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

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

Stock Code: 00816

ANNUAL REPORT 2013

Contents

Chairman's Statement

Chairman **Fang Zheng**

Dear Shareholders,

In 2013, the growth of the world economy slowed down, while China's economy went steadily and positively. During the first full financial year after the Group being listed in Hong Kong, our management and staff engaged in all-out efforts to build the Company into a world-class listed company known for clean energy and achieved outstanding results.

The Group recorded profit attributable to shareholders of the Company of RMB1,467.9 million in 2013, an increase of 34.3% over the previous year, total assets of RMB67,676.4 million, an increase of 10.3% over the previous year, net assets of RMB13,710.9 million, an increase of 7.9% over the previous year, and accumulated consolidated installed capacity of 10,424.3 MW, an increase of 32.0% over the previous year. The Group also posted satisfactory performance in operation and development. The scale and financial performance of the wind power segment increased significantly; the utilisation rate for the hydropower segment improved substantially; and the coal-fired power segment provided strong support to the Group's profit; the installed capacity of wind power and solar energy increased rapidly. The Group has continued to diversify its asset structure, and the long-term, steady rise in our share price demonstrates the international capital market's recognition of the Group's excellent development and performance.

With the global economy generally stable, the international competition becomes more intense. As China's economy will still grow at a medium-to-high pace within the incoming period, and growing concerns over air pollution, meanwhile, have generated increasingly urgent demands for clean energy sources, China will accelerate the adjustment of energy structure; promote energy conservation and emission reduction as well as pollution control; and introduce a series of policies and measures to promote healthy development of clean energy. All these indicate the Chinese government's support for clean energy. The development of clean energy will no doubt further speed up in the future.

In 2014, we will closely monitor the changes of government policies so as to improve its financial performance and achieve healthy growth, and will continue striving to become a world-class listed company known for clean energy and bringing more attractive returns to its investors.

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

Fang Zheng
Chairman

President **Jiang Bingsi**

Dear Shareholders,

In 2013, under the strong leadership of the Board, the Group made development strategies through research, expand profitability, promote growth, enhance management and ensure operational security, endeavouring to build the Group into a world-class listed company known for clean energy. We achieved remarkable results in all aspects in the year.

Significant improvement in operational effectiveness. The Group achieved good results in increase of power generation, control of cost and expenses and endeavour of policy effectiveness, successfully realizing complementary and diversified business support strategy based on wind power, hydropower and coal-fired power. During the year, the Group achieved a total power generation of 34,415,958.3 MWh, and recorded a revenue of RMB13,242.4 million.

President's Statement

Project development is fully accelerated. The Group took various measures to promote the resource reserves as well as construction and acquisition work. The Group recorded the accumulated consolidated installed capacity of 10,424.3 MW, of which, the wind power is 3,500.8 MW; the hydropower is 2,457.0 MW; the coal-fired power is 3,850.0 MW; the solar energy is 435.2 MW; the distributed energy is 156.0 MW; and the biomass energy is 25.3 MW. During the Reporting Period, several large-scale wind power projects was approved and set into construction, the wind power capacity commenced operation to 784.5 MW in 2013; the hydropower projects with an aggregate consolidated installed capacity of 143.6 MW in Fujian province were acquired; and the acquisition of Kemen II further enhancing the profitability. During 2013, there was 307.8 MW capacity commenced operation for the solar energy project, a higher annual figure than that recorded before.

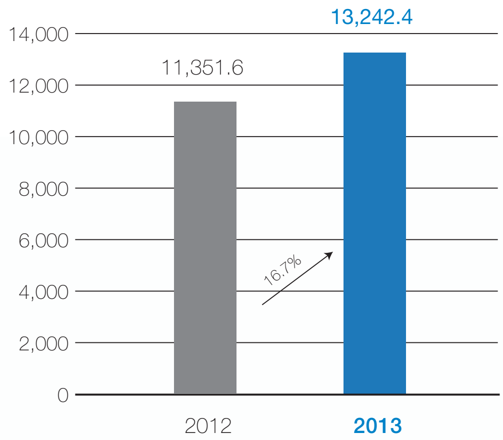
Continuous enhancement in operational efficiency. We explored various of project financing and tightened management on funds, leading to good control on our financing costs and financial risks. Specifically, we optimised design and tender to effectively control project costs and realize benchmarking management. In order to meet the corporate governance requirements for a listed company, we strengthened the construction of our corporate systems in an all-round way and carried out innovative management practice, thus significantly raising the level of our corporate governance.

