITORS

On 25 June 2013, the Company held the AGM. At the AGM, Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP were appointed as the Company's international and domestic auditors, respectively, for the financial year ended 31 December 2013. KPMG and KPMG Huazhen (Special General Partnership) had resigned as the international and domestic auditors of the Company, respectively, and had confirmed in writing that there were no matters in relation to their resignation which should be brought to the attention of the shareholders of the Company.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
21 March 2014

Corporate Governance Report

The Company has always attached great importance to the corporate governance and continuously promoted management innovation. In strict compliance with the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved its corporate governance structure, enhanced the level of its governance and endeavoured to achieve a harmonious development between the Company's growth and the interest of its shareholders.

The codes on corporate governance practices adopted by the Company include, but are not limited to, the following documents:

1. Articles of Association;

2. Code on Shareholders' Meetings, Code on Board Practices and Code on Supervisory Committee (as parts of the current Articles of Association of the Company);

3. Working procedures for Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, and Strategic Committee of the Board of the Company;

4. Working Requirements for Independent Directors;

5. Working Requirements for Secretary to the Board;

6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;

8. Management Methods on Raised Proceeds;

9. Management Methods on External Guarantees;

10. Management Rules on Information Disclosure;

11. Management Rules on Investor Relations and Implementation Procedures;

12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;

13. Code on Trading in Securities of the Company by Employees of the Company;

14. Management Methods for Affairs of the Board of Directors;

15. Working Rules on Annual Report for the Audit Committee of the Board;

16. Working Rules on Annual Report for Independent Directors;

17. Management Methods on Connected Transactions; and

18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders'value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company during the reporting period has met the requirements under the code provisions in the Corporate Governance Code (the "Corporate Governance Code") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the particulars of which are as follows:

— The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited by Employees, which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), as set out in Appendix 10 to the Hong Kong Listing Rules.

— In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Working Procedures for the Strategic Committee.

— In the financial year of 2013, a total of 8 Board meetings were held by the Company.

— The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

THE BOARD OF DIRECTORS

As an efficient leader of the Company, the Board is responsible for the leadership and supervision of the Company.

Directors as a whole are responsible for advancing activities of the Company through commanding and monitoring. We are of the opinion that all Directors can act on an objective basis and make decisions in the interest of the Company.

As of the date of this report, members of the Board of the Company are set out below:

Name	Position in the Company
Li Qingkui	Chairman, Non-executive Director
Chen Jianhua	Vice Chairman, General Manager
Chen Dianlu	Vice Chairman, Non-executive Director
Geng Yuanzhu	Executive Director
Wang Yingli	Non-executive Director
Chen Bin	Non-executive Director
Gou Wei	Non-executive Director
Chu Yu	Non-executive Director
Wang Yuesheng	Independent Non-executive Director
Wang Jixin	Independent Non-executive Director
Ning Jiming	Independent Non-executive Director
Yang Jinguan	Independent Non-executive Director

Note: Mr.Gou Wei resigned as an executive Director of the Board with effect from 25 June 2013 and was re-appointed as an non-executive Director of the Company at the extraordinary General Meeting held on 13 January 2014. Mr. Geng Yuanzhu was appointed as an executive Director at the 2012 annual general meeting held on 25 June 2013. Mr. Chen Feihu resigned as the vice Chairman of the Board with effect from 27 November 2013 due to other work arrangement. Mr. Chen Jianhua was appointed as the Vice Chairman of the Company at the twentieth meeting of the six session of the Board held on 27 November 2013. Mr. Yun Gongmin resigned as the Chairman of the Board with effect from 13 January 2014 due to his age reaching retirement age. Mr. Li Qingkui was appointed as the Chairman and a non-executive Director of the Company at the extraordinary general meeting held on 13 January 2014.

In order to achieve sustainable and balance development, the Company will take into account many aspects concerning the diversity of members of the Board, including but not limited to gender, age, cultural and educational background, race, professional expertise, skills, knowledge and terms of service, when determine the composition of the Board.

The biographical details of Directors and connections between them are detailed in the section headed "Directors, Supervisors and Senior Management" in this annual report. Directors (including non-executive Directors) of each session serve a term of three years, renewable upon re-election and reappointment. The term of office for independent non-executive Directors is renewable with a limit of six years. A Director who is appointed to fill a temporary vacancy shall be elected by shareholders at the first general meeting following his/her appointment, and his/her term of office shall be terminated upon re-election of Directors. A Director who is appointed for the first time shall report to the Board his/her position as director or other roles in other companies or entities upon his/ her appointment, and such reporting of relevant interests is updated annually. In the event that the Board considers that a conflict of interest exists for a Director or any of his/her associates when considering any resolution, such Director shall report such interest and abstain from voting.

The independent non-executive Directors of the Company have submitted written confirmation of their independency as required by Rules 3.13 of the Hong Kong Listing Rules. The independent non-executive Directors of the Company have extensive expertise and experience. Among the ten nonexecutive Directors, four of them (amounting to one-third of Directors) are independent non-executive Directors, where Mr. Yang Jinguan is an accounting professional. While playing an important role of check and balance, they safeguard the interest of shareholders and the Company as a whole. The Directors are of the opinion that all independent non-executive Directors are able to deliver effective independent judgment under the independence guidelines set out in Rules 3.13 of the Hong Kong Listing Rules, and are independent in accordance with such guidelines.

To ensure the compliance with the Board procedures and all applicable rules, each Director has access to advice and service of the Secretary to the Board.

Directors are encouraged to enroll in comprehensive professional development courses and seminars relating to the listing rules, the Companies Ordinance/ laws and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

The current Directors received the following trainings with an emphasis related to the roles, functions and duties of a director of a listed company during the year ended 31 December 2013:

Directors	Trainings *(Note)*
Li Qingkui	A
Chen Jianhua	A
Chen Dianlu	A
Geng Yuanzhu	A, B
Wang Yingli	A
Chen Bin	A
Gou Wei	A
Chu Yu	A
Wang Yuesheng	A
Wang Jixin	A
Ning Jiming	A
Yang Jinguan	A

Note:

A: Read about the listing rules, the general business or responsibilities of the directors and other relevant training materials and updates
B: Attend seminars and / or lectures

Current Secretary to the Board has taken no less than 15 hours of relevant professional training for the year ended 31 December 2013.

CHAIRMAN AND GENERAL MANAGER

To improve independence, accountability and responsibility, the positions of Chairman and General Manager of the Company are assumed by different individuals. Mr. Li Qingkui and Mr. Chen Jianhua are currently serving as Chairman and General Manager respectively. As the legal representative of the Company, the Chairman presides over the Board, aiming to ensure that the Board is acting in the best interest of the Company, operating effectively, duly performing its responsibilities and engaging in discussion of important and appropriate matters, and to ensure Directors' access to accurate, timely and clear information. In addition, the Chairman appoints the Secretary to the Board to arrange for agenda of every Board meeting and consider any matter proposed by other Directors to be included in the agenda, thus ensuring that all Directors are properly briefed regarding matters discussed at the Board meeting and their access to adequate and reliable information.

The General Manager heads the management and is responsible for the daily operation of the Company. With the aid of other executive Directors and management team of each functional department, the General Manager manages the businesses of the Company, including implementation of policies adopted by the Board and reporting to the Board in respect of the overall operation of the Company.

THE MANAGEMENT

The duties and responsibilities of the Board and the management are separated in accordance with relevant requirements of the Companies Act, the Articles of Association and the Working Rules for General Manager of the Company. The duties and responsibilities of the management include, but are not limited to, the following matters:

(1) to preside over the production, operation and management of the Company, and to implement resolutions of the Board;

(2) to formulate development plans, annual production and operation plans, annual financial budget scheme and final account plan, profit (after tax) distribution plan and loss recovery plan of the Company;

(3) to implement the Company's annual business plans and investment schemes;

(4) to formulate the scheme of the Company's internal management structure;

(5) to formulate the Company's basic management system;

(6) to formulate the Company's basic regulations;

(7) to determine remuneration, bonus and penalties of employees of the Company and to determine appointment or dismissal of them;

(8) to handle significant business on behalf of the Company; and

(9) to exercise other powers within the authorisation of Articles of Association and the Board.

BOARD MEETINGS

The Board shall convene at least four meetings annually, approximately one in each quarter. The Chairman of the Board should convene the Board Meetings, ensure the Board's effective discharge of its duties, schedule agenda of Board meetings and consider matters proposed by other Directors to be included in the agenda. Notice of meeting shall be delivered in fourteen days prior to date of a regular meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within ten days in any of the following cases:

(1) when proposed by shareholders representing more than 10% voting right;

(2) when deemed as necessary by the Chairman of the Board;

(3) when proposed jointly by more than one-third of the Directors;

(4) when proposed jointly by more than one-half of the independent Directors;

(5) when proposed by the Supervisory Committee; and

(6) when proposed by the General Manager.

Notices of Board meetings and extraordinary Board meetings should be served on all Directors, either by facsimile, express mail, registered air mail or by hand.

If the time and venue for a regular meeting have been previously determined by the Board, no notice is necessary. Otherwise, the Chairman of the Board or relevant proposer shall inform the Secretary to the Board of the proposal and agenda of the Board meeting in writing, and the Secretary to the Board shall then dispatch a notice containing time, venue and agenda of the Board meeting to the Directors in ten days prior to date of the meeting. However, each Director may waive his/her right for being served with the notice of the Board meeting prior or subsequent to the dispatch of the notice. The Secretary to the Board should also send a copy of the above mentioned notice of the Board meeting to the Chairman of the Supervisory Committee.

Each Director has one vote. The Board's resolutions shall be passed by a simple or two-thirds majority of the Directors in accordance with the stipulations of relevant laws, regulations and Articles of Association of the Company.

A Director shall attend Board meetings in person. Regular or extraordinary Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. So long as the participating Directors can hear and communicate effectively with each other, all participating Directors are deemed as if they had participated in the meeting in person.

A Director shall appoint, in writing, another Director to attend the meeting on his/her behalf in case of unavailability of attendance. The scope of authorisation shall be specified in the authorisation letter. The Director attending the meeting on behalf of the entrusting Director shall only exercise the rights within the authorisation letter. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, such Director shall be deemed to have waived his/her voting rights at such meeting.

The Secretary to the Board shall prepare detailed minutes for the matters put to the Board meeting for consideration and resolutions passed, including any reserved or dissenting opinion expressed by the Directors. Within a reasonable period of time following the conclusion of the Board meeting, the Secretary to the Board shall dispatch to all Directors the draft and final minutes of Board meetings for comments and for records respectively.

Proposals to be passed by written resolution shall be dispatched to each Director, either by hand, mail, telex or facsimile, instead of convening a Board meeting. Unless otherwise stipulated by applicable laws, regulations and/or relevant Listing Rules, a resolution shall come into effect without a Board meeting being convened when the number of Directors signing and consenting to the written resolution meets the quorum for the resolution as required by the laws and regulations and the Articles of Association in connection therewith, and the signed resolution is returned to the Secretary to the Board by the aforesaid means.

Any written resolution not being executed by Directors in accordance with legal procedures, even opined by each Director by other means, shall not come into legal force as a resolution of the Board.

Minutes of meetings of the Board and its committees shall be kept by the Secretary to the Board, and upon any Director's request to review, the Secretary to the Board shall produce to such Director the requested minutes within a reasonable period of time.

To ensure sound corporate governance, the Board has established the following committees: Audit Committee, Remuneration and Appraisal Committee and Strategic Committee, and specified their respective terms of references in accordance with principles stipulated by laws, regulations and the GC Code. Relevant administrative departments set up by those special committees in the Company are responsible for the preparation of meeting documents while those special committees report to the Board.

The Board reports to the general meeting, and is also responsible for the completeness of financial data as well as the effectiveness of internal control system and risk management procedures of the Company. Besides, the Board shall bear the responsibility for the preparation of corporate financial statements, while the General Manager assumes duties of attaining business goals and attending to daily operations of the Company. Through regular reviews of functions of the General Manager and his/her authorised powers, the Board ensures the rationality of such arrangement. In addition, the Board also regularly reviews performances in relation to budget and business goals of operating departments, and retained various powers, including:

(1) to convene general meetings and report its work to the general meetings;

(2) to implement the resolutions passed at general meetings;

(3) to decide the Company's business plans and investment schemes;

(4) to formulate the Company's annual budget scheme and final account plan;

(5) to formulate the Company's profit distribution plan and loss recovery plan;

(6) to formulate proposals for increasing or reducing the Company's registered capital and the issue of corporate debentures;

(7) to draw up plans for repurchase of the Company's shares or proposal for merger, division or dissolution of the Company;

(8) to determine external investment, acquisition and disposal of assets, pledge of assets, trusted finance, connected transactions within the authorisation of the general meeting and other guarantee matters not subject to approval of the general meeting as stipulated by law, administration regulations and the Article of Association;

(9) to determine the establishment of the Company's internal management structure;

(10) to appoint or dismiss the Company's General Manager and the Secretary to the Board, and pursuant to the General Manager's nominations, to appoint or dismiss senior management including the deputy general managers and financial officers of the Company and determine their remuneration, bonus and penalties;

(11) to formulate the Company's basic management system;

(12) to formulate proposed amendments to the Articles of Association;

(13) to manage the information disclosure of the Company;

(14) to propose at general meetings for the appointment or change of auditors providing audit services to the Company;

(15) to hear the work report and inspect the work of the General Manager; and

(16) to exercise any other powers specified in relevant laws and regulations or the Articles of Association and conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the abovementioned items (6), (7), (12) and external guarantees which shall be passed by two-thirds majority of the Directors, the Board's resolutions in respect of any other aforesaid matters may be passed by a simple majority.

The Board mainly performed the following duties in respect of corporate governance in the Reporting Period:

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

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

(3) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company;

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

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

Eight Board meetings were held in the financial year from 1 January 2013 to 31 December 2013, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance (including by proxies) *(Note)*/number of meetings held
Yun Gongmin	Chairman, Non-executive Director	8/8
Chen Feihu	Vice Chairman, Non-executive Director	8/8
Chen Jianhua	Vice Chairman, General Manager	8/8
Chen Dianlu	Vice Chairman, Non-executive Director	8/8
Geng Yuanzhu	Executive Director	5/5
Wang Yingli	Non-executive Director	8/8
Chen Bin	Non-executive Director	8/8
Gou Wei	Executive Director	3/3
Chu Yu	Non-executive Director	8/8
Wang Yuesheng	Independent Non-executive Director	8/8
Wang Jixin	Independent Non-executive Director	8/8
Ning Jiming	Independent Non-executive Director	8/8
Yang Jinguan	Independent Non-executive Director	8/8

Note: During the Reporting Period, the Company held eight meetings (from the 14th meeting to the 21st meeting) of the sixth Session of the Board. Mr. Yun Gongmin appointed Mr. Chen Feihu as proxy, and Mr. Ning Jiming appointed Mr. Wang Yuesheng as proxy, respectively, to attend and vote at the 15th meeting of the sixth Session of the Board.

One annual general meeting and one extraordinary general meeting were held in the financial year from 1 January 2013 to 31 December 2013, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Times of attendance/ number of meetings held
Yun Gongmin	Chairman, Non-executive Director	1/2 ***(Note)***
Chen Feihu	Vice Chairman, Non-executive Director	1/1
Chen Jianhua	Vice Chairman, General Manager	2/2
Chen Dianlu	Vice Chairman, Non-executive Director	2/2
Geng Yuanzhu	Executive Director	2/2
Wang Yingli	Non-executive Director	2/2
Chen Bin	Non-executive Director	2/2
Gou Wei	Executive Director	1/1
Chu Yu	Non-executive Director	2/2
Wang Yuesheng	Independent Non-executive Director	2/2
Wang Jixin	Independent Non-executive Director	2/2
Ning Jiming	Independent Non-executive Director	2/2
Yang Jinguan	Independent Non-executive Director	2/2

Note: Mr. Yun Gongmin attended the annual general meeting of the Company held in 2013.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group.

Mr. Chen Cunlai was in charge of the accounts department. With the assistance of the accounts department, the Directors ensure that the financial statements of the Company are prepared in compliance with relevant laws, regulations and applicable accounting policies. The Directors also confirm that the financial statements will be published timely.

The responsibility statement made by the Company's auditors in respect of the financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code" as the code of conduct regarding securities transactions by its Directors. In addition, it formulated the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" which requires the Directors and Supervisors to sign, as early as the commencement of their term of office, a statement on shares transaction undertaking that any share transaction by Directors or Supervisors and their associates will be reported to the Board or the Supervisory Committee. No securities transaction should be conducted by the Directors or Supervisors prior to a written consent being given with a specific date certifying compliance of the proposed transaction with the listing rules of the Hong Kong Stock Exchange and the Shanghai Stock Exchange and the requirements regarding transactions of securities of listed companies by directors and supervisors as stipulated in the abovementioned codes.

After specific inquiries with all Directors and Supervisors, the Directors and Supervisors of the Company have complied with the relevant codes on securities transactions by directors and supervisors set out in the "Model Code" and the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" during the year ended 31 December 2013.

AUDIT COMMITTEE

In accordance with the Hong Kong Listing Rules, the Board set up the Audit Committee in August 1999. Subsequently, in accordance with the PRC listing rules, the Board set up another audit committee in March 2004. The two committees comprise the same five members, including three Independent Non-executive Directors and two Non-executive Directors of the Company. Currently, one of the five members is an accounting professional. In addition to carrying out duties in accordance with the Hong Kong Listing Rules and requirements stipulated in the A Guide for Effective Operation of an Audit Committee issued by Hong Kong Institute of Certified Public Accountants and the "Principle on Governance of Listed Companies" issued by the CSRC, the Audit Committee comprising such five members also formulated the Working Rules for the Audit Committee of the Board of Directors of Huadian Power International Corporation Limited by setting out the scope of their powers and functions in details.

The primary terms of reference of the Audit Committee include:

(1) to make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;

(2) to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process;

(3) to formulate and implement policies on engaging an external auditor to supply non-audit services;

(4) to act as the key representative body for the communication between the Company and the external auditor;

(5) to examine, monitor and supervise integrity of the Company's financial statements, annual reports and interim reports, and to review the major opinions on financial reporting in such statements and reports.

The terms of reference of the Audit Committee are published on the website of the Company at http://www.hdpi.com.cn/st/TZ/DSWYH/SHENGJI.HTM.

The current Audit Committee is chaired by Independent Non-executive Director Mr. Yang Jinguan, and comprises four other members including two Independent Non-executive Directors, Mr. Wang Yuesheng and Mr. Ning Jiming, and two Non-executive Directors, Ms. Wang Yingli and Mr. Chu Yu. They are responsible for the communication between the Company's internal and external auditors, supervision and examination while giving advice to the Board on audit, internal control and corporate governance. In particular, Mr. Yang Jinguan is an accounting professional.

The Audit Committee held seven meetings on 24 January, 25 March, 26 April, 19 August, 17 October, 30 October and 30 December of 2013 respectively, the average attendance of which was 100%. The attendance of each Director is set out as follows (there was no attendance by proxy):

Directors	Times of attendance / number of meetings held	Attendance Rate
Yang Jinguan	7/7	100%
Wang Yuesheng	7/7	100%
Ning Jiming	7/7	100%
Wang Yingli	7/7	100%
Chu Yu	7/7	100%

During the reporting period, the Audit Committee considered and approved the proposals in relation to connected transactions and continuing connected transactions and the relevant information in the annual and interim financial reports of the Company, carefully reviewed the Directors' Report, the Auditors' Report and Internal Control Self-evaluation Report and considered and approved the amended List of Related Parties and the Identification Standards of Internal Control Defect of the Company. In respect of corporate governance, the Audit Committee has developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual applicable to the Company's employees and Directors; and reviewed the Company' s compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

INTERNAL CONTROL

The Board of the Company is the decision-making organ for internal control and responsible for establishing and implementing effective internal control systems of the Company, and takes the ultimate responsibility for the internal control system of the Company. The Board understands its responsibility for ensuring the soundness, appropriateness and effectiveness of the internal control system of the Company so as to provide rational guarantee for attainment of the objectives of the Company. The Audit Committee, the management and external auditors are committed to improving the internal control system of the Company. The Board reviewed the effectiveness of the relevant systems through the Audit Committee during the year and perform the duty of supervision through the Audit Committee and Independent Board Committee. The Supervisory Committee of the Company supervises the establishment and implementation of internal control by the Board of Directors. The Company's management is responsible for the daily operation of internal control of the enterprises. The Audit Committee of the Board is responsible for reviewing the internal control of the Company, supervising the effective execution of the internal control and self-evaluation of the internal control, and coordinating the audit of the internal control and other relevant matters. The working place of the Audit Committee is located at the Supervision and Audit Department of the Company. Subsidiaries have set up internal control supervisory organizations or positions, which are responsible for promoting the improvement and evaluation of internal control system under the leadership of their respective boards of directors.

Further system perfection and effectiveness evaluations were carried out in respect of internal control in 2013. In accordance with the Application Guidelines for Enterprise Internal Control issued by the five ministries and commissions of the PRC including the Ministry of Finance, the Company launched a further overhaul of its internal control system and that of its subsidiaries, and has put in place a relatively sound and well-functioning internal control system.

In 2013, the evaluation on the internal controls of the Company and its subsidiaries covered operation control, financial control, compliance control and risk management under the guidance of Basic Framework of Internal Control and Risk Management issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the Basic Norms of Corporate Internal Control jointly issued by the five ministries and commissions of the PRC including the Ministry of Finance. Based on the results of evaluation, the Audit Committee of the Board prepared the draft of 2013 Internal Control Self-evaluation Report, the draft of which was considered and approved at the 23rd meeting of the 6th session of the Board. The 2013 Internal Control Self-evaluation Report of the Board concluded that: without material or major internal control defects being discovered in the evaluation, it is convinced that: in 2013, the Company is in full compliance with the provisions relating to internal control as set out in the Corporate Governance Code, and the existing internal control mechanism of the Company is effective in preventing significant risks and management fraud and in controlling important workflow as required by relevant PRC regulations and securities regulatory authorities. The Board (including the Audit Committee) also considered that the Company has sufficient resources and staff members who are qualified and experienced in accounting and financial reporting. The relevant staff members have taken sufficient training courses and the Company has an adequate budget.

In the future, the Company will, in light of the principle of continuous improvement, review and improve its internal control practices based on its accumulated experiences, shareholders' opinions, and domestic and international development trend as well as the changing of internal and external risks with reference to the listing rules.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has a Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is a specialised committee of the Board established under the resolution of the general meeting. It is responsible for studying the appraisal standards for the Directors and the senior management of the Company, performing appraisal and giving its advice. It is also responsible for research and review of the remuneration policy and scheme for the Directors and the senior management of the Company. The Remuneration and Appraisal Committee is accountable to the Board. It has reviewed the current remuneration policy and proposed to the Board to change the remuneration policy and scheme. After each meeting, the Committee will report to the Board. None of the Directors shall participate in the determination of his/her own remuneration.

The primary terms of reference of the Remuneration and Appraisal Committee include

(1) to make recommendations to the Board on the Company's policy for remuneration of directors and senior management and on procedure for developing such remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board;

(3) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment;

(4) to supervise the execution of the Company's remuneration system; and

(5) to review duty performance by directors and senior management and carry out performance appraisal of them.

The terms of reference of the Remuneration and Appraisal Committee are published on the Company's website: http://www.hdpi.com.cn/st/TZ/ DSWYH/ XINCHOU.HTM.

As at the date of this report, the current Remuneration and Appraisal Committee of the Company is chaired by independent non-executive Director, Mr. Wang Yuesheng, and comprises four other members including non-executive Director, Ms. Wang Yingli, non-executive Director, Mr. Gou Wei and independent non-executive Directors, Mr. Ning Jiming and Mr. Yang Jinguan.

The Remuneration and Appraisal Committee held a meeting on 25 March 2013. The agenda of the meeting included the determination for the 2012 annual salaries of the General Managers and other senior management members based on the appraised results, the 2013 annual salary scheme for the General Manager in 2013 and the 2012 work report of the Remuneration and Appraisal Committee, all of which were submitted to the Board for approval. The attendance of each member at the meeting is as follows (there was no attendance by proxy):

Directors	Times of attendance / number of meetings held	Attendance Rate
Wang Yuesheng	1/1	100%
Ning Jiming	1/1	100%
Yang Jinguan	1/1	100%
Chen Feihu *(Note)*	1/1	100%
Wang Yingli	1/1	100%

Note: Mr. Gou Wei was appointed as a member of the Remuneration Committee at the 22nd meeting of the six session of the Board held on 13 January 2014. Mr. Chen Feihu was no longer a member of the Remuneration Committee.

The Remuneration and Appraisal Committee reviewed and monitored the training and continuous professional development of Directors and senior management of the Company in the reporting period. The remuneration of executive Directors, General Manager and other senior management members of the Company were determined based on their calibre, education level and commitment to work with reference to the Company's results and profit, industry comparables and market conditions.

ANNUAL SALARY SCHEME FOR THE GENERAL MANAGER IN 2013

In order to provide the necessary safeguard for the accomplishment of the strategic targets for the year 2013 and to ensure completion of the annual missions of the Board, the Company linked the annual salary scheme for the General Manager with the annual operating performance of the Company with reference to the Company's actual circumstances.

Based on the Company's development strategies, external environmental changes, annual performance results, wage level of employees and other factors, and with reference to the salary level of the listed peers, the Remuneration and Appraisal Committee determined the annual basic salary plan for the General Manager in 2013 in line with such principles as integration of incentives and constraints, combination of short-term and long-term incentives, priority to efficiency while giving considerations to impartiality, and combination of material and ideological incentives, subject to the approval of the Board before implementation of such plan.

MOTIVATION AND APPRAISAL METHODS FOR OTHER SENIOR MANAGEMENT IN 2013

In order to secure the accomplishment of the strategic targets for the year 2013 and to ensure completion of the annual missions of the Board, the Remuneration and Appraisal Committee formulated the motivation and assessment methods for other senior management members (including the Deputy General Managers, Chief Financial Officer, Chief Engineer and the Secretary to the Board) in 2013 with reference to the Company's actual circumstances, and the annual base salary plan for the General Manager, and in line with the performance-based and integration of incentives and constraints principles. The motivation and appraisal methods are carried out by the Remuneration and Appraisal Committee upon approval of the Board.

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at the date of this report, the total number of employees of the Group amounted to 24,304. The Group determines the salary of the employees at various levels based on its economic benefits, and sticks to the talents concept of "identify talents through performance, select talents through competition and award talents through remuneration", thus establishing the objective, impartial and effective talents fostering mechanism, performance appraisal mechanism and value distribution system.

ALLOWANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In 2013, each of the independent non-executive Directors, namely, Wang Yuesheng, Wang Jixin, Ning Jiming and Yang Jinguan, was paid the independent directors' allowance of approximately RMB70,000 (before tax).

REMUNERATION (ALLOWANCE) OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2013 (BEFORE INCOME TAX)

Name	Position in the Company	Remuneration (allowance) of Directors, Supervisors and Senior Management *(RMB 0'000)*
Yun Gongmin	Chairman, Non-executive Director	—
Chen Feihu	Vice Chairman, Non-executive Director	—
Chen Jianhua	Vice Chairman, Executive Director, General Manager	87.32
Chen Dianlu	Vice Chairman, Non-executive Director	—
Geng Yuanzhu	Executive Director, Vice General Manager	57.86
Wang Yingli	Non-executive Director	—
Chen Bin	Non-executive Director	—
Gou Wei	Executive Director, Vice General Manager	23.75
Chu Yu	Non-executive Director	—
Wang Yuesheng	Independent Non-executive Director	7
Wang Jixin	Independent Non-executive Director	7
Ning Jiming	Independent Non-executive Director	7
Yang Jinguan	Independent Non-executive Director	7
Li Xiaopeng	Chairman of the Supervisory Committee	—
Peng Xingyu	Supervisor	—
Chen Bin	Supervisor	70.69
Zhou Lianqing	Secretary to the Board	62.36
Luo Xiaoqian	Deputy General Manager	71.39
Peng Guoquan	Deputy General Manager	71.68
Xing Shibang	Deputy General Manager	71.63
Chen Cunlai	Chief Financial Officer	71.65
Wang Huiming	Deputy General Manager	69.95
Xie Yun	Deputy General Manager, Chief Engineer	70.91

NOMINATION COMMITTEE

On 28 March 2012, the Company set up a Nomination Committee, which is a body specifically set up by the Board according to the resolution of the general meeting, and mainly responsible for making recommendations to the Board on the procedures, standards and qualifications of electing and appointing Directors and senior management of the Company. The standards relating to the selection and recommendation of director candidates include the director's appropriate professional knowledge and background, personal ethics, as well as their time commitment to the affairs of the Company.

If the term of office of the Board expires or the Board proposes to add new directors or to fill vacancies of the Board, the Nomination Committee shall recommend to the Board the candidates. Upon being considered and approved by the Board, relevant proposals will be submitted at the general meeting shareholder(s) for approval. Other director candidates other than the independent directors shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 5% of the total voting shares of the Company, and elected at the general meeting of the Company. The candidates for the independent directors of the Company shall be nominated by the Board, the supervisory committee, shareholders individually or collectively holding over 1% of the total voting shares of the Company, and elected at the general meeting of the Company.

The primary terms of reference of the Nomination Committee include:

(1) to regularly review the structure, size and composition of the Board;

(2) to study and make recommendations on the standards and procedures for selecting the Company's directors and senior management;

(3) to verify the personal information of all the candidates for election or re-election of the Company's directors and senior management, and submit the verification result to the Board or the general meeting for reference;

(4) in case of resignation or removal of a director, to present the Board the reasons for such resignation or removal and other matters that need to be specified to shareholders of the Company; in case of resignation or removal of a senior management member, to present the Board the reasons for such resignation or removal;

(5) to formulate and review the standards for establishing the special committees under the Board and provide proposed amendments to the Board when appropriate.

As at the date of this report, the incumbent Nomination Committee of the Company is headed by Mr. Ning Jiming (independent non-executive Director) as its chairman and composed of Mr. Chen Bin (non-executive Director), Ms. Wang Yingli (non-executive Director), Mr. Wang Jixin (independent non-executive Director), and Mr. Wang Yuesheng (independent non-executive Director) as members.

The Nomination Committee held three meetings on 25 March, 26 April and 25 November of 2013 respectively. The attendance of each member is set out as follows (there was no attendance by proxy):

Directors	Times of attendance / number of meetings held	Attendance Rate
Ning Jiming	3/3	100%
Chen Bin	3/3	100%
Wang Yingli	3/3	100%
Wang Jixin	3/3	100%
Wang Yuesheng	3/3	100%

During the reporting period, Working Report for the year 2012 of the Nomination Committee was approved at the first meeting of the Nomination Committee; the acceptance of Mr. Gou Wei's resignation as a Director and Deputy General Manager of the Company, the recommendation of the Mr. Geng Yuanzhu as a candidate for a Director and Deputy General Manager of the Company were approved at the second meeting and brought before the Board and the general meeting for consideration and approval; the resignation of Mr. Yun Gongmin and Mr. Chen Feihu as Directors of the Company and the recommendation of the Mr. Li Qingkui and Mr. Gou Wei as candidates for Directors of the Company approved at the third meeting of the Nomination Committee and brought before the Board and the general meeting for consideration and approval.

AUDITORS

For the year ended 31 December 2013, the Company paid an aggregate of RMB8.6 million of audit service fees including the fee for audit of internal control provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP to the Company. An additional amount of RMB0.58 million was paid for other services. The audit service fees were considered by the Audit Committee and the Board and were approved at the Company's AGM.

MATERIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to meet its operational needs, the Company held the AGM on 25 June 2013 to consider and approve the amendment to the original Article 11 of the Articles of Association concerning the business scope of the Company.

For details, please refer to the announcements of the Company dated 26 April 2013 and 25 June 2013.

SHAREHOLDERS' RIGHTS

Shareholders individually or jointly holding 10% or more of the Company's shares may request the convening of an extraordinary general meeting by signing one or more counterpart requisition(s) stating the meeting agenda and requiring the Board to convene the meeting. The Board shall give a reply in writing, as to whether or not it agrees to convene the meeting within 10 days after receiving the aforementioned requisition.

Shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposals at a general meeting of the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit extra proposals to the convener of a general meeting in writing 10 days prior to the meeting. The convener shall issue a supplemental notice of the general meeting and announce the contents of such extra proposals within 2 days after receipt thereof.

INVESTOR RELATIONS

The Company undertakes that it shall make impartial disclosure and full and transparent reporting. The ultimate duty of the Chairman is to ensure effective communication with the investors and the Board's understanding of the opinions of substantial shareholders. In this regard, the Chairman shall meet with the shareholders. The Secretary to the Board is responsible for the day-to-day contacts between the Board and substantial shareholders.

The previous annual general meeting was held in Beijing on 25 June 2013, at which the Chairman, the chairman of the Audit Committee and the chairman of the Remuneration and Appraisal Committee answered questions. At the general meeting, each matter was put forward in form of a separate proposal and voted by way of poll.

The senior management shall preside over presentations and attend the meetings with institutional investors and financial analysts for inter-communication in respect of the Company's results and business prospects, which is a regular function of investor relations. Investors and the public may access the Company's website to download presentation materials used in these meetings. The website also sets out the detailed information on the Company's businesses.

For any enquiry addressed to the Board, investors can contact the Secretary to the Board through shareholder hotlines (8610-83567779, 83567900 or 83567905) or by email (hdpi@hdpi.com.cn) or by fax (8610-83567963), and shareholders may raise questions at annual or extraordinary general meetings.

By Order of the Board
Li Qingkui
Chairman

Beijing, the PRC
21 March 2014

As at the date of this report, the Board comprises:

Li Qingkui (Chairman, Non-executive Director) 、Chen Jianhua (Vice Chairman, Executive Director) 、Chen Dianlu (Vice Chairman, Non-executive Director) 、Geng Yuanzhu (Executive Director) 、Wang Yingli (Non-executive Director) 、Chen Bin (Non-executive Director) 、Gou Wei (Non-executive Director) 、Chu Yu (Non-executive Director) 、Wang Yuesheng (Independent Non-executive Director) 、Wang Jixin (Independent Non-executive Director) 、Ning Jiming (Independent Non-executive Director) and Yang Jinguan (Independent Non-executive Director).

Corporate information

CORPORATE INFORMATION

Legal address	14800 Jingshi Road Jinan, Shandong Province The People's Republic of China
Authorized representatives	Chen Jianhua Zhou Lianqing
Company secretary	Zhou Lianqing
Hong Kong share registrar and transfer office	Hong Kong Registrars Limited 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Auditors	Deloitte Touche Tohmatsu 35 Floor, One Pacific Place 88 Queensway Hong Kong
	Deloitte Touche Tohmatsu Certified Public Accountants LLP 8 Floor, Deloitte Tower,The Towers, Oriental Plaza No.1 East Chang An Avenue, Beijing The People's Republic of China
Legal advisers to the Company **as to Hong Kong law and United States law**	Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central, Hong Kong
as to PRC law	Haiwen & Partners 20 Floor, Beijing Fortune Financial Centre No. 5 Dong San Huan Mid Road Chao Yang District, Beijing The People's Republic of China

COMPANY PUBLICATIONS

The Company's 2013 annual report was published in April 2014. Copies of the annual report are available for inspection at:

PRC	Huadian Power International Corporation Limited No. 2 Xuanwumennei Street, Xicheng District, Beijing The People's Republic of China Tel: (86 10) 8356 7888 Fax: (86 10) 8356 7963
Hong Kong	Wonderful Sky Financial Group Limited 6/F, Nexxus Building, 41 Connaught Road Central, Hong Kong Tel: (852) 2851-1038 Fax: (852) 2815-1352

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS
OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 110, which comprise the consolidated and the Company's statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2013	2012
		RMB'000	RMB'000
Turnover	4	**66,049,455**	59,079,714
Operating expenses			
Fuel costs		**(35,728,815)**	(37,095,143)
Cost of coal sold		**(799,552)**	(837,227)
Depreciation and amortisation		**(7,507,923)**	(6,282,604)
Repairs, maintenance and inspection		**(2,528,906)**	(1,962,138)
Personnel costs	5	**(3,423,951)**	(2,808,840)
Administration expenses		**(2,263,469)**	(1,829,609)
Tax and levies on operation	6	**(392,452)**	(249,916)
Other operating expenses		**(919,708)**	(1,030,822)
		(53,564,776)	(52,096,299)
Operating profit		**12,484,679**	6,983,415
Investment income	7	**3,099**	479,759
Other revenue and net income	8	**85,383**	751,120
Interest income from bank deposits		**64,800**	65,095
Finance costs	9	**(6,084,007)**	(6,287,799)
Share of profits less losses of associates and a joint venture		**540,722**	645,689
Profit before taxation		**7,094,676**	2,637,279
Income tax	13	**(1,515,481)**	(689,531)
Profit for the year	10	**5,579,195**	1,947,748
Other comprehensive (expense)/income for the year (net of tax):			
Items that may be subsequently reclassified to profit or loss:			
Net fair value (loss)/gain on available-for-sale investments	14	**(6,343)**	8,932
Total comprehensive income for the year		**5,572,852**	1,956,680
Profit for the year attributable to:			
Equity shareholders of the Company		**4,096,933**	1,446,792
Non-controlling interests		**1,482,262**	500,956
		5,579,195	1,947,748
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**4,090,585**	1,455,850
Non-controlling interests		**1,482,267**	500,830
		5,572,852	1,956,680
Basic earnings per share	15	**RMB0.556**	RMB0.205