In 2014, under the leadership of the management team, all staff of the Group will adhere to our well-defined strategies and thoughts for development. With concentrated efforts on the acceleration of project development and the improvement in economic benefits, we are going to further reforms and innovations and maintain operational security and stability, making a solid step toward the goal of building the Group into a world-class listed company known for clean energy.

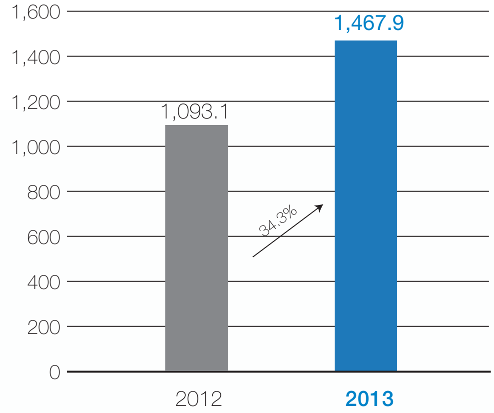
Finally, on behalf of the management team of the Group, I would like to express my sincere gratitude to the shareholders, the Board and the board of Supervisors for placing their trust and support on us. I would also like to express my respect to all staff members for their diligence and contributions.

Jiang Bingsi
President

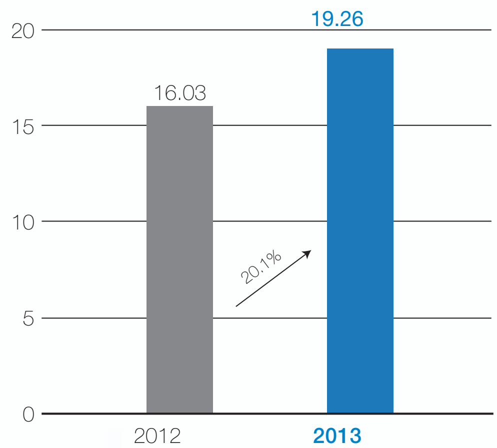
Revenue (RMB million)



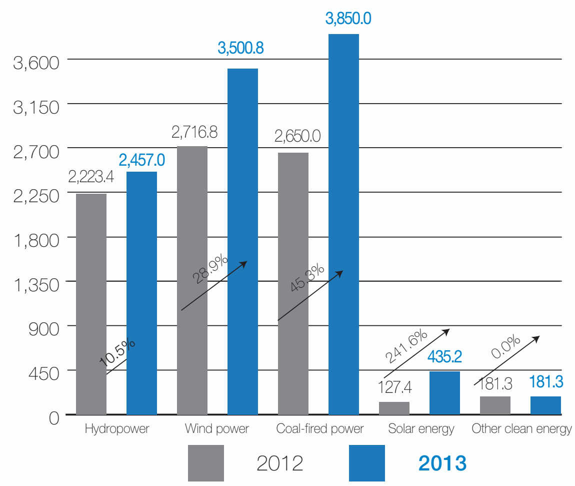
Profit attributable to shareholders of the Company (RMB million)



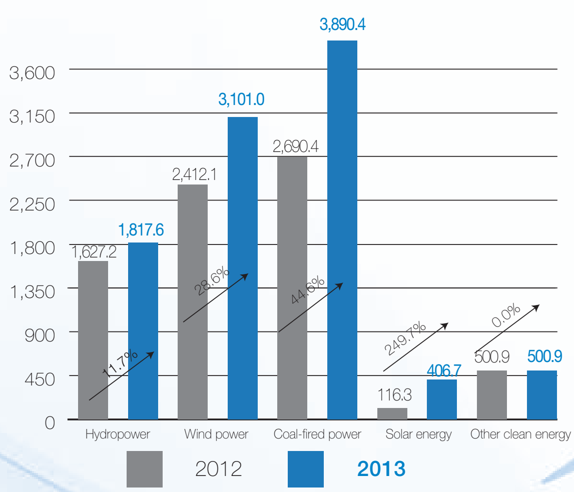
Basic and diluted earnings per share (RMB cents/share)