Consolidated Statement of Financial Position

As at 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	17(a)	**119,045,738**	113,940,376
Construction in progress	18	**16,811,390**	13,378,268
Lease prepayments	19(a)	**2,027,296**	1,898,668
Intangible assets	20(a)	**4,644,694**	4,919,553
Goodwill	21	**1,033,120**	1,046,798
Interests in associates and a joint venture	23	**10,329,396**	10,000,726
Other investments	24	**363,489**	360,166
Other non-current assets	25	**1,800,405**	2,096,987
Deferred tax assets	37(b)	**259,669**	350,854
		156,315,197	147,992,396
Current assets			
Inventories	26	**3,156,314**	3,383,132
Trade debtors and bills receivable	27	**8,402,725**	7,248,126
Deposits, other receivables and prepayments	29	**2,315,572**	3,349,570
Tax recoverable	37(a)	**84,120**	75,386
Restricted deposits	30	**33,283**	42,485
Lease prepayments	19(a)	**69,369**	69,879
Cash and cash equivalents	31	**2,920,016**	3,060,074
		16,981,399	17,228,652
Current liabilities			
Bank loans	32(a)	**20,602,798**	25,177,419
Loans from shareholders	32(b)	**1,473,136**	564,071
State loans	32(c)	**10,631**	10,526
Other loans	32(d)	**2,266,205**	3,386,890
Short-term debentures payable	32(e)	**17,250,400**	11,664,380
Long-term debentures payables-current portion	32(f)	**1,498,965**	—
Amount due to the parent company		**14,326**	1,060
Obligations under finance leases	33	**362,372**	311,480
Trade creditors and bills payable	34	**12,100,180**	9,293,940
Other payables	35	**6,127,974**	5,771,736
Tax payable	37(a)	**412,100**	231,025
		62,119,087	56,412,527
Net current liabilities		**(45,137,688)**	(39,183,875)
Total assets less current liabilities		**111,177,509**	108,808,521

Consolidated Statement of Financial Position (Continued)

As at 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2013	2012
		RMB'000	RMB'000
Non-current liabilities			
Bank loans	32(a)	**50,773,395**	54,258,788
Loans from shareholders	32(b)	**1,020,407**	2,455,952
State loans	32(c)	**107,315**	116,686
Other loans	32(d)	**6,209,423**	7,342,497
Long-term debentures payable	32(f)	**11,866,318**	10,352,593
Obligations under finance leases	33	**1,128,410**	644,785
Long-term payables	36	**765,181**	674,885
Provisions	39	**80,050**	—
Deferred government grants		**896,797**	773,535
Deferred income	38	**1,990,752**	1,683,839
Deferred tax liabilities	37(b)	**2,859,754**	2,774,405
		77,697,802	81,077,965
NET ASSETS		**33,479,707**	27,730,556
CAPITAL AND RESERVES			
Share capital	40(c)	**7,371,084**	7,371,084
Reserves		**15,639,437**	12,073,294
Total equity attributable to equity shareholders of the Company		**23,010,521**	19,444,378
Non-controlling interests		**10,469,186**	8,286,178
TOTAL EQUITY		**33,479,707**	27,730,556

The consolidated financial statements on pages 40 to 110 were approved and authorised for issue by the board of directors on 21 March 2014 and are signed on its behalf by:

Chen Jianhua
Director

Geng Yuanzhu
Director

Statement of Financial Position

As at 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	17(b)	**7,779,429**	8,065,683
Construction in progress	18	**2,393,550**	1,096,374
Lease prepayments	19(b)	**104,531**	114,387
Intangible assets	20(b)	**8,436**	6,903
Goodwill	21	**46,524**	46,524
Investments in subsidiaries	22	**32,993,803**	29,601,602
Interests in associates and a joint venture	23	**5,871,397**	5,685,033
Other investments	24	**130,109**	127,109
Other non-current assets	25	**293,189**	800,121
		49,620,968	45,543,736
Current assets			
Inventories	26	**370,431**	295,418
Lease prepayments	19(b)	**8,648**	8,702
Trade debtors and bills receivable	27	**710,428**	801,032
Amounts due from subsidiaries	28	**9,226,983**	6,493,984
Deposits, other receivables and prepayments		**310,950**	1,007,377
Tax recoverable	37(a)	**—**	23,903
Cash and cash equivalents	31	**371,814**	747,136
		10,999,254	9,377,552
Current liabilities			
Bank loans	32(a)	**6,970,984**	9,840,211
Loans from shareholders	32(b)	**47,480**	—
State loans	32(c)	**1,018**	1,018
Other loans	32(d)	**138,000**	298,000
Short-term debentures payables	32(e)	**17,250,400**	11,664,380
Long-term debentures payables-current portion	32(f)	**1,498,965**	—
Amount due to the parent company		**821**	1,060
Amounts due to subsidiaries		**501,260**	409,571
Trade creditors and bills payable	34	**553,472**	253,778
Other payables	35	**1,572,313**	951,697
		28,534,713	23,419,715
Net current liabilities		**(17,535,459)**	(14,042,163)
Total assets less current liabilities		**32,085,509**	31,501,573
Non-current liabilities			
Bank loans	32(a)	**1,595,000**	2,712,512
Loans from shareholders	32(b)	**138,108**	175,775
State loans	32(c)	**6,109**	7,127
Other loans	32(d)	**1,791,000**	1,834,000
Long-term debentures payable	32(f)	**11,866,318**	10,352,593
Deferred government grants		**97,559**	101,613
Deferred tax liabilities	37(b)	**47,039**	47,163
		15,541,133	15,230,783
NET ASSETS		**16,544,376**	16,270,790
CAPITAL AND RESERVES	40(a)		
Share capital		**7,371,084**	7,371,084
Reserves		**9,173,292**	8,899,706
TOTAL EQUITY		**16,544,376**	16,270,790

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000 (note 40(c))	Capital reserve RMB'000 (note 40(d)(i))	Statutory surplus reserve RMB'000 (note 40(d)(ii))	Discretionary surplus reserve RMB'000	Revaluation reserve RMB'000 (note 40(d)(iii))	Fair value reserve RMB'000 (note 40(d)(iv))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	**7,371,084**	**5,961,329**	**1,526,900**	**68,089**	**44,726**	**6,425**	**4,465,825**	**19,444,378**	**8,286,178**	**27,730,556**
Profit for the year	—	—	—	—	—	—	**4,096,933**	**4,096,933**	**1,482,262**	**5,579,195**
Other comprehensive income *(note 14)*	—	—	—	—	—	**(6,348)**	—	**(6,348)**	**5**	**(6,343)**
Total comprehensive income for the year	—	—	—	—	—	**(6,348)**	**4,096,933**	**4,090,585**	**1,482,267**	**5,572,852**
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	**715,378**	**715,378**
Acquisition of non-controlling interests *(note 22)*	—	**(2,585)**	—	—	—	—	**(41,893)**	**(44,478)**	**(474)**	**(44,952)**
Acquisition of a subsidiary *(note 43)*	—	—	—	—	—	—	—	—	**146,702**	**146,702**
Disposal of a subsidiary	—	—	—	—	—	—	—	—	**94,088**	**94,088**
Dividends recognised as distribution *(note 40(b))*	—	—	—	—	—	—	**(479,120)**	**(479,120)**	—	**(479,120)**
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	**(254,953)**	**(254,953)**
Appropriation of general reserve	—	—	**69,927**	—	—	—	**(69,927)**	—	—	—
Appropriation of specific reserve	—	—	**61,703**	—	—	—	**(61,703)**	—	—	—
Utilisation of specific reserve	—	—	**(41,968)**	—	—	—	**41,968**	—	—	—
Others	—	**(844)**	—	—	—	—	—	**(844)**	—	**(844)**
Balance at 31 December 2013	**7,371,084**	**5,957,900**	**1,616,562**	**68,089**	**44,726**	**77**	**7,952,083**	**23,010,521**	**10,469,186**	**33,479,707**
Balance at 1 January 2012	6,771,084	4,857,874	1,482,689	68,089	44,726	(2,633)	3,063,244	16,285,073	7,514,964	23,800,037
Profit for the year	—	—	—	—	—	—	1,446,792	1,446,792	500,956	1,947,748
Other comprehensive income/expense *(note 14)*	—	—	—	—	—	9,058	—	9,058	(126)	8,932
Total comprehensive income/expense for the year	—	—	—	—	—	9,058	1,446,792	1,455,850	500,830	1,956,680
Shares issued	600,000	1,229,084	—	—	—	—	—	1,829,084	—	1,829,084
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	386,638	386,638
Contribution from the parent company	—	35,181	—	—	—	—	—	35,181	5,438	40,619
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(121,702)	(121,702)
Disposal of an associate	—	(171,319)	—	—	—	—	—	(171,319)	—	(171,319)
Appropriation of general reserve	—	—	6,603	—	—	—	(6,603)	—	—	—
Appropriation of specific reserve	—	—	70,418	—	—	—	(70,418)	—	—	—
Utilisation of specific reserve	—	—	(32,810)	—	—	—	32,810	—	—	—
Others	—	10,509	—	—	—	—	—	10,509	10	10,519
Balance at 31 December 2012	7,371,084	5,961,329	1,526,900	68,089	44,726	6,425	4,465,825	19,444,378	8,286,178	27,730,556

Consolidated Statement of Cash Flows

For the year ended 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Note	2013	2012
		RMB'000	RMB'000
Operating activities			
Cash received from customers and others		**78,112,531**	69,150,089
Cash paid to suppliers, employees and others		**(55,052,899)**	(56,502,983)
Cash generated from operations		**23,059,632**	12,647,106
Interest paid		**(6,435,594)**	(6,763,658)
PRC enterprise income tax paid		**(1,173,974)**	(364,501)
Net cash generated from operating activities		**15,450,064**	5,518,947
Investing activities			
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets		**(15,328,153)**	(16,176,889)
Cash received for the upfront connection and installation fees for heating networks		**487,543**	564,848
Proceeds from sale of property, plant and equipment		**23,424**	270,100
Net cash outflow for the acquisition of subsidiaries in current year *(note 43)*		**(424,810)**	(310,829)
Payment for the acquisition of subsidiaries in prior years		**(3,000)**	(1,341,526)
Settlement/(prepayment) for proposed investments		**147,680**	(147,680)
Payment for additional investment in associates		**(206,253)**	(152,635)
Capital injection in other investment		**(13,160)**	—
Cash received from disposal of associates in current year		**—**	609,497
Cash received from disposal of associates in prior year		**820,915**	3,415
Interest received		**64,800**	65,095
Withdrawal of restricted deposits		**60,275**	65,000
Placement of restricted deposits		**(51,073)**	—
Dividends received		**312,261**	129,861
Other investing activities		**(76,247)**	22,217
Net cash used in investing activities		**(14,185,798)**	(16,399,526)
Financing activities			
Net proceeds from shares issued		**—**	1,829,084
Debentures			
— Net proceeds from debentures		**26,913,000**	17,923,000
— Repayment of debentures		**(18,500,000)**	(5,000,000)
— Proceeds from loans		**30,318,830**	53,668,500
— Repayment of loans		**(41,133,502)**	(57,544,822)
Obligation under finance leases			
— Proceeds obtained under sales and leaseback arrangement		**800,000**	545,000
— Lease payment under sales and leaseback arrangement		**(271,037)**	(219,710)
Bills financing			
— Proceeds from bank acceptance bills discounted		**769,000**	1,108,730
— Repayment of bank acceptance bills		**(370,000)**	(1,005,000)
Payment for the acquisition of non-controlling interests		**(44,952)**	—
Capital injection from non-controlling interests		**715,378**	386,638
Dividends paid to non-controlling interests		**(256,366)**	(119,127)
Dividends distribution		**(479,120)**	—
Other financing activities		**134,445**	256,635
Net cash (used in)/generated from financing activities		**(1,404,324)**	11,828,928
Net (decrease)/increase in cash and cash equivalents		**(140,058)**	948,349
Cash and cash equivalents at 1 January		**3,060,074**	2,111,725
Cash and cash equivalents at 31 December	31	**2,920,016**	3,060,074

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

1. BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the "Company") was established in Shandong province of the People's Republic of China (the "PRC") on 28 June 1994 as a joint stock limited company and the address of its registered office is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the generation and sale of electricity, heat and coal. Majority of electricity generated is supplied to the local power grid companies where the power plants are located.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") 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. 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 year by the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and revised IFRSs to the extent that they are relevant to the Group for the current and prior years reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Group and its interests in associates and a joint venture.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value in use in IAS 36 Impairment of Assets. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of 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 amounts 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.

Judgement 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 47.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control is achieved when the Company:

— has power over the investee;

— is exposed, or has rights, to variable returns from its involvement with the investee; and

— has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

— the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

— potential voting rights held by the Group, other vote holders or other parties;

— rights arising from other contractual arrangements; and

— any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position 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 profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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 a joint venture (see note 2(f)). All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

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

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

— deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

— liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

— assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

(f) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Investments in associates and joint ventures *(Continued)*

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence or joint control over the investee.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company's statement of financial position, the investments in associates and joint ventures are stated at cost less provision for impairment losses. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

(g) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. 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 the end of each reporting period 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(t)(v) and (vi).

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets 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 capitalisation of borrowing costs (see note 2(w)).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group will capitalise the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

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, other than mining structures and mining rights, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Buildings	20 - 45 years
— Generators, machinery and equipment	5 - 20 years
— Motor vehicles, furniture, fixtures, equipment and others	5 - 10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

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.

(i) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(m)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(h) above when the relevant assets are completed and ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Intangible assets (other than goodwill)

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

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

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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	the shorter of remaining concession period or 25 years
— Development right of hydropower	45 years
— Others	5 - 10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(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.

(ii) Assets acquired under finance leases

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

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset, or any deficit of sales proceeds lower than the carrying amount of the asset, is deferred and amortised as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the right to use an asset held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the accounting periods covered by the lease term. Lease incentives received are recognised in profit or loss on a straight-line basis over the lease term. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(l) Lease prepayments

Lease prepayments represent cost of land use rights and sea use rights paid to the PRC's land bureau and oceanic bureau respectively. Lease prepayments are stated at cost, less accumulated amortisation and any impairment losses (see note 2(m)). Amortisation is charged to profit or loss from the date of initial recognition on a straight-line basis over the respective periods of the rights which mainly range from 10 years to 70 years.

(m) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investments in 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 the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

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

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

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

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

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

— For investments in subsidiaries, associates and joint ventures, the impairment loss is measured by comparing the recoverable amount of the investment in accordance with note 2(m)(ii) with its carrying amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

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

— For trade and other current receivables and other financial assets carried at cost or 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 what the amortised cost would have been determined had no impairment loss been recognised in prior years.

— 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 are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Impairment of assets *(Continued)*

(ii) Impairment of other assets

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

— property, plant and equipment;

— construction in progress;

— lease prepayments;

— intangible assets;

— Investments in associates and joint ventures;

— other non-current assets (other than financial assets); and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs 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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

— Reversals of impairment losses

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

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

(n) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption are carried at the lower of cost and net realisable values.

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised, or capitalised to property, plant and equipment when installed, as appropriate. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(o) Trade debtors and bills receivable and other receivables ("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(m)).

(p) 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.

(q) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payables, amount due to the parent company, trade creditors and bills payable, other payables, long-term debentures payables, long-term payables, are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(r) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values, and are subsequently measured at the higher of:

— the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

— the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) 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) Electricity income

Electricity income is recognised when electricity is supplied to the power grid companies.

(ii) Heat income

Heat income is recognised when heat is supplied to customers.

(iii) Sale of coal

Income from the sale of coal is recognised when the risks and rewards to the ownership of the goods have been passed to the customers.

(iv) Service concession construction revenue

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

(v) Dividend income

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

(vi) Interest income

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

(vii) Government grants

Government grants are recognised in the statement of financial position 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 deferred and consequently are recognised in profit or loss as income on a systematic basis over the useful life of the asset.

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

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

— the counterparties have committed to purchase the CERs;

— the sales prices have been agreed; and

— relevant electricity has been generated.

(ix) Upfront connection and installation fees

Upfront connection and installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected service terms after the completion of the installation work.

(u) Translation of foreign currencies

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

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

Foreign currency translation differences relating to funds borrowed relevant to construction in progress, to the extent that they are regarded as an adjustment to interest costs, are capitalised during the construction period (see note 2(i)). All other exchange differences are dealt with in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Income tax

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

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

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

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be 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 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be 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 taxes 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 the assets and settle the liabilities simultaneously.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost that of 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 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 are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Employee benefits

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

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

(ii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(y) Research expenditure

Expenditure on research activities is recognised as expenses in the period in which it is incurred.

(z) 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 of 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 family members 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.

(aa) Segment reporting

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

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

(bb) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(Expressed in Renminbi unless otherwise indicated)

3. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new or revised IFRSs.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (Revised in 2011)	Employee Benefits
IAS 27 (Revised in 2011)	Separate Financial Statements
IAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1, Presentation of Items of Other Comprehensive Income, introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement' is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the title of consolidated statement of comprehensive income is changed to consolidated statement of profit or loss and other comprehensive income and presentation of items of other comprehensive income has been modified to reflect the changes.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (Revised in 2011) Separate Financial Statements and IAS 28 (Revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

The impact of the application of these standards is set out below.

IFRS 10 - Consolidated Financial Statements

IFRS 10 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. The Group re-assessed its involvement with its investees and concluded it has power to direct relevant activities of its subsidiaries to affect the amount of returns. The adoption of IFRS 10 does not have any material impact on the financial position and financial results of the Group.

IFRS 11 - Joint Arrangements

IFRS 11 requires joint arrangements be classified as joint operations or 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. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

As a result of the adoption of IFRS 11, the Group re-assessed its involvement in its joint arrangements and concluded its investments in joint arrangements are joint ventures. The adoption of IFRS 11 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 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 22 and 23).

3 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

IFRS 13 - Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement requirements prospectively. For disclosure purpose, comparative information has been provided for better understanding. Other than the additional disclosures, the application of IFRS 13 does not have any material impact on the financial position and the financial result of the Group. Disclosures of fair value information are set out in note 46.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a noncurrent asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. In the previous years, the Group's accounting treatment for the stripping costs is consistent with the requirements under IFRIC 20. Accordingly, the adoption of IFRIC 20 has had no material impact on the financial position and the financial result of the Group.

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets

The Group has early applied the amendments to IAS 36 in the current year in advance of its effective date (annual period beginning on or after 1 January 2014).

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The Group has prepared relevant disclosures in accordance with the requirement of the amendments to this standard.