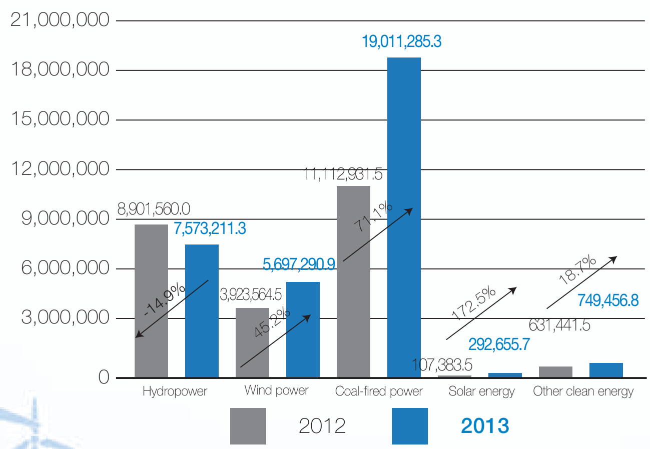
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



Total electricity sales (MWh)



Corporate Profile

The predecessor of Huadian Fuxin Energy Corporation Limited (the "Company") is Huadian Fujian Power Generation Co., Ltd.. In October 2010, Huadian Fujian Power Generation Co., Ltd. was renamed as Huadian Fuxin Energy Co., Ltd., and underwent asset restructuring with Huadian New Energy Development Co., Ltd. The Company was converted into Huadian Fuxin Energy Corporation Limited on 19 August 2011. In June 2012, the Company was successfully listed on the Hong Kong Stock Exchange with a registered capital of RMB7.62 billion.

Currently, we possess a diversified portfolio of power generation business covering, hydropower, wind power, coal-fired power, solar energy, distributed energy, biomass energy and nuclear energy. Our assets are distributed in 24 provinces, cities and municipalities in the country. Our energy supply structure is characterized by the co-existence of hydropower, coal-fired power, wind power, and nuclear energy.

As of 31 December 2013, our consolidated installed capacity amounted to 10,424.3 MW, consisting of 2,457.0 MW hydropower, 3,500.8 MW wind power, 3,850.0 MW coal-fired power, 156.0 MW distributed energy, 435.2 MW solar energy and 25.3 MW biomass energy.

As the largest hydropower company in eastern China, we own 7 large-scale reservoirs in Fujian. In 2013, hydropower expansion projects with a total of additional consolidated installed capacity of 90 MW were launched, while the newly acquired consolidated installed capacity was total 143.6 MW.

In respect of wind power, our major tasks is to pursue sound growth of this segment. An apparent speed-up can be observed in our development and production activities in recent years. We have 62 operational wind power projects with a consolidated installed capacity of 3,500.8 MW, raising its profit contribution significantly.

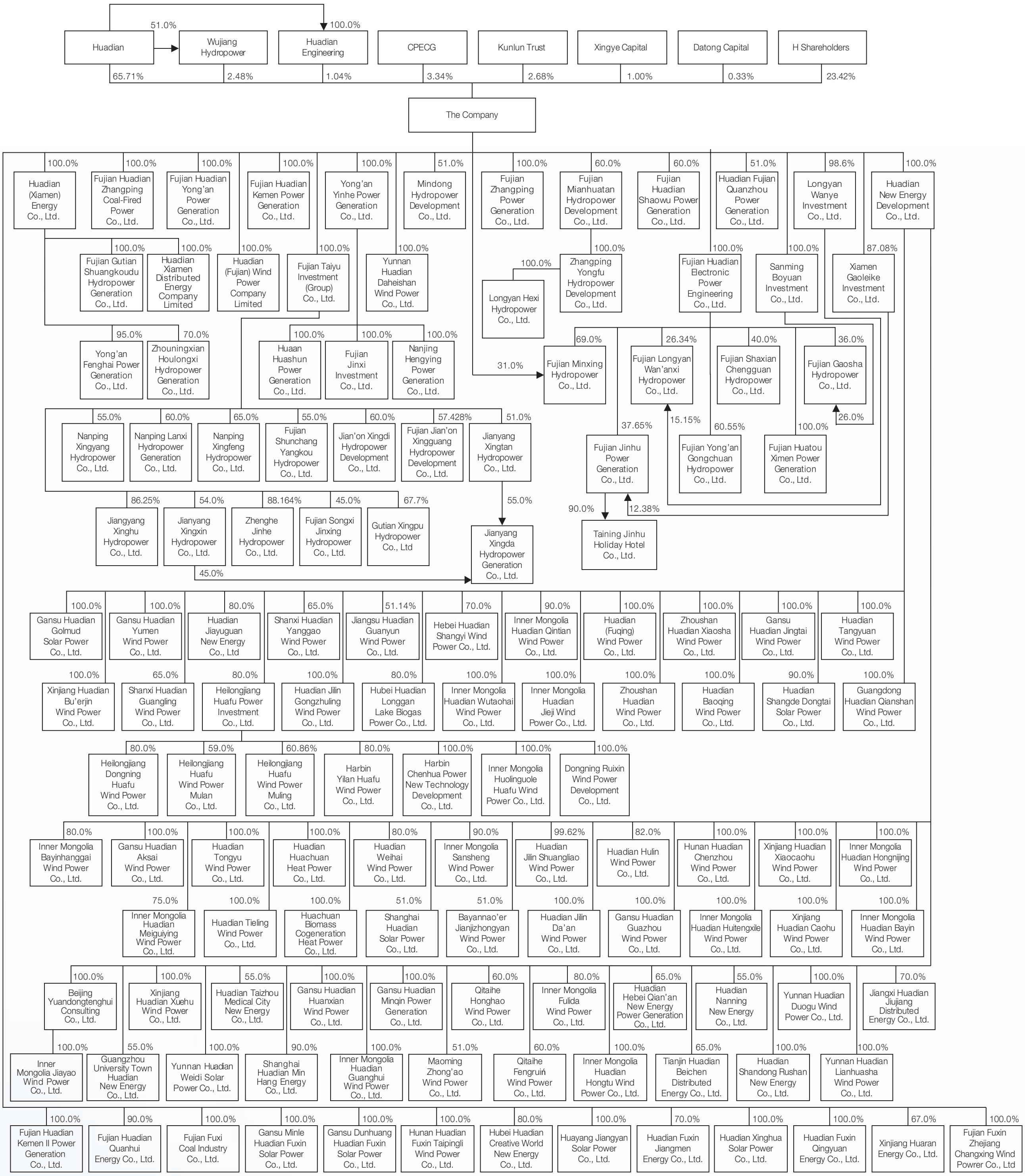
The Company owns five operational coal-fired power plants with a consolidated installed capacity of 3,850.0 MW. Kemen Power Plant has the largest plant-owned wharf in the country and has reached industry-leading standards on efficient cleaning and utilisation.

In respect of solar energy, a number of production bases have established in Gansu, Jiangsu and Qinghai. As at the end of 2013, our consolidated installed capacity of commenced into operation amounted to 435.2 MW.

For the distributed energy, our Guangzhou University Town Distributed Energy Project is the largest natural gas distributed energy project in China in terms of the installed capacity commenced operation. Another project with the consolidated installed capacity of 207.0 MW has entered the commissioning phase. Meanwhile, we have obtained development approvals 869.0 MW power capacity in certain provinces, and a pattern of rolling development in distributed energy business is forming.

Currently, with the steady macro-economic growth in China still serving as a solid support for the demand in electricity, together with the accelerated structural adjustment of energy, the treatment of air pollution and development of clean energy are experiencing a pivotal period with strategic opportunities. As the main platform of the Group to develop clean energy operations, the Company will continue to focus on its main task of pursuing sound growth based on a strategy of diversified, clean and efficient energy business. The Company is committed to becoming a world-class listed company known for clean energy with distinctive and clearly defined strengths, outstanding profitability and strong competitiveness by leading the industry's structural adjustment, expanding our investment scope, optimizing our asset distribution, strengthening capital operations, and smoothly integrating internal and external resources.

Corporate Structure



Corporate Milestones in 2013

On 22 January, the Company convened its 2012 Annual Work Conference, giving a comprehensive summary of our achievements and experience in 2012 and ascertaining our development goals and priorities for 2013 based on the existing conditions.

On 28 January, the Company was awarded an AAA credit rating by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司), and the rating is with a stable outlook.