Except as described above, the application of the other new or revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

4. TURNOVER

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

	2013	2012
	RMB'000	*RMB'000*
Sale of electricity	**62,154,933**	55,346,729
Sale of heat	**2,962,605**	2,806,786
Sale of coal	**931,917**	926,199
	66,049,455	59,079,714

The Group's customers are mainly local power grid companies. There is only one customer sales with whom have exceeded 10% of the Group's revenue. In 2013, revenue from sale of electricity to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately RMB31,737,012,000 (2012: RMB27,025,876,000). Details of concentration of credit risk arising from this customer are set out in note 46(b).

5. PERSONNEL COSTS

	2013	2012
	RMB'000	*RMB'000*
Wages, welfare and other benefits	**2,313,029**	1,840,793
Retirement costs *(note 42)*	**490,819**	427,643
Other staff costs	**620,103**	540,404
	3,423,951	2,808,840

6. TAX AND LEVIES ON OPERATION

Tax and levies on operation represent city maintenance and construction tax and education surcharge, which are calculated at 1-7% and 3-5% (2012: 1-7% and 3-5%), respectively, of net value added tax ("VAT") payable.

7. INVESTMENT INCOME

	2013	2012
	RMB'000	*RMB'000*
Gain on disposal of associates	—	467,096
Gain on disposal of other investment	271	118
Available-for-sale equity securities:		
reclassified from other comprehensive income on disposal	—	6,227
Dividend income from listed available-for-sale financial assets	1,893	789
Dividend income from unlisted securities	935	5,529
	3,099	479,759

8. OTHER REVENUE AND NET INCOME

	2013	2012
	RMB'000	*RMB'000*
Other revenue		
Government grants *(note (a))*	268,185	560,547
Revenue from upfront connection and installation fees		
for heating networks *(note 38)*	91,406	71,118
Others	6,966	110,040
	366,557	741,705
Other net income		
Net (loss)/gain on disposal of property, plant and equipment	(404,293)	24,769
Net income from sale of materials	291,965	131,898
Electricity price regulation fund *(note (b))*	(121,663)	(186,372)
Others	(47,183)	39,120
	(281,174)	9,415
Other revenue and net income	85,383	751,120

Note:

(a) Government grants mainly represent the grants from government for heat supply, environmental protection and electricity supply. There is no unfulfilled condition relating to those grants. In addition, for grants related to assets, such grants have been deferred and released to profit or loss in accordance with the useful lives of the related assets.

(b) Electricity price regulation fund represents the expenses levied on electricity supplied by subsidiaries located in Ningxia Hui Autonomous Region ("Ningxia") to other provinces in the PRC. Payment or collection of such fund to government is based on regulations issued by Ningxia local authorities.

9. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on loans and other financial liabilities wholly repayable within five years	**4,073,216**	4,459,346
Interest on loans and other financial liabilities not wholly repayable within five years	**2,656,759**	2,780,095
Less: interest capitalised	**(639,269)**	(979,936)
	6,090,706	6,259,505
Net foreign exchange (gain)/loss	**(48,230)**	9,424
Other finance costs	**41,531**	18,870
	6,084,007	6,287,799

The borrowing costs have been capitalised at an average rate of 6.26% per annum (2012: 6.50%) for construction in progress.

10. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging:

	2013	2012
	RMB'000	*RMB'000*
Amortisation		
— Lease prepayments	**72,535**	58,716
— Intangible assets and other assets	**146,074**	146,824
Auditors' remuneration	**8,600**	12,000
Cost of inventories expensed	**38,861,805**	39,122,880
Depreciation	**7,289,314**	6,077,064
Impairment losses		
— Trade and other receivables	**3,030**	155,560
— Inventories	**—**	42
— Construction in progress	**5,987**	52,486
— Property, plant and equipment	**419,620**	10,564
— Goodwill	**—**	6,155
— Other investments	**1,161**	—
— Long-term receivables	**97,861**	—
Operating lease charges in respect of land and buildings	**104,770**	99,688
Research and development costs	**30,261**	26,209

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executive's and supervisors' emoluments are as follows:

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	2013 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Yun Gongmin	—	—	—	—	—
Chen Feihu	—	—	—	—	—
Chen Dianlu	—	—	—	—	—
Chen Jianhua*	—	385	40	448	873
Wang Yingli	—	—	—	—	—
Chen Bin	—	—	—	—	—
Geng Yuanzhu	—	257	23	299	579
Chu Yu	—	—	—	—	—
Gou Wei	—	104	11	123	238
Independent non-executive directors					
Wang Yuesheng	—	70	—	—	70
Ning Jiming	—	70	—	—	70
Yang Jinguan	—	70	—	—	70
Wang Jixin	—	70	—	—	70
Supervisors					
Peng Xingyu	—	—	—	—	—
Li Xiaopeng	—	—	—	—	—
Chen Bin	—	311	34	362	707
	—	1,337	108	1,232	2,677

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	2012 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Yun Gongmin	—	—	—	—	—
Chen Feihu	—	—	—	—	—
Chen Dianlu	—	—	—	—	—
Chen Jianhua*	—	383	48	408	839
Wang Yingli	—	—	—	—	—
Chen Bin	—	—	—	—	—
Zhong Tonglin	—	287	36	306	629
Chu Yu	—	—	—	—	—
Gou Wei	—	182	18	202	402
Independent non-executive directors					
Wang Yuesheng	—	70	—	—	70
Ning Jiming	—	70	—	—	70
Yang Jinguan	—	70	—	—	70
Wang Jixin	—	70	—	—	70
Supervisors					
Peng Xingyu	—	—	—	—	—
Li Xiaopeng	—	—	—	—	—
Chen Bin	—	309	29	327	665
	—	1,441	131	1,243	2,815

* Mr. Chen Jianhua, Director, was also chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors, supervisors, or the chief executive of the Company waived any remuneration in 2013 (2012: nil).

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2012: one) director whose emoluments is disclosed in note 11. The aggregate of the emoluments of the remaining four highest paid individuals (2012: four) are as follows:

	2013	2012
	RMB'000	*RMB'000*
Salaries and other emoluments	**1,252**	1,242
Retirement benefits	**135**	138
Bonuses	**1,476**	1,349
	2,863	2,729

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

	2013	2012
	Number of individuals	*Number of individuals*
HK$ nil - HK$1,000,000	**4**	4

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

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

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Charge for PRC enterprise income tax for the year	**1,331,008**	438,721
Over-provision in respect of prior years	**(9,765)**	(3,827)
	1,321,243	434,894
Deferred tax *(note 37(b))*		
Origination and reversal of temporary differences and tax losses	**194,238**	254,637
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**1,515,481**	689,531

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

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

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**7,094,676**	2,637,279
Notional PRC enterprise income tax expense at a statutory tax rate of 25% (2012: 25%)	**1,773,669**	659,320
Tax effect of non-deductible expenses	**49,551**	14,413
Tax effect of non-taxable income	**(10,050)**	(28,629)
Preferential tax rate on subsidiaries' profit or loss *(note (a))*	**(146,502)**	(77,111)
Tax credit *(note (b))*	**(133,550)**	—
Tax effect of share of profits less losses of associates	**(135,181)**	(161,422)
Tax effect of tax losses and deductible temporary differences not recognised	**127,309**	286,787
Over-provision in respect of prior years	**(9,765)**	(3,827)
	1,515,481	689,531

Note:

(a) The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (2012: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company, which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (2012: 7.5%, 12.5% or 15%).

(b) Tax credit represents additional deductions in relation to equipment for environmental protection pursuant to the applicable PRC tax laws and regulations.

14. OTHER COMPREHENSIVE INCOME

	2013	2012
	RMB'000	*RMB'000*
Available-for-sale equity securities:		
Changes in fair value recognised for the year	**(8,512)**	15,162
Reclassification adjustments for amounts transferred to profit or loss:		
— gain on disposal *(note 7)*	**—**	(6,227)
Net deferred tax credited/(charged) to other comprehensive income *(note 37(b))*	**2,169**	(3)
Other comprehensive (expense)/income, net of income tax	**(6,343)**	8,932

15. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year ended 31 December 2013 of RMB4,096,933,000 (2012: RMB1,446,792,000) and 7,371,084,200 shares (2012 : weighted average number of ordinary shares 7,070,262,282).

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the years ended 31 December 2013 and 2012.

16. SEGMENT INFORMATION

The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity and the revenue has been disclosed in note 4. The Group's assets are mainly located in the PRC.

17. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings	Generators, machinery and equipment	Mining structures and mining rights	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2012	34,188,104	82,585,499	7,488,140	1,741,148	126,002,891
Additions	—	18,282	87,172	63,294	168,748
Through acquisition of subsidiaries	144,420	444,301	—	2,447	591,168
Transferred from construction in progress *(note 18)*	7,222,386	15,401,713	426,117	584,879	23,635,095
Net decrease arising from sales and leaseback arrangements	—	(792,642)	—	—	(792,642)
Disposals	(3,321)	(336,583)	—	(26,636)	(366,540)
At 31 December 2012	41,551,589	97,320,570	8,001,429	2,365,132	149,238,720
Additions	31,020	41,406	96,759	129,396	298,581
Through acquisition of a subsidiary *(note 43)*	93,199	—	1,611,387	3,106	1,707,692
Transferred from construction in progress *(note 18)*	2,892,289	8,180,724	171,708	392,932	11,637,653
Net decrease arising from sales and leaseback arrangements	—	(277,514)	—	—	(277,514)
Adjustment	—	—	(59,815)	—	(59,815)
Disposals/write-offs	(102,868)	(1,402,467)	(76,034)	(72,099)	(1,653,468)
At 31 December 2013	44,465,229	103,862,719	9,745,434	2,818,467	160,891,849
Accumulated depreciation and impairment					
At 1 January 2012	5,883,106	22,850,470	5,849	914,432	29,653,857
Charge for the year	1,328,747	4,544,146	39,695	175,062	6,087,650
Written back on sales and leaseback arrangements	—	(331,942)	—	—	(331,942)
Disposals/write-offs	(2,313)	(95,177)	—	(24,295)	(121,785)
Impairment loss *(note (i))*	—	10,564	—	—	10,564
At 31 December 2012	7,209,540	26,978,061	45,544	1,065,199	35,298,344
Charge for the year	1,552,692	5,768,142	46,067	233,506	7,600,407
Written back on sales and leaseback arrangements	—	(254,840)	—	—	(254,840)
Disposals	(55,723)	(1,090,515)	(6)	(71,176)	(1,217,420)
Impairment loss *(note (i))*	179,580	227,208	—	12,832	419,620
At 31 December 2013	8,886,089	31,628,056	91,605	1,240,361	41,846,111
Net book value					
At 31 December 2013	35,579,140	72,234,663	9,653,829	1,578,106	119,045,738
At 31 December 2012	34,342,049	70,342,509	7,955,885	1,299,933	113,940,376

17. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

(a) The Group

Notes:

(i) Impairment loss

Pursuant to the government policy of energy saving and pollutant reduction, the Group ceased operation of its all coal-fired generators of Hangzhou Huadian Banshan Power Generation Company Limited ("Banshan Power") in 2013. As a result, full impairment amounted to RMB194,000,000 had been recognised for related property, plant and equipment. Also, there had been consecutive poor performance of Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Company") in 2013. Suzhou Biomass Company constituted a cash-generating unit ("CGU"). The Group assessed the recoverable amount of the CGU. As a result, impairment losses amounted to RMB225,620,000 had been recognised.

In 2012, pursuant to the State policy of energy saving and pollutant reduction, the Group stopped operation of a generator. The Group assessed the recoverable amount of the CGU related to this generator. As a result, impairment losses amounted to RMB10,564,000 had been recognised.

The recoverable amount of the CGU had been determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2012: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2012: zero growth rates). The cash flows are discounted using a discount rate of 8% (2012: 8%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

Other key assumptions for the value in use calculations include the expected sales price of electricity, demand of electricity in specific regions where these power plants are located, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of RMB3,138,805,000 as at 31 December 2013 (2012: RMB701,526,000).

(b) The Company

	Buildings	Generators, machinery and equipment	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2012	5,437,435	14,608,078	555,098	20,600,611
Additions	—	3,718	12,135	15,853
Transferred from construction in progress *(note 18)*	147,009	750,307	5,746	903,062
Disposals	(1,496)	(24,004)	(7,494)	(32,994)
At 31 December 2012	5,582,948	15,338,099	565,485	21,486,532
Additions	38	842	11,374	12,254
Transferred from construction in progress *(note 18)*	32,872	606,131	11,667	650,670
Disposals	(12,655)	(262,803)	(5,881)	(281,339)
Transferred to a subsidiary	—	—	(2,216)	(2,216)
At 31 December 2013	5,603,203	15,682,269	580,429	21,865,901
Accumulated depreciation				
At 1 January 2012	2,667,713	9,570,108	345,963	12,583,784
Charge for the year	193,863	650,569	21,858	866,290
Disposals	(488)	(21,472)	(7,265)	(29,225)
At 31 December 2012	2,861,088	10,199,205	360,556	13,420,849
Charge for the year	207,525	681,459	19,660	908,644
Disposals	(12,655)	(224,276)	(4,945)	(241,876)
Transferred to a subsidiary	—	—	(1,145)	(1,145)
At 31 December 2013	3,055,958	10,656,388	374,126	14,086,472
Net book value				
At 31 December 2013	2,547,245	5,025,881	206,303	7,779,429
At 31 December 2012	2,721,860	5,138,894	204,929	8,065,683

All of the Group's buildings are located in the PRC.

18. CONSTRUCTION IN PROGRESS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**13,378,268**	19,184,853	**1,096,374**	807,130
Through acquisition of a subsidiary *(note 43)*	**38,719**	176,318	**—**	—
Additions	**15,163,092**	17,704,678	**1,959,052**	1,202,933
Transferred to property, plant and equipment *(note 17)*	**(11,637,653)**	(23,635,095)	**(650,670)**	(903,062)
Impairment loss *(note (i))*	**(5,987)**	(52,486)	**(2,487)**	—
Write-offs *(note (i))*	**(48,379)**	—	**(8,719)**	—
Disposals	**(76,670)**	—	**—**	—
Transferred to subsidiaries	**—**	—	**—**	(10,627)
At 31 December	**16,811,390**	13,378,268	**2,393,550**	1,096,374

Notes:

(i) In 2013, certain projects of the Group were identified that the likelihood to obtain preliminary approval by the National Development and Reform Commission or its local counterparties is remote. As a result, the carrying amount of related preliminary projects of RMB5,987,000 (2012: RMB52,486,000) was fully impaired as at 31 December 2013. In addition, certain projects had been ceased in 2013 and therefore the related cost incurred of RMB48,379,000 had been fully written off.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's construction in progress, which had an aggregate net book value of RMB1,589,607,000 as at 31 December 2013 (2012: RMB1,849,005,000).

19. LEASE PREPAYMENTS

(a) The Group

Lease prepayments represent cost of land use rights and sea use rights paid to the Ministry of Land and Resources of the People's Republic of China and State Oceanic Administration of the People's Republic of China, respectively.

	2013	2012
	RMB'000	*RMB'000*
Current asset	**69,369**	69,879
Non-current asset	**2,027,296**	1,898,668
	2,096,665	1,968,547
Leasehold land and sea use rights outside Hong Kong:		
Long lease	**182,805**	103,108
Medium-term lease	**1,913,860**	1,865,439
	2,096,665	1,968,547

Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's lease prepayments, which had an aggregate net book value of RMB154,058,000 as at 31 December 2013 (2012: RMB157,600,000).

19. LEASE PREPAYMENTS *(CONTINUED)*

(b) The Company

	2013	2012
	RMB'000	*RMB'000*
Current asset	**8,648**	8,702
Non-current asset	**104,531**	114,387
	113,179	123,089
Leasehold land and sea use rights outside Hong Kong:		
Long lease	**11,896**	12,082
Medium-term lease	**101,283**	111,007
	113,179	123,089

20. INTANGIBLE ASSETS

(a) The Group

	Land use rights	Concession assets	Development right of hydropower	Others	Total
	RMB'000	*RMB'000 (note 48)*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 January 2012	893,449	2,946,886	1,382,954	33,575	5,256,864
Additions	—	—	—	6,195	6,195
At 31 December 2012	893,449	2,946,886	1,382,954	39,770	5,263,059
Additions	—	—	—	20,348	20,348
Disposals	(162,471)	(173)	—	(1,306)	(163,950)
At 31 December 2013	730,978	2,946,713	1,382,954	58,812	5,119,457
Accumulated amortisation					
At 1 January 2012	—	206,985	—	11,795	218,780
Charge for the year	—	119,846	—	4,880	124,726
At 31 December 2012	—	326,831	—	16,675	343,506
Charge for the year	—	121,569	—	9,720	131,289
Disposals	—	(32)	—	—	(32)
At 31 December 2013	—	448,368	—	26,395	474,763
Net book value					
At 31 December 2013	730,978	2,498,345	1,382,954	32,417	4,644,694
At 31 December 2012	893,449	2,620,055	1,382,954	23,095	4,919,553

20. INTANGIBLE ASSETS *(CONTINUED)*

(a) The Group *(Continued)*

Intangible assets of the Group's consolidated statement of financial position mainly represent land use rights assigned by the PRC's land bureau with indefinite land use period and concession assets to operate wind power plants granted by the government under service concession arrangements, and development right of hydropower. Useful lives of land use rights are indefinite and titles of these rights are not transferable.

Development right of hydropower was obtained through acquisition of Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company") in 2011. As at the acquisition date, all preliminary hydropower projects of Shuiluohe Company had obtained approval for basin development and preliminarily work from the Development and Reform Commission of Sichuan Province. Amortisation of development right of hydropower will start after related hydropower plants are put into operation over its estimated useful life on a straight-line basis.

The amortisation charge for the year is included in "depreciation and amortisation" in the consolidated statement of profit or loss and other comprehensive income.

(b) The Company

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Cost		
At 1 January	**14,345**	9,970
Additions	**4,158**	4,375
At 31 December	**18,503**	14,345
Accumulated amortisation		
At 1 January	**7,442**	5,398
Charge for the year	**2,625**	2,044
At 31 December	**10,067**	7,442
Net book value		
At 31 December	**8,436**	6,903

21. GOODWILL

(a) The Group and the Company

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
At 1 January	**1,052,953**	1,052,953	**46,524**	45,457
Arising on acquisition of a subsidiary	**—**	—	**—**	1,067
Disposals *(note (i))*	**(19,833)**	—	**—**	—
At 31 December	**1,033,120**	1,052,953	**46,524**	46,524
Impairment				
At 1 January	**(6,155)**	—	**—**	—
Impairment loss written off/(recognised) in the year	**6,155**	(6,155)	**—**	—
At 31 December	**—**	(6,155)	**—**	—
Net book value				
At 31 December	**1,033,120**	1,046,798	**46,524**	46,524

21. GOODWILL *(CONTINUED)*

(a) The Group and the Company *(Continued)*

Notes:

(i) Pursuant to the State policy of energy saving and pollutant reduction, the Group disposed certain generators in current reporting period, the goodwill allocated to those CGUs have been derecognised.