In February, our Fujian branch was awarded "the Advanced Unit in State-owned Enterprises Workers Skill Competition" by the State-owned Assets Supervision and Administration Commission.

On 27 March, the corporate bonds totaling RMB2.0 billion were successfully issued.

On 25 April, Mr. Liu Lei, Vice President and secretary of the Board of the Company, attended the Community Chest Annual Presentation of Awards, where the Company was granted the "President's Award" by Ms. Regina Leung, President of The Community Chest of Hong Kong.

On 24 May, the short-term financing instruments totaling RMB1.5 billion were successfully issued.

On 28 June, with the approval reached at the annual general meeting, the Company acquired 100% equity interest in Fujian Huadian Kemen II Power Generation Co., Ltd., further enhancing its profitability.

On 13 July, the Company was listed in the 2013 Fortune China Top 500 Companies.

On 14 October, Fujian Huadian Kemen Power Generation Co., Ltd., a subsidiary of the Company, won the title of "Advanced Group in State-owned Enterprises" jointly issued by the Ministry of Human Resources and Social Security of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council.

On 18 October, as the 6th power unit of Hua'an hydropower plant (a subsidiary of the Company) commenced into operation, our installed capacity exceeded 10,000 MW.

On 4 December, the Company aided the construction of independent solar energy project in the non-electrified areas in Haibei of Qinghai province, the total investment of which was approximately RMB39.5 million. It is expected that the project will address the power supply problem for 3,640 households totaling approximately 13,590 persons in the local non-electrified areas.

On 18 December, the Company entered into a Business Co-operation and Subscription of Shares Agreement with China WindPower Group Limited, pursuant to which the Company agreed to co-operate in the sectors of wind power and solar energy and subscribe for 880,000,000 new Shares at the subscription price of HK$0.43 per share in China WindPower Group Limited (00182.HK).

On 19 December, Guangzhou University Town Huadian New Energy Co., Ltd., a subsidiary of the Company, successfully sold 20,000 tons of carbon emission quotas, the first carbon emission trade since the commencement of formal operation of Guangdong's carbon emission trading market.

On 22 December, the Company completed its acquisition of 100% equity interest in Fujian Taiyu Investment (Group) Co., Ltd. (福建太禹投資（集團）有限公司), the hydropower consolidated installed capacity increased by 131.6 MW.

Directors' Report

The Board of the Company hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2013 (the "Financial Statements").

SHARE CAPITAL

As of 31 December 2013, the total issued share capital of the Company was RMB7,622,616,000 divided into 7,622,616,000 shares with a par value of RMB1.00 each.

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

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

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

The Group is principally engaged in the development, management and operation of hydropower projects and coal-fired power plants in Fujian province and wind power and other clean energy projects throughout China. Details of major subsidiaries and associates of the Company are set out in notes 17 and 18 to the Financial Statements respectively.

RESULTS

The results of the Company and its subsidiaries for the year ended 31 December 2013 and the financial position of the Company and its subsidiaries for the year ended 31 December 2013 are set out in the audited Financial Statements on pages 71 to 181.

A discussion and analysis of the Company's performance during the year and the material factors underlying its results and financial position are set out in the Management's Discussion and Analysis on pages 37 to 47 of this annual report.

PROFIT DISTRIBUTION

The Board recommended distributing a final dividend of RMB0.382 per 10 shares (tax inclusive) in cash for the year ended 31 December 2013 to shareholders. All dividends will be paid upon the approval by the shareholders in the annual general meeting of the Company.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements in reserves of the Company during the year are set out in note 32(a) to the Financial Statements; details of reserves distributable to the shareholders are set out in note 32(e) to the Financial Statements.