(ii) The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Laicheng Power Plant	**19,031**	19,031	**45,457**	45,457
Huadian Zibo Thermal Power Company Limited	**—**	4,555	**—**	—
Huadian Weifang Power Generation Company Limited ("Weifang Company")	**20,845**	20,845	**—**	—
Hebei Huadian Shijiazhuang Thermal Power Company Limited	**99,946**	99,946	**—**	—
Banshan Power	**59,322**	59,322	**—**	—
Hebei Huarui Energy Group Corporation Limited	**38,491**	47,614	**—**	—
Shandong Century Electric Power Development Corporation Limited	**342,490**	342,490	**—**	—
Shaoguan Pingshi Power Plant Company Limited (Plant B)	**340,376**	340,376	**—**	—
Lixian Star River Hydropower Company Limited	**37,419**	37,419	**—**	—
Lixian Star River Ganbao Hydropower Company Limited	**51,765**	51,765	**—**	—
Others	**23,435**	23,435	**1,067**	1,067
Total	**1,033,120**	1,046,798	**46,524**	46,524

(b) Impairment tests for CGUs containing goodwill

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2012: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2012: zero growth rates). The cash flows are discounted using a discount rate of 8% to 9% (2012: 8% to 9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

Other key assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located, fuel cost and others. Management determined these key assumptions based on past performance and its expectations on market development.

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Unlisted investments, at cost	**33,037,483**	29,601,602
Less: impairment loss	**(43,680)**	—
	32,993,803	29,601,602

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2013, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Proportion of ownership interest and voting right: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Sichuan Guang'an Power Generation Company Limited 四川廣安發電有限責任公司 ("Guang'an Company")	1,785,860	80	—	Generation and sale of electricity
Huadian Qingdao Power Generation Company Limited 華電青島發電有限公司	700,000	55	—	Generation and sale of electricity and heat
Weifang Company 華電濰坊發電有限公司	1,250,000	45 *(note (i))*	—	Generation and sale of electricity and heat
Weifang Taihe Heat Company Limited 濰坊泰和熱力有限公司	50,000	—	80	Sale of heat
Huadian Zibo Thermal Power Company Limited 華電淄博熱電有限公司	764,800	100	—	Generation and sale of electricity and heat
Zibo Huaxing Heat Company Limited 淄博華星熱力有限公司	50,000	—	60 *(note (ii))*	Sale of heat (under construction)
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	750,000	87.5	—	Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	474,172	93.26	—	Generation and sale of electricity and heat
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	848,686	90	—	Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited 安徽華電宿州發電有限公司	854,914	97	—	Generation and sale of electricity
Huadian Ningxia Lingwu Power Generation Company Limited 華電寧夏靈武發電有限公司 ("Lingwu Company")	1,978,131	65	—	Generation and sale of electricity
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,366,090	100	—	Generation and sale of electricity
Huadian Qingdao Heat Company Limited 華電青島熱力有限公司 ("Qingdao Heat Company")	30,000	55	—	Sale of heat
Huadian Zouxian Power Generation Company Limited 華電鄒縣發電有限公司 ("Zouxian Company")	3,000,000	69	—	Generation and sale of electricity
Huadian International Ningxia New Energy Power Company Limited 華電國際寧夏新能源發電有限公司	710,000	100	—	Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,000,000	65	—	Generation and sale of electricity

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Proportion of ownership interest and voting right: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Suzhou Biomass Company 華電宿州生物質能發電有限公司	52,480	78	—	Generation and sale of electricity
Huadian Inner Mongolia Kailu Wind Power Company Limited 華電內蒙古開魯風電有限公司	797,128	100	—	Generation and sale of electricity
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	525,500	75	—	Generation and sale of electricity and heat
Banshan Power 杭州華電半山發電有限公司	1,158,682	64	—	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	789,740	82	—	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited 河北華電石家莊裕華熱電有限公司	500,000	—	100	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	440,000	90	—	Generation and sale of electricity and heat
Hebei Huadian Complex Pumping-storage Power Company Limited 河北華電混合蓄能水電有限公司	10,000	100	—	Generation and sale of electricity
Huadian International Project Company Limited 華電國際項目管理有限公司	50,000	100	—	Management of construction project
Huadian International Materials Company Limited 華電國際物資有限公司	50,000	100	—	Procurement of materials
Xinxiang Huadian Heat Company Limited 新鄉華電熱力有限公司	24,570	—	100	Sale of heat
Tengzhou Xinyuan Heat Company Limited 滕州新源熱力有限公司	30,000	—	70	Sale of heat
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	975,563	64	—	Generation and sale of electricity
Huadian Laizhou Wind Power Generation Company Limited 華電萊州風電有限公司	146,060	55	—	Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100	—	Generation and sale of electricity and heat
Hebei Huafeng Investment Company Limited 河北華峰投資有限公司	977,300	—	100	Energy projects investment
Hebei Fengyuan Industrial Company Limited 河北峰源實業有限公司	502,000	—	100	Sale of coal and chemical products
Huadian Fengyuan (Beijing) Trading Company Limited 華電峰源(北京)貿易有限公司	101,680	—	100 *(note (ii))*	Sale of coal and chemical products

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Proportion of ownership interest and voting right: Held by subsidiaries	Principal activities
	RMB'000	%	%	
Shanxi Maohua Energy Investment Company Limited 山西茂華能源投資有限公司	1,547,000	100	—	Sale of coal and investment in coal, electricity and heat industry
Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited 山西朔州平魯區茂華東易煤業有限公司	12,180	—	70	Resources consolidation, improvement and expansion services
Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited 山西朔州平魯區茂華萬通源煤業有限公司	10,000	—	70	Resources consolidation, improvement and expansion services
Hebei Huadian Guyuan Wind Power Company Limited 河北華電沽源風電有限公司	386,100	100	—	Generation and sale of electricity
Huadian Ningxia Ningdong Shangde Solar Energy Company Limited 華電寧夏寧東尚德太陽能發電有限公司	38,000	60	—	Generation and sale of electricity
Huadian Kezuozhongqi Wind Power Company Limited 華電科左中旗風電有限公司	80,000	100	—	Generation and sale of electricity
Shandong Century Electric Power Development Corporation Limited 山東百年電力發展股份有限公司	488,000	84.31	—	Generation and sale of electricity and heat
Shaoguan Pingshi Power Plant Company Limited (Plant B) 韶關市坪石發電廠有限公司(B廠)	989,000	100	—	Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited 華電萊州發電有限公司	1,440,000	75	—	Generation and sale of electricity
Hebei Huadian Kangbao Wind Power Company Limited 河北華電康保風電有限公司	80,000	100	—	Generation and sale of electricity
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	647,570	95	—	Development of coal-fired power plant (under construction)
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	562,000	90	—	Generation and sale of electricity and heat
Huadian Zoucheng Heat Company Limited 華電鄒城熱力有限公司	80,000	70	—	Sale of heat
Shantou Huadian Power Generation Company Limited 汕頭華電發電有限公司	30,000	51	—	Development of coal-fired power plant (under construction)
Guangdong Huadian Shaoguan Thermal Power Company Limited 廣東華電韶關熱電有限公司	40,000	100	—	Development of coal-fired power plant (under construction)
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	425,370	100	—	Sale of heat
Hebei Huadian Yuzhou Wind Company Limited 河北華電蔚州風電有限公司	120,000	—	100	Generation and sale of electricity
Ningxia Zhongning Power Generation Company Limited 寧夏中寧發電有限責任公司 ("Zhongning Power")	285,600	50 (note (i))	—	Generation and sale of electricity
Huadian Laizhou Port Company Limited 華電萊州港務有限公司	215,130	65	—	Port construction and operation

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Huadian Laizhou Wind Power Company Limited 華電萊州風力發電有限公司	91,914	100	—	Generation and sale of electricity
Anhui Wenhui New Products Promotion Company Limited 安徽文匯新產品推廣有限公司	50,000	51	—	Research, development, promotion and sales of new product (under construction)
Anhui Hualin International Energy Company Limited 安徽華麟國際能源有限公司	50,000	51	—	Investment on mine resources (under construction)
Inner Mongolia Haoyuan Coal Company Limited 內蒙古浩源煤炭有限公司	3,000	85	—	Sales of mining equipment and components
Inner Mongolia Alax League Shunge Mining Industry Corporation Company Limited 內蒙古阿拉善盟順舸礦業集團順舸礦業有限責任公司	30,000	100	—	Coal mine improvement and sales of mining equipment
Sichuan Huoxing Investment Company Limited 四川活興投資有限責任公司	430,329	100	—	Investment on hydropower resources
Sichuan Xiexing Investment Company Limited 四川協興投資有限公司	435,579	100	—	Investment on hydropower resources
Shuiluohe Company 四川涼山水洛河電力開發有限公司	544,555	—	57	Generation and sale of electricity
Tianjin Huadian Fuyuan Thermal Power Company Limited 天津華電福源熱電有限公司	207,000	100	—	Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	249,280	56	—	Generation and sale of electricity and heat (under construction)
Huadian Zhejiang Longyou Thermal Power Company Limited 華電浙江龍遊熱電有限公司	110,000	100	—	Development of gas-fired power plant (under construction)
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	120,000	70	—	Development of gas-fired power plant (under construction)
Huadian Shuozhou Thermal Company Limited 華電朔州熱電有限公司	40,000	100	—	Development of coal-fired power plant (under construction)
Shenzhen Huanyu Star River Investment Company Limited 深圳市環宇星河投資有限責任公司	20,000	100	—	Investment on hydropower resources
Lixian Star River Hydropower Company Limited 理縣星河電力有限責任公司	50,000	—	100	Generation and sale of electricity
Lixian Star River Ganbao Hydropower Company Limited 理縣星河甘堡電力有限責任公司	50,000	—	100	Generation and sale of electricity

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	%	%	
Inner Mongolia Huatong Ruisheng Energy Company Limited 內蒙古華通瑞盛能源有限公司 ("Huatong Ruisheng")	30,000	90 *(note 43)*	—	Sales of coal
Tianjin Huadian Tiantou Heat Company Limited 天津華電天投熱力有限公司	20,000	51 *(note (ii))*	—	Sale of heat (under construction)
Huadian Zibo Wind Power Company Limited 華電淄博風電有限公司	20,000	100 *(note (ii))*	—	Development of wind power plant (under construction)
Tianjin Huadian Nanjiang Thermal Power Company Limited 天津華電南疆熱電有限公司	132,000	65 *(note (ii))*	—	Generation and sale of electricity and heat (under construction)
Huadian Longkou Wind Power Company Limited 華電龍口風電有限公司	20,000	65 (note (ii))	—	Development of wind power plant (under construction)
Longkou Dongyi Wind Power Company Limited 龍口東宜風電有限公司 ("Dongyi Company ")	10,000	100 *(note (ii))*	—	Development of wind power plant (under construction)
Huadian Laizhou Wind Power Energy Company Limited 華電萊州風能有限公司	76,155	55 *(note (ii))*	—	Development of wind power plant (under construction)
Huadian Changyi Wind Power Company Limited 華電昌邑風電有限公司	50,000	100 *(note (ii))*	—	Development of wind power plant (under construction)
Huadian Zhanjiang Power Generation Company Limited 華電湛江發電有限公司	30,000	65 *(note (ii))*	—	Development of coal-fired power plant (under construction)

Notes:

(i) According to the articles of association of these companies, the Company holds majority of members in the board of directors which is the governing body of these companies and therefore has the power to direct the relevant activities of these companies, and is exposed, or has rights, to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns.

(ii) These companies were newly set up in 2013.

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

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests.

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership interest and voting right held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2012	**2013**	2012	**2013**	2012
				RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Weifang Company	the PRC	**55%**	55%	**313,873**	119,282	**1,432,503**	1,118,630
Zouxian Company	the PRC	**31%**	31%	**205,110**	112,048	**1,221,297**	1,117,030
Lingwu Company	the PRC	**35%**	35%	**310,564**	75,784	**1,115,366**	564,802
Individually immaterial subsidiaries with non-controlling interests:						**6,700,020**	5,485,716
Total						**10,469,186**	8,286,178

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

(i) Weifang Company and its subsidiaries

	2013	2012
	RMB'000	*RMB'000*
Current assets	**613,481**	540,067
Non-current assets	**5,209,831**	5,295,798
Current liabilities	**(1,407,530)**	(1,275,684)
Non-current liabilities	**(1,819,988)**	(2,534,499)
Total equity	**2,595,794**	2,025,682

	2013	2012
	RMB'000	*RMB'000*
Revenue	**4,141,319**	4,073,496
Expenses	**(3,571,898)**	(3,855,823)
Profit and total comprehensive income for the year	**569,421**	217,673
Net cash inflow from operating activities	**1,129,200**	1,257,900
Net cash outflow from investing activities	**(381,054)**	(389,118)
Net cash outflow from financing activities	**(737,247)**	(889,067)
Net cash inflow/(outflow)	**10,899**	(20,285)

22. INVESTMENTS IN SUBSIDIARIES *(CONTINUED)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

(ii) Zouxian Company

	2013 RMB'000	2012 RMB'000
Current assets	**326,884**	300,180
Non-current assets	**5,509,545**	5,664,329
Current liabilities	**(858,614)**	(724,995)
Non-current liabilities	**(1,038,146)**	(1,636,190)
Total equity	**3,939,669**	3,603,324

	2013 RMB'000	2012 RMB'000
Revenue	**4,630,997**	4,399,486
Expenses	**(3,969,351)**	(4,038,042)
Profit and total comprehensive income for the year	**661,646**	361,444
Dividends paid to non-controlling interests	**100,843**	—
Net cash inflow from operating activities	**1,335,753**	870,345
Net cash (outflow)/inflow from investing activities	**(168,657)**	128,613
Net cash outflow from financing activities	**(1,148,107)**	(972,273)
Net cash inflow	**18,989**	26,685

(iii) Lingwu Company

	2013 RMB'000	2012 RMB'000
Current assets	**1,580,668**	1,361,383
Non-current assets	**10,150,919**	10,289,472
Current liabilities	**(1,834,525)**	(1,961,017)
Non-current liabilities	**(6,576,389)**	(7,496,490)
Total equity	**3,320,673**	2,193,348

	2013 RMB'000	2012 RMB'000
Revenue	**5,098,864**	4,617,219
Expenses	**(4,211,539)**	(4,401,549)
Profit and total comprehensive income for the year	**887,325**	215,670
Net cash inflow from operating activities	**1,818,973**	1,626,660
Net cash outflow from investing activities	**(330,875)**	(655,594)
Net cash outflow from financing activities	**(1,429,848)**	(917,411)
Net cash inflow	**58,250**	53,655

(c) Acquisition of non-controlling interests

During the year, the Group acquired 40% and 49.70% of additional interests in Dongyi Company and Shijiazhuang Guanghua Thermal Power Company Limited ("Guanghua Company"), respectively. The Group's interests in these two companies increased to 100%. The consideration of RMB44,952,000 has been paid in cash. The difference between the considerations paid of RMB44,952,000 and the carrying amounts of non-controlling interests of RMB474,000 (being the proportionate share of the carrying amount of the net assets of Dongyi Company and Guanghua Company) has been debited to capital reserve and retained profits, respectively.

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	—	—	6,215,397	6,029,033
Share of net assets	10,329,396	10,000,726	—	—
	10,329,396	10,000,726	6,215,397	6,029,033
Less: impairment loss	—	—	(344,000)	(344,000)
	10,329,396	10,000,726	5,871,397	5,685,033

(a) General information of associates

The following list contains only the particulars of associates as at 31 December 2013, all of which are unlisted limited liabilities companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Huadian Property Company Limited 華電置業有限公司 *(note (i))*	2,687,500	15.40	—	Property development
Huadian Coal Industry Group Company Limited 華電煤業集團有限公司 ("Huadian Coal") *(note (i))*	3,657,143	11.82	0.90	Provision of coal procurement service
China Huadian Finance Corporation Limited 中國華電集團財務有限公司 ("China Huadian Finance") *(note (i))*	5,000,000	14.93	1.532	Provision of corporate financial service to its group Companies
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司	475,000	—	30	Generation and sale of electricity and heat
Hebei Jiantou Yuzhou Wind Power Company Limited 河北建投蔚州風能有限公司	364,000	—	44.08	Generation and sale of electricity
Hebei Xibaipo Second Power Generation Company Limited 河北西柏坡第二發電有限責任公司 ("Xibaipo Power Company")	880,000	—	35	Generation and sale of electricity and heat
Guodian Inner Mongolia Dongsheng Thermal Power Company Limited 國電內蒙古東勝熱電有限公司	500,000	—	20	Generation and sale of electricity and heat
Xingtai Guotai Power Generation Company Limited 邢臺國泰發電有限責任公司	400,000	—	35	Generation and sale of electricity and heat
Guodian Huai'an Thermal Power Company Limited 國電懷安熱電有限公司	514,800	—	35	Generation and sale of electricity and heat
Otog Front Banner Changcheng Mine Company Limited 鄂托克前旗長城煤礦有限責任公司 ("Changcheng Mine Company")	23,077	35	—	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited 內蒙古福城礦業有限公司 ("Fucheng Mining Company")	150,000	35	—	Sale of ores and steels products
Otog Front Banner Quanhui Trading Company Limited 鄂托克前旗權輝商貿有限公司	5,000	35	—	Production and sale of coal
Otog Front Banner Baihui Trading Company Limited 鄂托克前旗百匯商貿有限公司	5,000	35	—	Production and sale of coal
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35	—	Production and sale of coal

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(a) General information of associates *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting right: Held by the Company	Proportion of ownership interest and voting right: Held by subsidiaries	Principal activities
	RMB'000	*%*	*%*	
Ningxia Ningdong Railway Corporation Limited 寧夏寧東鐵路股份有限公司 ("Ningdong Railway") *(note (i))*	3,533,368	8.49	—	Railway development and management
Ningxia Yinxing Coal Company Limited 寧夏銀星煤業有限公司 ("Yinxing Coal")	611,000	50	—	Development of coal mines
Huadian Jinshajiang Upstream Hydropower Development Company Limited 華電金沙江上游水電開發有限公司 ("Jinshajiang Hydropower Company")	374,952	20	—	Development of hydropower plant
Sichuan Huayingshan Longtan Coal Company Limited 四川華鎣山龍灘煤電有限責任公司 ("Longtan Coal Company")	133,250	—	45	Development of coal mines and sale of coal
Sichuan balanghe Hydropower Development Company Limited 四川巴郎河水電開發有限責任公司	120,000	—	20	Generation and sale of electricity
Datang Xiangcheng Tangdian Hydropower Development Company Limited 大唐鄉城唐電水電開發有限公司 ("Xiangcheng Hydropower Company")	625,196	—	49	Development of hydropower plant
Datang Derong Tangdian Hydropower Development Company Limited 大唐得榮唐電水電開發有限公司 ("Derong Hydropower Company")	100,000	—	49	Development of hydropower plant

Notes:

(i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.

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

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

(i) Huadian Coal

	2013	2012
	RMB'000	*RMB'000*
Current assets	**7,855,566**	6,810,283
Non-current assets	**44,163,793**	35,774,060
Current liabilities	**(21,282,843)**	(13,062,396)
Non-current liabilities	**(14,833,934)**	(13,113,326)

	2013	2012
	RMB'000	*RMB'000*
Revenue	**21,407,044**	16,705,872
(Loss)/profit and total comprehensive (expense)/income, for the year attributable to equity shareholders of Huadian Coal	**(187,071)**	1,044,733

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian Coal recognised in the consolidated financial statements:

	2013	2012
	RMB'000	*RMB'000*
Net assets	**15,902,582**	16,408,621
Non-controlling interests of Huadian Coal	**(5,387,912)**	(4,923,286)
Proportion of the Group's ownership interest	**12.72%**	12.72%
Carrying amount of the Group's interest	**1,337,466**	1,460,935

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates *(Continued)*

(ii) China Huadian Finance

	2013 RMB'000	2012 RMB'000
Current assets	**15,538,466**	11,210,965
Non-current assets	**15,352,531**	19,166,351
Current liabilities	**(22,975,186)**	(22,570,299)
Non-current liabilities	**(1,000,330)**	(1,000,000)

	2013 RMB'000	2012 RMB'000
Revenue	**1,465,024**	1,477,903
Profit for the year	**1,009,283**	898,281
Other comprehensive income for the year	**991**	54,206
Total comprehensive income for the year	**1,010,274**	952,487
Dividends received during the year	**148,418**	37,039

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Huadian Finance recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets	**6,915,481**	6,807,017
Proportion of the Group's ownership interest	**16.462%**	16.462%
Goodwill recognised at acquisition	**21,435**	21,435
Carrying amount of the Group's interest	**1,159,861**	1,142,006

23. INTERESTS IN ASSOCIATES AND A JOINT VENTURE *(CONTINUED)*

(b) Summary financial information of material associates *(Continued)*

(iii) Yinxing Coal

	2013	2012
	RMB'000	*RMB'000*
Current assets	**56,966**	285,160
Non-current assets	**2,097,301**	1,156,233
Current liabilities	**(1,233,237)**	(767,393)
Non-current liabilities	**(168,405)**	(63,000)

	2013	2012
	RMB'000	*RMB'000*
Revenue	**606,390**	—
Profit and total comprehensive income for the year	**136,345**	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yinxing Coal recognised in the consolidated financial statements:

	2013	2012
	RMB'000	*RMB'000*
Net assets	**752,625**	611,000
Proportion of the Group's ownership interest	**50%**	50%
Effect of fair value adjustments at acquisition	**369,860**	372,500
Carrying amount of the Group's interest	**746,173**	678,000

(c) Aggregate information of associates that are not individually material

	2013	2012
	RMB'000	*RMB'000*
The Group's share of profit	**330,196**	365,363
The Group's share of profit and total comprehensive income	**330,196**	365,363
Aggregate carrying amount of the Group's interests in these associates	**7,085,896**	6,719,785

(d) The joint venture held by the Company is not material to the consolidated financial statements.

24. OTHER INVESTMENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted equity securities, at cost	**334,368**	321,208	**130,109**	127,109
Listed available-for-sale equity securities in the PRC	**30,282**	38,958	**—**	—
	364,650	360,166	**130,109**	127,109
Less: impairment loss	**(1,161)**	—	**—**	—
	363,489	360,166	**130,109**	127,109

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

25. OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
— Long-term receivables from subsidiaries	**—**	—	**166,516**	314,536
— Other long-term receivables	**97,861**	32,174	**147,571**	—
Prepayment for the proposed investments	**—**	436,854	**—**	385,174
Deductible VAT and other tax	**1,045,610**	865,054	**26,673**	411
Deposits for sales and leaseback arrangements	**105,530**	112,706	**—**	—
Deposits on acquisition of mining rights	**196,000**	196,000	**100,000**	100,000
Deferred difference arising from a sales and leaseback arrangement *(note(i))*	**453,265**	454,199	**—**	—
	1,898,266	2,096,987	**440,760**	800,121
Less: impairment loss *(note 10)*	**(97,861)**	—	**(147,571)**	—
	1,800,405	2,096,987	**293,189**	800,121

Note:

(i) Deferred difference arising from sale and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sale and leaseback arrangements which resulted in a finance lease. The difference is deferred and amortised as an adjustment to the depreciation of the assets over their estimated useful lives.

26. INVENTORIES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Coal, gas and stalk	**2,392,106**	2,575,194	**188,664**	128,160
Fuel oil	**91,962**	119,833	**14,444**	21,686
Materials, components and spare parts	**672,246**	688,105	**167,323**	145,572
	3,156,314	3,383,132	**370,431**	295,418

All of the inventories for future usage and sales are expected to be utilised within one year.

27. TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade debtors and bills receivable for the sale of electricity	**7,302,703**	6,625,167	**684,476**	768,061
Trade debtors and bills receivable for the sale of heat	**463,741**	373,699	**25,952**	32,971
Trade debtors and bills receivable for the sale of coal	**670,439**	272,489	**—**	—
	8,436,883	7,271,355	**710,428**	801,032
Less: allowance for doubtful debts	**(34,158)**	(23,229)	**—**	—
	8,402,725	7,248,126	**710,428**	801,032

Notes:

(i) As at 31 December 2013, trade and bills receivables of the Group include factored trade receivables with recourse totalling RMB484,056,000 (2012: RMB882,977,000). These receivables were not derecognised as the Group remains exposed to the credit risk of these receivables. The carrying amount of the associated bank loans amounted to RMB450,000,000 (2012: RMB675,642,000).

(ii) At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the PRC (the "Endorsed Bills") with a carrying amount of RMB335,506,000 (2012: nil) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills is RMB335,506,000 as at 31 December 2013.

(iii) As at 31 December 2013, bank acceptance bills discounted or endorsed to banks and suppliers of RMB1,625,034,000 (2012: RMB1,206,877,000) derecognised by the Group (the "Derecognised Bills "). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB3,855,000 (2012: RMB3,576,000) in total and charged into the profit or loss.

(iv) As at 31 December 2013, trade receivables amounted to RMB930,000,000 (2012: RMB990,947,000) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred the significant risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was RMB1,299,000 (2012: RMB828,000) in total and charged into the profit or loss.

(a) Ageing analysis

As at 31 December 2013, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated the revenue recognition date, is as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**8,016,756**	7,084,415	**710,428**	801,032
1 to 2 years	**274,014**	150,063	**—**	—
2 to 3 years	**111,572**	13,648	**—**	—
Over 3 years	**383**	—	**—**	—
	8,402,725	7,248,126	**710,428**	801,032

Receivables from sale of electricity and heat are due within 30 days and 90 days from the date of billing, respectively. Receivables from sale of coal are due within 60 days from the date of billing.

27. TRADE DEBTORS AND BILLS RECEIVABLE *(CONTINUED)*

(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 (see note 2(m)(i)).

The movement in 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	**23,229**	6,750	**—**	—
Impairment loss recognised	**11,473**	23,129	**—**	—
Reversal of impairment loss	**(544)**	(6,650)	**—**	—
At 31 December	**34,158**	23,229	**—**	—

At 31 December 2013, the Group's trade debtors and bills receivable totalling of RMB34,158,000 (2012: RMB23,229,000) were individually determined to be impaired. Management assessed that the receivables is not expected to be recovered. Consequently, specific allowance for doubtful debts of RMB34,158,000 (2012: RMB23,229,000) was recognised. The Group does not hold any collateral over these balances. None of the Company's trade debtors and bills receivable were individually determined to be impaired.

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

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**7,635,780**	6,607,795	**710,428**	801,032
Less than 1 year past due	**382,004**	480,201	**—**	—
1 to 2 years past due	**274,658**	153,468	**—**	—
2 to 3 years past due	**110,283**	6,662	**—**	—
	8,402,725	7,248,126	**710,428**	801,032

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

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

28. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are mainly repayable or expected to be repaid within one year, unsecured, interest-bearing and denominated in RMB. In the opinion of the directors of the Company, the carrying amounts of amounts due from subsidiaries approximate their fair value.

29. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2013, deposits, other receivables and prepayments of the Group with gross amounts of RMB2,449,980,000 (2012: RMB3,491,877,000) mainly represent prepayment for purchasing inventories and materials, deductible VAT recoverable, dividends receivable and other receivables.

As at 31 December 2013, specific allowance for doubtful debts of the Group amounted to RMB134,408,000 (2012: RMB142,307,000), including bad debt allowance on receivables on CERs of RMB84,614,000 (2012: RMB84,614,000).

30. RESTRICTED DEPOSITS

Restricted deposits mainly represent deposits at banks and a financial institution with maturity over three months and as collateral for bills payable.

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand	**423,702**	1,031,799	**254,742**	699,442
Cash at other financial institutions	**2,486,184**	2,028,275	**117,072**	47,694
Deposits with other financial institutions with original maturity less than three months	**10,130**	—	**—**	—
	2,920,016	3,060,074	**371,814**	747,136

32. BORROWINGS

(a) Bank loans

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year				
— short term bank loans	**13,851,948**	17,750,232	**5,467,356**	8,895,790
— current portion of long term bank loans	**6,750,850**	7,427,187	**1,503,628**	944,421
	20,602,798	25,177,419	**6,970,984**	9,840,211
After 1 year but within 2 years	**5,853,409**	8,445,407	**340,000**	1,774,512
After 2 years but within 5 years	**17,094,320**	16,876,081	**1,192,787**	938,000
After 5 years	**27,825,666**	28,937,300	**62,213**	—
	50,773,395	54,258,788	**1,595,000**	2,712,512
	71,376,193	79,436,207	**8,565,984**	12,552,723

All of the bank loans are unsecured, except for amounts totalling of RMB16,029,548,000 (2012: RMB13,901,805,000) which are secured by the income stream in respect of the sale of electricity and trade debtors for the sale of electricity of certain subsidiaries, amounts totalling of RMB3,899,410,000 (2012: RMB3,577,350,000) which are secured by lease prepayments, construction in progress and property plant and equipment with an aggregate carrying amount of RMB4,882,470,000 (2012: RMB2,708,131,000) of certain subsidiaries and amounts totalling of RMB2,175,969,000 (2012: RMB2,141,588,000) are secured by guarantee from shareholders and independent third parties. None of the bank loans contain financial covenants.

32. BORROWINGS *(CONTINUED)*

(a) Bank loans *(Continued)*

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Renminbi loans		
Floating interest rates mainly ranging from 5.04% to 7.36% per annum as at 31 December 2013 (2012: 5.04% to 7.94%), with maturities up to 2037	**61,798,067**	68,966,236
Fixed interest rates mainly ranging from 4.50% to 6.50% per annum as at 31 December 2013 (2012: 4.72% to 6.91%), with maturities up to 2015	**8,274,592**	9,117,334
United States dollar ("US$") loans		
Floating interest rates mainly ranging from 2.60% to 5.65% per annum as at 31 December 2013 (2012: 2.61% to 5.83%), with maturities up to 2027	**657,699**	672,142
Fixed interest rates mainly ranging from 2.60% to 3.80% per annum as at 31 December 2013 (2012: 3.00% to 3.93%), with maturities up to 2014	**553,355**	577,847
Euro loans		
Fixed interest rate of 2.25% per annum as at 31 December 2013 (2012: 2.25%), with maturity up to 2022	**92,480**	102,648
	71,376,193	79,436,207

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Renminbi loans		
Floating interest rates mainly ranging from 5.04% to 6.65% per annum as at 31 December 2013 (2012: 5.04% to 6.90%), with maturities up to 2025	**5,936,450**	9,614,820
Fixed interest rates mainly ranging from 5.40% to 6.30% per annum as at 31 December 2013 (2012: 5.04% to 6.56%), with maturities up to 2014	**1,700,000**	1,972,240
US$ loans		
Floating interest rates mainly ranging from 2.60% to 3.37% per annum as at 31 December 2013 (2012: 2.61% to 4.18%), with maturities up to 2014	**376,179**	387,816
Fixed interest rates mainly ranging from 2.60% to 3.80% per annum as at 31 December 2013 (2012: 3.00% to 3.93 %), with maturities up to 2014	**553,355**	577,847
	8,565,984	12,552,723

The Group and the Company have US$ bank loans amounting to US$198,634,363 (2012: US$198,868,479) and US$152,460,044 (2012: US$153,633,333), respectively. The Group has Euro bank loan amounting to Euro10,984,811 (2012: Euro12,341,013).

32. BORROWINGS *(CONTINUED)*

(b) Loans from shareholders

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year — current portion of long term shareholders loans	**1,473,136**	564,071	**47,480**	—
After 1 year but within 2 years	**658,894**	1,457,388	**87,430**	45,152
After 2 years but within 5 years	**261,513**	898,564	**50,678**	130,623
After 5 years	**100,000**	100,000	**—**	—
	1,020,407	2,455,952	**138,108**	175,775
	2,493,543	3,020,023	**185,588**	175,775

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Loans from Shandong International Trust Corporation ("SITC")		
Floating interest rates of 6.70% per annum as at 31 December 2012	**—**	198,000
Fixed interest rate ranging from 7.30% to 7.70% per annum as at 31 December 2013 (2012: 7.30% to 7.70%), with maturity up to 2014	**613,150**	974,268
Loans from China Huadian		
Imputed interests based on fixed interest rates ranging from 4.15% to 6.90% per annum as at 31 December 2013 (2012: 4.15% to 6.90%), with maturities up to 2021	**1,880,393**	1,847,755
	2,493,543	3,020,023

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Loans from China Huadian		
Imputed interests based on fixed interest rates ranging from 5.18% to 6.90% per annum as at 31 December 2013 (2012: 5.18% to 6.90%), with maturities up to 2017	**185,588**	175,775

At 31 December 2013 certain loans from China Huadian of the Group and the Company with a total principal amount of RMB661,650,000 (2012: RMB661,650,000) and RMB203,560,000 (2012: RMB203,560,000) respectively, which are interest-free. The fair value adjustments of those loans at initial recognition were credited to equity.

Except for above interest-free loans from China Huadian, other loans from SITC and China Huadian of the Group and the Company are unsecured, interest bearing based on their respective costs of funds and with repayment terms disclosed above.

32. BORROWINGS *(CONTINUED)*

(c) State loans

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year — current portion of long term state loans	**10,631**	10,526	**1,018**	1,018
After 1 year but within 2 years	**10,631**	10,526	**1,018**	1,018
After 2 years but within 5 years	**31,861**	31,578	**3,054**	3,054
After 5 years	**64,823**	74,582	**2,037**	3,055
	107,315	116,686	**6,109**	7,127
	117,946	127,212	**7,127**	8,145

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Renminbi loans		
Fixed interest rates mainly ranging from 2.55% to 2.82% per annum as at 31 December 2013 (2012: 2.55% to 2.82%), with maturities up to 2020	**8,591**	9,818
Floating interest rate of 3.30% per annum as at 31 December 2013 (2012: 3.30%), with maturities up to 2020	**4,773**	5,454
Euro loan		
Fixed interest rate of 3.09% per annum as at 31 December 2013 (2012: 3.09%), with maturities up to 2048	**104,582**	111,940
	117,946	127,212

32. BORROWINGS *(CONTINUED)*

(c) State loans *(Continued)*

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Renminbi loans		
Fixed interest rate of is 2.55% per annum as at 31 December 2013 (2012: 2.55%), with maturities up to 2020	**7,127**	8,145

The RMB state loans represent loans of RMB8,591,000 obtained from Ministry of Finance of the PRC in 2006 and a loan of RMB4,773,000 obtained from Ministry of Finance of Weifang Municipal Government in 2005.

The Euro state loan represents a loan facility maximum of Euro14.5 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. As at 31 December 2013, the total amount of the above state loan is Euro12.42 million (2012: Euro13.49 million).

All RMB state loans are unsecured, except for amounts totalling RMB104,582,000 (2012: RMB111,940,000) are secured by guarantee from an independent third party.

(d) Other loans

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Due:				
Within 1 year				
— short term other loans	**1,215,000**	1,741,600	**95,000**	295,000
— current portion of long term other loans	**1,051,205**	1,645,290	**43,000**	3,000
	2,266,205	3,386,890	**138,000**	298,000
After 1 year but within 2 years	**1,129,245**	1,321,370	**703,000**	43,000
After 2 years but within 5 years	**2,346,510**	2,783,230	**388,000**	1,091,000
After 5 years	**2,733,668**	3,237,897	**700,000**	700,000
	6,209,423	7,342,497	**1,791,000**	1,834,000
	8,475,628	10,729,387	**1,929,000**	2,132,000

32. BORROWINGS *(CONTINUED)*

(d) Other loans *(Continued)*

All of the other loans are unsecured except for amounts totalling RMB304,940,000 (2012: RMB430,140,000) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totalling of RMB1,500,000,000 (2012: RMB1,500,000,000) are secured by guarantee from China Huadian. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Loans from China Huadian Finance		
Floating interest rates ranging from 5.54% to 6.80% per annum as at 31 December 2013 (2012: 5.54% to 6.80%), with maturities up to 2025	**3,260,155**	6,108,505
Fixed interest rates ranging from 5.60% to 6.00% per annum as at 31 December 2013 (2012: 5.60% to 6.56%), with maturities up to 2014	**985,000**	550,000
Others		
Floating interest rates ranging from 4.44% to 7.21% per annum as at 31 December 2013 (2012: 5.54% to 7.21%), with maturities up to 2021	**3,882,973**	3,749,782
Fixed interest rates ranging from 5.70% to 6.55% per annum as at 31 December 2013 (2012: 5.90% to 7.76%), with maturities up to 2016	**347,500**	321,100
	8,475,628	10,729,387

	The Company	
	2013	2012
	RMB'000	*RMB'000*
Loans from China Huadian Finance, China Fortune International Trust Co., Ltd. ("China Fortune Trust") and subsidiaries of the Company		
Floating interest rates from 6.15% to 7.21% per annum as at 31 December 2013 (2012: 6.15% to 7.21%), with maturities up to 2014	**434,000**	637,000
Fixed interest rates of 5.40% per annum as at 31 December 2013 (2012: 5.40% to 5.68%), with maturities up to 2014	**95,000**	95,000
Others		
Floating interest rates ranging from 5.54% to 5.86% per annum as at 31 December 2013 (2012: 5.54% to 5.86%), with maturities up to 2019	**1,400,000**	1,400,000
	1,929,000	2,132,000

32. BORROWINGS *(CONTINUED)*

(e) Short-term debentures payable

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
First tranche of short-term debentures for the year of 2012	—	1,561,247
Second tranche of short-term debentures for the year of 2012	—	2,019,847
Third tranche of short-term debentures for the year of 2012	—	1,497,736
First tranche of super short-term debentures for the year of 2012	—	3,555,984
Second tranche of super short-term debentures for the year of 2012	—	3,029,566
First tranche of short-term debentures for the year of 2013	**1,547,160**	—
Second tranche of short-term debentures for the year of 2013	**2,023,902**	—
Third tranche of super short-term debentures for the year of 2013	**3,057,751**	—
Fourth tranche of super short-term debentures for the year of 2013	**3,057,238**	—
Fifth tranche of super short-term debentures for the year of 2013	**3,545,858**	—
Sixth tranche of super short-term debentures for the year of 2013	**4,018,491**	—
	17,250,400	11,664,380

On 14 March 2013, the Company issued the first tranche of short-term debentures in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB1,500,000,000 with a maturity period of 366 days and bears interest at 4.03% per annum. The tranche is unsecured.

On 16 July 2013, the Company issued the third tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000,000,000 with a maturity period of 270 days and bears interest at 4.40% per annum. The tranche is unsecured.

On 24 July 2013, the Company issued the fourth tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000,000,000 with a maturity period of 270 days and bears interest at 4.60% per annum. The tranche is unsecured.

On 9 September 2013, the Company issued the fifth tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500,000,000 with a maturity period of 270 days and bears interest at 4.75% per annum. The tranche is unsecured.

On 16 September 2013, the Company issued the second tranche of short-term debentures in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB2,000,000,000 with a maturity period of 366 days and bears interest at 4.80% per annum. The tranche is unsecured.

On 11 November 2013, the Company issued the sixth tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB4,000,000,000 with a maturity period of 270 days and bears interest at 5.05% per annum. The tranche is unsecured.

During the current year, the Group repaid three tranches of short-term debentures and four tranches of super short-term debentures totally amounting to principal amount of RMB18,500,000,000(2012: RMB3,500,000,000) at par value.

The effective interest rates of above debentures are ranging from 4.03% to 5.17% (2012: from 3.57% to 5.09%) per annum after considering the effect of issue costs.

32 BORROWINGS *(CONTINUED)*

(f) Long-term debentures payable

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
Second tranche of medium-term notes for the year of 2009	**1,498,965**	1,494,467
First tranche of medium-term notes for the year of 2010	**2,388,033**	2,380,837
First tranche of medium-term notes for the year of 2012	**1,484,745**	1,480,248
First tranche of non-public private placement bonds for the year of 2012	**4,997,041**	4,997,041
First tranche of non-public private placement bonds for the year of 2013	**2,996,499**	—
	13,365,283	10,352,593
Less: medium-term notes due within one year	**(1,498,965)**	—
	11,866,318	10,352,593

On 22 May 2013, the Company issued the first tranche of non-public private placement bonds. The bonds was unsecured 3-year bonds totalling RMB3,000,000,000 issued at par value of RMB100 each and bear interest at 4.87% per annum.

The effective interest rates of above long-term debentures are ranged from 4.14% to 5.34% (2012: from 4.14% to 5.34%) per annum after considering the effect of issue costs.

33. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 31 December 2013		At 31 December 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	**362,372**	**376,437**	311,480	323,419
After 1 year but within 2 years	**277,246**	**305,459**	287,047	316,230
After 2 years but within 5 years	**646,771**	**821,805**	357,738	429,582
After 5 years	**204,393**	**335,573**	—	—
	1,128,410	**1,462,837**	644,785	745,812
	1,490,782	**1,839,274**	956,265	1,069,231
Less: total future interest expenses		**(348,492)**		(112,966)
Present value of finance lease obligations		**1,490,782**		956,265

In 2013, the Group entered into three new agreements with a leasing company to sell certain of the Group's facilities to the leasing company and leaseback the facilities for a 5-year to 8-year period. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 31 December 2013, the carrying amounts of the facilities held under finance lease included in property, plant and equipment and intangible assets amounted to RMB1,711,670,000 and RMB282,077,000 (2012: RMB1,003,795,000 and RMB299,002,000), respectively.

34. TRADE CREDITORS AND BILLS PAYABLE

As at 31 December 2013, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**9,219,493**	7,412,810	**553,472**	253,778
1 to 2 years	**1,585,383**	931,818	**—**	—
Over 2 years	**1,295,304**	949,312	**—**	—
	12,100,180	9,293,940	**553,472**	253,778

35. OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial liabilities				
— Quality guarantee deposits	**1,412,770**	1,243,762	**76,637**	64,381
— Consideration payables on acquisitions	**936,241**	394,857	**835,373**	308,533
— Interest payables	**657,604**	602,853	**433,790**	350,931
— Wages payable	**125,073**	109,538	**24,688**	23,340
— Payables for installed capacity quota	**273,530**	277,686	**—**	—
— Payables for sewage charges	**92,277**	88,986	**27,249**	32,037
— Dividend payables to non-controlling interests	**12,906**	14,319	**—**	—
— Current portion of long-term payables *(note (i))*	**268,050**	808,233	**—**	—
— Others *(note (ii))*	**998,176**	847,151	**127,285**	82,568
	4,776,627	4,387,385	**1,525,022**	861,790
Other tax payables	**330,030**	458,444	**43,089**	87,325
Receipts in advance	**1,021,317**	925,907	**4,202**	2,582
	6,127,974	5,771,736	**1,572,313**	951,697

Notes:

(i) Current portion of long-term payables mainly represents the current portion of a long-term payable to a bank resulting from a financial guarantee provided by a subsidiary to an external party.

(ii) Others mainly include payables on service fees, rental and other miscellaneous items.

(iii) All of the other payables of the Group and the Company are expected to be settled or recognised as income within one year or are repayable on demand.

36. LONG-TERM PAYABLES

Long-term payables mainly include:

(i) An amount of RMB431,889,000 (2012: RMB540,374,000) represents payables to local governments for mining rights. The amount classified as non-current is payable after twelve months from the end of the reporting period in accordance with the repayment schedule set out in the relevant agreement.

(ii) An amount of RMB237,292,000 (2012: nil) represents an amount payable to a bank resulting from a financial guarantee provided by a subsidiary to an external party. The amount is classified as non-current is payable after twelve months from the end of the reporting period as agreed with the bank. The Company pledged its share in the subsidiary as the guarantee for such long payables, including the current portion of the long-term payables (note 35(i)).

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Taxation in the statement of financial position represents:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Net tax payable/(recoverable) at 1 January	**137,984**	67,260	**(23,903)**	(23,903)
Additions through acquisition of subsidiaries	**—**	331	**—**	—
Provision for the year *(note 13(a))*	**1,331,008**	438,721	**—**	—
Over provision in respect of prior years *(note 13(a))*	**(9,765)**	(3,827)	**—**	—
Income tax paid	**(1,173,974)**	(364,501)	**—**	—
Net tax payable at 31 December	**285,253**	137,984	**(23,903)**	(23,903)
Representing:				
Tax payable	**412,100**	231,025	**—**	—
Tax recoverable — current portion	**(84,120)**	(75,386)	**—**	(23,903)
Tax recoverable — non-current portion, included in other non-current assets	**(42,727)**	(17,655)	**(23,903)**	—
	285,253	137,984	**(23,903)**	(23,903)

(b) Deferred tax assets and liabilities recognised

(i) The Group

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	At 1 January 2012	Through acquisition of subsidiaries	(Charged)/ credited to profit or loss	Charged to fair value reserve	At 31 December 2012	Through disposal of a subsidiary	(Charged)/ credited to profit or loss	Credited to fair value reserve	At 31 December 2013
	RMB'000	*RMB'000*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*	*RMB'000*	*RMB'000 (note 13(a))*	*RMB'000 (note 14)*	*RMB'000*
Provision for inventories and receivables and impairment of property, plant and equipment	26,757	—	22,991	—	49,748	—	46,366	—	96,114
Depreciation of property, plant and equipment	(1,027,560)	—	(126,390)	—	(1,153,950)	—	(135,374)	—	(1,289,324)
Fair value adjustments on property, plant and equipment, construction in progress, intangible assets and equity investments	(1,586,709)	(93,844)	50,897	(3)	(1,629,659)	(28,360)	88,405	2,169	(1,567,445)
Long-term payables discounting	(160,210)	—	11,208	—	(149,002)	43,895	10,347	—	(94,760)
Expenses to be claimed on paid basis	7,839	—	267	—	8,106	—	(264)	—	7,842
Tax losses	662,043	—	(226,771)	—	435,272	—	(218,715)	—	216,557
Others	2,773	—	13,161	—	15,934	—	14,997	—	30,931
	(2,075,067)	(93,844)	(254,637)	(3)	(2,423,551)	15,535	(194,238)	2,169	(2,600,085)

37. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

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

(ii) The Company

The components of deferred tax assets/(liabilities) recognised in the statement of financial position and the movements during the year are as follows:

	At 1 January 2012	(Charged)/ credit to profit or loss	At 31 December 2012	Credit to profit or loss	At 31 December 2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision for inventories and receivables	14,046	37	14,083	—	14,083
Through acquisition of a subsidiary	—	(1,067)	(1,067)	124	(943)
Fair value adjustments on equity investments	(62,280)	—	(62,280)	—	(62,280)
Expenses to be claimed on paid basis	1,443	658	2,101	—	2,101
	(46,791)	(372)	(47,163)	124	(47,039)

(iii) Reconciliation to the statement of financial position

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	**259,669**	350,854	**—**	—
Net deferred tax liabilities recognised in the statement of financial position	**(2,859,754)**	(2,774,405)	**(47,039)**	(47,163)
	(2,600,085)	(2,423,551)	**(47,039)**	(47,163)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB3,943,673,000 (2012: RMB5,542,876,000) and deductible temporary differences of approximately RMB791,724,000 (2012: RMB33,629,000) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
2013	**—**	1,753,986	**—**	516,658
2014	**23,969**	61,344	**—**	—
2015	**512,916**	760,705	**—**	—
2016	**1,889,297**	2,073,814	**1,248,374**	1,248,374
2017	**651,288**	893,027	**343,702**	378,256
2018	**866,203**	—	**243,699**	—
	3,943,673	5,542,876	**1,835,775**	2,143,288

38. DEFERRED INCOME

Deferred income represents the unearned portion of upfront connection and installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront connection and installation fee recognised for the year amounting to RMB91,406,000 (2012: RMB71,118,000) is included in "Other revenue and net income" in the consolidated statement of profit or loss and other comprehensive income (see note 8).

39. PROVISION

The provision represents the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

40. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balance 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	Discretionary surplus reserve	Retained profits	Total equity
	RMB'000 *(note 40(c))*	*RMB'000* *(note 40(d)(i))*	*RMB'000* *(note 40(d)(ii))*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2012	6,771,084	4,641,305	1,479,421	68,089	1,500,843	14,460,742
Shares issued *(note 40(c))*	600,000	1,229,084	—	—	—	1,829,084
Appropriation of general reserve	—	—	6,603	—	(6,603)	—
Contribution from the parent company	—	9,027	—	—	—	9,027
Profit and total comprehensive loss for the year	—	—	—	—	(28,063)	(28,063)
Balance at 31 December 2012	7,371,084	5,879,416	1,486,024	68,089	1,466,177	16,270,790
Dividends recognised as distribution	—	—	—	—	(479,120)	(479,120)
Appropriation of general reserve	—	—	69,927	—	(69,927)	—
Profit and total comprehensive income for the year	—	—	—	—	752,706	752,706
Balance at 31 December 2013	7,371,084	5,879,416	1,555,951	68,089	1,669,836	16,544,376

(b) Dividends

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

	2013	2012
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.225 per share (2012: RMB0.065 per share)	1,658,494	479,120

Pursuant to a resolution passed at the Directors' meeting held on 21 March 2014, final dividend of RMB0.225 per share will be payable to shareholders for 2013, subject to the approval of the shareholders at the coming annual general meeting.

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

	2013	2012
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.065 per share (2012: nil)	**479,120**	—

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(c) Share capital

	2013		2012	
	No. of shares		No. of shares	
	'000	RMB'000	'000	RMB'000
Ordinary shares, registered issued and fully paid:				
A shares of RMB1 each				
At 1 January	5,940,056	5,940,056	5,340,056	5,340,056
Shares issued	—	—	600,000	600,000
At 31 December	5,940,056	5,940,056	5,940,056	5,940,056
H shares of RMB1 each				
At 1 January and 31 December	1,431,028	1,431,028	1,431,028	1,431,028
Total				
At 31 December	7,371,084	7,371,084	7,371,084	7,371,084
At 1 January	7,371,084	7,371,084	6,771,084	6,771,084

All shares rank pari passu in all material respects.

On 4 July 2012, the Company completed a non-public offering to target subscribers to issue 600,000,000 A shares with a nominal value of RMB1 each at an issue price of RMB3.12 each. The 600,000,000 shares are listed on the Shanghai Stock Exchange but are subject to a period of restriction for disposal imposed ranging from 1 to 3 years from the date of completion of the issue. Total net proceeds of the shares issued was RMB1,829,084,000, of which RMB600,000,000 was credited to share capital and the balance of RMB1,229,084,000 was credited to the capital reserve account.

(d) Nature and purposes of reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of a joint venture or an associate's capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

(ii) Statutory surplus reserves

General reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for coal mining companies, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety at the mines, and are not available for distribution to shareholders.

(iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Weifang Company relating to the previously held interest of the Group.

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held by subsidiaries and the Group's share of the cumulative net change in the fair value of available-for-sale securities held by an associate at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(g) and 2(m)(i).

(e) Distributability of reserves

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs. As of 31 December 2013, the retained profits available for distribution were RMB1,669,836,000 (2012: RMB1,466,177,000).

40. SHARE CAPITAL, RESERVES AND DIVIDENDS *(CONTINUED)*

(f) Capital management

The Group's capital management objectives are:

— to ensure the Group's ability to continue as a going concern;
— to provide an adequate return to shareholders; and
— to maintain an optimal capital structure to reduce cost of capital.

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratio as at 31 December 2013 and 2012 were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Total liabilities	**139,816,889**	137,490,492	**44,075,846**	38,650,498
Total assets	**173,296,596**	165,221,048	**60,620,222**	54,921,288
Liabilities to assets ratio	**81%**	83%	**73%**	70%

41. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation ("China Huadian")	Parent company of the Company
SITC	A shareholder with significant influence over the Company
China Huadian Engineering (Group) Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Co. Ltd.	A fellow subsidiary of the Company
China Huadian Group Capital Holdings Limited	A fellow subsidiary of the Company
CHD Power Plant Operation Co., Ltd.	A fellow subsidiary of the Company
Huadian Tendering Co., Ltd.	A fellow subsidiary of the Company
China Fortune Trust	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
Fujian Huadian Kemen Phase II Power Generation Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
Shanghai Huadian Power Development Generation Company Limited	A fellow subsidiary of the Company
Huadian Hubei Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited	A fellow subsidiary of the Company
Guizhou Wujiang Hydropower Development Co., Ltd.	A fellow subsidiary of the Company
Longtan Coal Company	An associate of the Group
Ningxia Power Company (Group) Limited ("Ningxia Power Company") *(note i)*	An associate of the Group
Huadian Coal	An associate of the Group
Beijing Anfu Real Estate Development Co., Ltd.	An associate of the Group
Huadian Technology & Trade Co., Ltd.	An associate of the Group
Yinxing Coal	An associate of the Group
Derong Hydropower Company	An associate of the Group
China Huadian Finance	An associate of the Group
Baoding Huacheng Residual Thermal Power Generation Company Limited	An associate of the Group
Hebei Tianwei-huarui Electric Company Limited	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Xibaipo Power Company	An associate of the Group
Linfen City Changfa Coal Coke Company Limited	An associate of the Group
Ningdong Railway	An associate of the Group
Changcheng Mine Company	An associate of the Group
Fucheng Mining Company	An associate of the Group
Sichuan Zhongxing Electric Power Development Company Limited ("Zhongxing Company") *(Note iii)*	An associate of the Group
Shuozhou Tong-coal Wantongyuan Erpu Coal Transportation and Sales Company Limited	An associate of the Group
Xiangcheng Hydropower Company	An associate of the Group
Jinshajiang Hydropower Company	An associate of the Group

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2013 and 2012:

	2013	2012
	RMB'000	*RMB'000*
Sale of electricity to		
Fellow subsidiaries	**53,741**	40,929
Purchase of electricity from		
An associate	**26,391**	—
Sale of coal to		
An associate	**12,778**	—
A fellow subsidiary	**2,148**	—
Purchase of coal from		
Associates	**1,927,569**	2,574,356
Fellow subsidiaries	**235,775**	113,176
Purchase of quota service from		
A fellow subsidiary	**—**	174,030
Sale of installed capacity quota to		
A fellow subsidiary	**—**	50,000
Purchase of construction service and equipment from		
Fellow subsidiaries	**1,282,889**	433,070
Loans obtained from		
China Huadian and SITC	**32,638**	757,706
An associate	**3,575,000**	5,025,000
Fellow subsidiaries	**—**	100,000
Loans repaid to		
SITC	**559,118**	978,079
An associate	**5,988,350**	4,852,580
Fellow subsidiaries	**103,000**	103,000
Working capital repaid to		
A fellow subsidiary	**—**	105,061
Proceeds obtained under sales and leaseback arrangement from		
An associate	**—**	250,000

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2013 and 2012: *(Continued)*

	2013 *RMB'000*	2012 *RMB'000*
Bills receivable discounted to		
An Associate	**260,000**	—
Derecognised bills receivable collected by		
An Associate	**110,000**	—
Lease payment under sales and leaseback arrangement to		
An associate	**63,542**	30,173
Interest expenses to		
China Huadian and SITC	**145,477**	171,848
An associate	**322,541**	414,241
Fellow subsidiaries	**32,191**	38,575
Interest income from		
Associates	**42,512**	37,134
Repair and maintenance service income from		
Fellow subsidiaries	**1,786**	5,964
Rental and property management service expenses to		
Associates	**57,328**	57,011
A fellow subsidiary	**720**	1,224
Guarantee service expenses to		
China Huadian	**6,100**	6,100
An associate	**—**	1,500
Other service expenses to		
Associates	**106,131**	175,862
Fellow subsidiaries	**76,371**	102,100
Capital investment in		
Associates	**242,253**	152,635

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	2013 *RMB'000*	2012 *RMB'000*
Construction in progress-construction and construction material prepayments		
Fellow subsidiaries	**364,777**	252,866
Trade debtors and bills receivable		
A fellow subsidiary	**—**	2,010
Deposits, other receivables and prepayments		
Associates	**152,823**	464,400
Fellow subsidiaries	**—**	11,894
Cash and cash equivalents and restricted deposits		
Deposits with an associate	**2,496,314**	2,028,275
Other loans		
An associate	**(4,245,155)**	(6,658,505)
Fellow subsidiaries	**(394,000)**	(497,000)
Trade creditors and bills payable		
Fellow subsidiaries	**(633,072)**	(373,190)
Associates	**(45,921)**	(69,394)
Other payables		
Associates	**(65)**	(10,045)
Fellow subsidiaries	**(345,665)**	(302,833)
Obligation under finance leases		
An associate	**(177,500)**	(227,500)

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

Notes:

(i) At 31 December 2013, Guang'an Company, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB87,237,000 (2012: RMB163,577,000); Zhongning Power, a subsidiary of the Group, provided guarantees to banks for loans granted to Ningxia Power Company amounting to RMB20,360,000 (2012: RMB25,110,000). The Group disposed of its interest in Ningxia Power Company in 2012, and the releasing of the guarantee had been agreed by both parties. As at 31 December 2013, the financial guarantee to Ningxia Power Company has not been released.

(ii) At 31 December 2013, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB3,192,480,000 (2012: RMB3,202,648,000).

(iii) In 2012, the Group disposed of all its interests in Zhongxing Company.

(iv) At 31 December 2013, cash and cash equivalents of the Company amounting to RMB117,072,000 (2012: RMB47,694,000) are deposits with an associate. Except for those mentioned above, and loans from shareholders, other loans and amount due from subsidiaries, set out in notes 32(b), 32(d) and 28, the management consider there is no material balances due from/(to) shareholders, fellow subsidiaries and associates of the Company.

(b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Salaries and other emoluments	**3,493**	3,783
Retirement benefits	**340**	391
Bonuses	**3,739**	3,765
	7,572	7,939

Total remuneration is included in "personnel costs" (see note 5).

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 31 December 2013 and 2012, there was no material outstanding contribution to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process 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.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

— sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2013, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 95% of its sale of electricity.

— depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

— other transactions

Other collectively significant transactions with other government-related entities also included a large portion of fuel purchases, and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

41. MATERIAL RELATED PARTY TRANSACTIONS *(CONTINUED)*

(e) Commitment with related parties

	2013	2012
	RMB'000	*RMB'000*
Capital commitment	**137,043**	225,789
Commitment on properties rental and management fees	**57,328**	115,376

42. RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2012: 18% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group's staff participate in a retirement plan managed by China Huadian to supplement the above-mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

The Group's contribution to these plans amounted to RMB490,819,000 during the year (2012: RMB427,643,000) which was charged to the consolidated statement of profit or loss and other comprehensive income.

43. ACQUISITION OF A SUBSIDIARY

(a) Acquisition of Huatong Ruisheng

On 25 March 2013, the Group acquired certain assets through acquisition of 90% interest in Huatong Ruisheng from independent third parties for a consideration of RMB1,320,315,000. The principal activity of Huatong Ruisheng is production and sale of coal in Inner Mongolia in the PRC.

As at the date of acquisition, Huatong Ruisheng has not yet commenced operation and its production facility was still under construction. As it did not constitute a business under IFRS 3 *Business Combinations*, the acquisition was accounted for as acquisition of assets and liabilities. The fair value of net assets acquired are as follows:

	RMB'000
Property, plant and equipment	1,707,692
Construction in progress	38,719
Deposits, other receivables and prepayments	29,593
Cash and cash equivalents	1,491
Other loans	(63,000)
Other payables	(247,478)
Net assets acquired	1,467,017
Less: non-controlling interests	(146,702)
Total consideration	1,320,315
Satisfied by:	
Cash	426,301
Consideration paid, which has been accounted for as other non-current assets as at 31 December 2012	289,174
Consideration payable, which has been accounted for as other payables as at 31 December 2013	604,840
	1,320,315
Net cash outflow arising from acquisition	
Cash consideration paid	426,301
Less: cash and cash equivalents acquired	(1,491)
	424,810

44. COMMITMENTS

(a) Capital commitments

The Group and the Company had capital commitments at 31 December as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Contracted for but not provided in the financial statements				
— Development of power plants	**11,443,935**	12,129,457	**2,335,616**	563,702
— Investments	**—**	1,156,696	**—**	1,156,696
— Improvement projects and others	**653,073**	205,017	**50,787**	46,482
	12,097,008	13,491,170	**2,386,403**	1,766,880
Authorised but not contracted for				
— Development of power plants	**27,826,508**	28,649,812	**6,347,319**	9,055,514
— Improvement projects and others	**2,758,839**	574,866	**877,437**	67,512
	30,585,347	29,224,678	**7,224,756**	9,123,026
	42,682,355	42,715,848	**9,611,159**	10,889,906

(b) Operating lease commitments

At 31 December, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payable as follows:

	The Group and the Company	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**88,924**	90,503
After 1 year but within 5 years	**117,406**	172,043
After 5 years	**234,190**	276,829
	440,520	539,375

45. CONTINGENT LIABILITIES

As at 31 December 2013, a subsidiary of the Company was the defendant in certain lawsuits for events incurred before the acquisition date. While the appeal of one lawsuit was rejected by final trial up to the date of issue of these financial statements, and the rest lawsuits were in progress whose final outcomes cannot be determined at present, the directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

At 31 December 2013, except for guarantees provided by the Group as disclosed in note 41(a), the Company provided guarantees to banks for loans granted to certain subsidiaries amounting to RMB2,517,402,000 (2012: RMB2,879,558,000).

Apart from the above litigations and guarantees, the Group has no other material contingent liabilities as at 31 December 2013 (2012: nil).

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Financial assets				
— Loans and receivables				
(including cash and cash equivalents)	**12,223,694**	11,968,953	**10,674,888**	9,090,499
— Other investments				
(available-for-sale investments)	**363,489**	360,166	**130,109**	127,109
	12,587,183	12,329,119	**10,804,997**	9,217,608
Financial liabilities				
— Amortised cost	**132,226,089**	130,643,337	**43,883,957**	38,411,815

Exposure to interest rate, credit, currency and liquidity 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) Interest rate risk

The interest rates and terms of repayment of the outstanding interesting-bearing liabilities of the Group and the Company are disclosed in note 32. At 31 December 2013, fixed rate borrowings comprise 38% and 80% of total borrowings of the Group and the Company respectively (2012: 31% and 67%).

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's and the Company's profit after tax and total equity by approximately RMB537,068,000 and RMB58,316,000 (2012: RMB614,971,000 and RMB84,699,000), respectively.

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit after tax (and retained profits) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

(b) Credit risk

The Group and the Company's credit risk is primarily attributable to trade debtors and bills receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivable, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group and the Company generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group and the Company does not obtain collateral from customers.

The Group and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 33% and 69% (2012: 35% and 74%) of the total trade debtors and bills receivable were due from the Group's largest customer and the five largest customers respectively. At the end of the reporting period, 96% and 100% (2012: 96% and 100%) of the total trade debtors and bills receivable were due from the Company's largest customer and the five largest customers respectively.

Except for the financial guarantees given by the Group as set out in note 41(a), the Group and the Company does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 41(a).

Further quantitative disclosures in respect of the Group and the Company's exposure to credit risk arising from trade debtors and bills receivable are set out in note 27.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of the reporting period, the Group and the Company had net current liabilities of RMB45,137,688,000 and RMB17,535,459,000 (2012: RMB39,183,875,000 and RMB14,042,163,000). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB76.1 billion (2012: RMB72.3 billion) and an aggregate amount of debentures and bonds of RMB10 billion (2012: RMB8.5 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2013.

The following tables show the remaining contractual maturities at the end of the reporting period 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 end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	2013						2012					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	17,600,339	—	—	—	17,600,339	17,250,400	11,898,001	—	—	—	11,898,001	11,664,380
Bank loans	24,440,177	8,954,681	24,184,442	39,963,838	97,543,138	71,376,193	29,264,682	11,572,232	23,908,860	41,356,732	106,102,506	79,436,207
Loans from shareholders	1,615,038	716,367	360,597	110,074	2,802,076	2,493,543	723,621	1,561,981	1,043,034	114,224	3,442,860	3,020,023
State loans	13,831	13,304	36,716	78,734	142,585	117,946	13,906	13,391	37,080	89,444	153,821	127,212
Other loans	2,756,511	1,518,830	3,123,873	2,942,904	10,342,118	8,475,628	4,075,771	1,750,281	3,711,180	3,709,503	13,246,735	10,729,387
Trade creditors and bills payable	12,100,180	—	—	—	12,100,180	12,100,180	9,293,940	—	—	—	9,293,940	9,293,940
Amount due to the parent company	14,326	—	—	—	14,326	14,326	1,060	—	—	—	1,060	1,060
Obligations under finance lease	376,437	305,459	821,805	335,573	1,839,274	1,490,782	323,419	316,230	429,582		1,069,231	956,265
Other payables	4,776,627	—	—	—	4,776,627	4,776,627	4,387,385	—	—	—	4,387,385	4,387,385
Long-term debentures payable (including current portion of long-term debentures payable)	2,072,453	7,832,397	4,656,372	—	14,561,222	13,365,283	471,920	1,926,190	9,179,193	—	11,577,303	10,352,593
Long-term payables	—	385,342	156,150	1,648,530	2,190,022	765,181	—	189,161	163,950	1,644,908	1,998,019	674,885
Financial guarantee contracts	107,597	—	—	—	107,597	—	188,687	—	—	—	188,687	—
	65,873,516	19,726,380	33,339,955	45,079,653	164,019,504	132,226,089	60,642,392	17,329,466	38,472,879	46,914,811	163,359,548	130,643,337

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(c) Liquidity risk *(Continued)*

The Company

	2013						2012					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	More than Within 1 year or on demand	More than 1 year but less than 2 years	2 years but less than 5 years	More than 5 years	Total	Carrying amount	More than Within 1 year or on demand	More than 1 year but less than 2 years	2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	**17,600,339**	**—**	**—**	**—**	**17,600,339**	**17,250,400**	11,898,001	—	—	—	11,898,001	11,664,380
Bank loans	**7,262,642**	**434,688**	**1,306,052**	**87,077**	**9,090,459**	**8,565,984**	10,231,955	1,883,856	1,038,168	—	13,153,979	12,552,723
Loans from shareholders	**57,838**	**100,537**	**68,496**	**—**	**226,871**	**185,588**	9,803	56,103	164,523	—	230,429	175,775
State loans	**1,200**	**1,174**	**3,366**	**2,140**	**7,880**	**7,127**	1,213	1,187	3,405	3,288	9,093	8,145
Other loans	**153,613**	**810,937**	**566,755**	**727,984**	**2,259,289**	**1,929,000**	415,455	152,264	1,302,938	769,004	2,639,661	2,132,000
Trade creditors and bills payable	**553,472**	**—**	**—**	**—**	**553,472**	**553,472**	253,778	—	—	—	253,778	253,778
Amount due to the parent company	**821**	**—**	**—**	**—**	**821**	**821**	1,060	—	—	—	1,060	1,060
Amount due to subsidiaries	**501,260**	**—**	**—**	**—**	**501,260**	**501,260**	409,571	—	—	—	409,571	409,571
Other payables	**1,525,022**	**—**	**—**	**—**	**1,525,022**	**1,525,022**	861,790	—	—	—	861,790	861,790
Long-term debentures payable (including current portion of long-term debentures payable)	**2,072,453**	**7,832,397**	**4,656,372**	**—**	**14,561,222**	**13,365,283**	471,920	1,926,190	9,179,193	—	11,577,303	10,352,593
	29,728,660	**9,179,733**	**6,601,041**	**817,201**	**46,326,635**	**43,883,957**	24,554,546	4,019,600	11,688,227	772,292	41,034,665	38,411,815

(d) Currency risk

(i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from borrowings which are denominated in US$ and Euro. Depreciation or appreciation of US$ and Euro against Renminbi would affect the financial position and operating results of the Group.

(ii) Exposure to currency risk

The following table details the Group's and the Company's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the year end date.

The Group

	2013		2012	
	US$	**Euro**	US$	Euro
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,808**	**—**	13,076	—
Bank loans	**(1,211,054)**	**(92,480)**	(1,249,989)	(102,648)
State loans	**—**	**(104,582)**	—	(111,940)
Long-term payables (including current portion of long-term payables)	**(453,292)**	**—**	(732,803)	—
Net exposure	**(1,660,538)**	**(197,062)**	(1,969,716)	(214,588)

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(d) Currency risk *(Continued)*

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

The Company

	2013		2012	
	US$	Euro	US$	Euro
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**3,786**	—	4,321	—
Bank loans	**(929,534)**	—	(965,663)	—
Net exposure	**(925,748)**	—	(961,342)	—

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The Group

	2013			2012		
	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
US$	**(10)**	**131,041**	**131,041**	(10)	153,952	153,952
Euro	**(10)**	**14,780**	**14,780**	(10)	16,094	16,094

The Company

	2013			2012		
	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity	Decrease in foreign exchange rates	Effect on profit after tax and retained profits	Effect on consolidated equity
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
US$	**(10)**	**69,431**	**69,431**	(10)	72,749	72,749

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's and the Company's profit after tax and equity measured in the Group's functional currency.

A 10% weakening of RMB against the above currencies 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 assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group and the Company to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2012.

(Expressed in Renminbi unless otherwise indicated)

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(CONTINUED)*

(e) Fair values

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at At 31 December 2013	Fair value as at At 31 December 2012	Fair value hierarchy	Valuation technique(s) and key input(s)
Listed equity securities classified as *Other investments-listed available-for-sale equity securities* in the consolidated statement of financial position	**7,886,010 shares of the Bank of Communications Co., Ltd.- RMB30,282,000**	7,886,010 shares of the Bank of Communications Co., Ltd.- RMB38,958,000	Level 1	Quoted bid prices in an active market.

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

(ii) Financial instruments carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in the consolidated financial statements approximate their fair values.

47. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment for non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36, Impairment of assets.

The carrying amounts of individual assets or the CGUs containing the non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The assets or the CGUs are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

In determining the value in use, expected cash flows generated by the assets or the CGUs are discounted to their present value, which requires significant judgement relating to level of sale volume, tariff and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariff and amount of operating costs.

(b) 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 in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Impairment for bad and doubtful debts

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

47. ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(d) Deferred tax assets

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

(e) Useful life of land use rights

Note 20 contains information relating to the indefinite life of the acquired land use rights which were assigned by the PRC's land bureau with indefinite land use period. Where the expectation is different from the original assumptions, such difference will impact carrying amount of the intangible assets and amortisation and impairment loss on intangible assets charged to profit or loss in the period in which such assumptions have been changed.

(f) Provision on remediation costs

The estimation of the liabilities for mine disposal and environmental restoration involves the estimates of the amount and timing of future cash outflows as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including the size of mining area, future production development plan and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred.

48. SERVICE CONCESSION ARRANGEMENT

The Group entered into two service concession agreements with local governments (the "Grantors") to construct and operate wind power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to dispose of the wind power plants at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted. In 2013 and 2012, there is no additional construction work incurred for service concession arrangement, and correspondingly no revenue and cost on service concession has been recognised in profit or loss.

The Group has recognised intangible assets (note 20) related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

49. PARENT AND ULTIMATE HOLDING COMPANY

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

50. POSSIBLE IMPACT OF AMENDMENTS TO STANDARDS, 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 to standards, and new standards which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements.

- IFRS 10 (Amendments), IFRS 12 (Amendments), and IAS 27 (Amendments) - Investment Entities[1]
- IAS 19 (Amendments) - Defined Benefit Plans: Employee Contributions[2]
- IFRS 9 (Amendments) and IFRS 7 (Amendments) - Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
- IAS 32 (Amendments) - Offsetting Financial Assets and Financial Liabilities[1]
- IAS 39 (Amendments) - Novation of Derivatives and Continuation of Hedge Accounting[1]
- Amendments to IFRSs - Annual Improvements to IFRSs 2010-2012 Cycle[4]
- Amendments to IFRSs - Annual Improvements to IFRSs 2011-2013 Cycle[2]
- IFRS 9 - Financial instruments[3]
- IFRS Interpretations Committee ("IFRIC") 21 - Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The Group is in the process of making an assessment of the impact of these amendments to standards and new standard. So far it has concluded that the adoption of them is unlikely to result in significant impact on the Group's results of operations and financial position.

Five Years Financial Summary

	2009	2010	2011	2012	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Turnover	36,449,643	45,197,500	54,178,060	59,079,714	**66,049,455**
Profit before taxation	1,683,272	202,421	164,993	2,637,279	**7,094,676**
Income tax credit	(101,273)	(116,536)	(29,919)	(689,531)	**(1,515,481)**
Profit for the year	1,581,999	85,885	135,074	1,947,748	**5,579,195**
Attributable to:					
Equity shareholders of the Company	1,157,173	169,897	73,814	1,446,792	**4,096,933**
Non-controlling interests	424,826	(84,012)	61,260	500,956	**1,482,262**
Profit for the year	1,581,999	85,885	135,074	1,947,748	**5,579,195**
Total non-current assets	93,681,806	118,956,666	136,057,039	147,992,396	**156,315,197**
Total current assets	7,558,092	9,604,733	13,001,813	17,228,652	**16,981,399**
Total assets	101,239,898	128,561,399	149,058,852	165,221,048	**173,296,596**
Total current liabilities	(32,215,639)	(46,660,227)	(54,003,678)	(56,412,527)	**(62,119,087)**
Total non-current liabilities	(47,719,101)	(60,038,351)	(71,255,137)	(81,077,965)	**(77,697,802)**
Net assets	21,305,158	21,862,821	23,800,037	27,730,556	**33,479,707**
Total equity attributable to equity shareholders of the Company	16,086,182	16,175,971	16,285,073	19,444,378	**23,010,521**
Non-controlling interests	5,218,976	5,686,850	7,514,964	8,286,178	**10,469,186**
Total equity	21,305,158	21,862,821	23,800,037	27,730,556	**33,479,707**

Supplements

RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS") AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit and net assets are analysed as follows:

Item		Net profit		Net assets	
		2013	2012	**31 Dec 2013**	31 Dec 2012
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amount under CAS		**5,655,259**	1,916,972	**33,540,143**	27,644,896
Adjustments:					
Business combination involving entities under common control	(i)	**(191,784)**	(29,410)	**493,230**	685,014
Government grants	(ii)	**27,652**	25,247	**(456,551)**	(442,257)
Maintenance, production and other similar funds	(iii)	**38,428**	26,135	**(11,857)**	(22,199)
Taxation impact of the adjustments		**49,640**	8,804	**(85,258)**	(134,898)
Amount under IFRSs		**5,579,195**	1,947,748	**33,479,707**	27,730,556

Notes:

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects. According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other similar funds are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

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