TAX CONCESSION

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

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as of 31 December 2013 are set out in note 26 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Name	Age	Position	Date of Appointment
Mr. Fang Zheng	49	Chairman of the Board Executive Director	18 April 2013 29 October 2010
Mr. Jiang Bingsi	44	Executive Director President	28 June 2013 18 April 2013
Mr. Li Lixin	47	Executive Director	28 June 2013
Mr. Huang Xianpei	59	Chairman of the Board Executive Director	29 October 2010 Resigned on 18 April 2013
Mr. Huang Shaoxiong	51	Executive Director	29 October 2010 Resigned on 18 April 2013
Mr. Chen Bin	56	Non-executive Director	28 June 2013
Mr. Tao Yunpeng	43	Non-executive Director	28 June 2013
Mr. Zong Xiaolei	48	Non-executive Director	18 August 2011
Mr. Mao Xishu	61	Non-executive Director	29 October 2010 Resigned on 18 April 2013
Mr. Wang Xuxiang	46	Non-executive Director	29 October 2010 Resigned on 18 April 2013
Mr. Zhou Xiaoqian	72	Independent non-executive Director	26 October 2011
Mr. Yeung Pak Sing	64	Independent non-executive Director	26 October 2011
Mr. Zhang Bai	53	Independent non-executive Director	26 October 2011
Mr. Li Changxu	52	Chairman of the board of Supervisors	29 October 2010
Mr. Xie Chunwang	49	Supervisor	28 June 2013
Mr. Huang Chunqi	59	Employee Representative Supervisor	29 October 2010

Name	Age	Position	Date of Appointment
Mr. Wang Kun	44	Supervisor	28 June 2013
Ms. Hu Xiaohong	43	Supervisor	29 October 2010
Mr. Xu Jin	46	Employee Representative Supervisor	29 October 2010
Mr. Yao Fei	46	Supervisor	29 December 2010 Resigned on 25 March 2013
Mr. Huang Yuanhong	47	Supervisor	18 August 2011 Resigned on 25 March 2013
Mr. Huo Guangzhao	52	Vice President	29 September 2012
Ms. Yang Yi	50	Chief Financial Officer	29 September 2012
Mr. Liu Lei	40	Vice President Board Secretary Joint Company Secretary	1 June 2012 29 October 2010 14 December 2011

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 29 to 35 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

Save as disclosed above, none of our Directors or Supervisors had any existing or proposed service contracts with us (excluding contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

REMUNERATION OF DIRECTORS AND SUPERVISORS

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year 2013 or at any time during the year, there was no contract of significance to the Group's business in which the Company or its subsidiaries was a party, and in which a Director or Supervisor had a material interest, either directly or indirectly, subsisted during the year or at the end of the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2013, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

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

On 31 December 2013, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 31 December 2013, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above interest in the shares or underlying shares of the Company and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

A list of shareholders who hold 5% or more in the relevant class of share capital of the Company:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huadian[1]	Domestic Shares	Beneficial owner/Interest of corporation controlled by the substantial shareholder	5,287,995,787 (Long position)	90.58	69.37
FIL Limited	H Shares	Investment manager	188,414,000 (Long position)	10.56	2.47
HSBC Global Asset Management (Hong Kong) Limited	H Shares	Investment manager	145,554,000 (Long position)	8.15	1.91
China Ming Yang Wind Power Group Limited	H Shares	Interest of corporation controlled by the substantial shareholder	141,062,000 (Long position)	7.90	1.85
NSSF	H Shares	Beneficial owner	103,941,600 (Long position)	5.82	1.36

Note:

(1) Huadian had an interest in the domestic shares of the Company, with 5,019,305,950 domestic shares (long position) being held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, with 268,689,837 domestic shares (long position) being held in its capacity as interest of corporation controlled by the substantial shareholder.

MANAGEMENT CONTRACTS

The Company did not enter into any contracts in respect of the management or administration of the entire or any significant part of the business of the Company nor should any such contracts subsist at any time during 2013.

CONNECTED TRANSACTIONS

Major connected transactions of the Group during 2013 are as follows:

(I) Non-exempt One-off Connected Transactions

Equity Transfer Agreement of Kemen II

On 11 April 2013, the Company entered into the Equity Transfer Agreement of Kemen II with Huadian, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II at a consideration of RMB413,101,200 (equivalent to approximately HK$517,202,702.4). The consideration was determined after arm's length negotiations between the parties with reference to the appraised net asset value of Kemen II of RMB413,101,200 as at 31 December 2012 as appraised by Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司). The consideration is payable in cash within ten days from the effective date of the Equity Transfer Agreement of Kemen II. For the period from the Base Date to the completion day of the transaction, Huadian is entitled to retain or bear the profits or losses associated with the Target Equity Interest. The consideration payable by the Company will be financed by the internal resources of the Group.

According to the Listing Rules, Huadian is the controlling shareholder and a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the Equity Acquisition Agreement constitute connected transactions under Chapter 14A of the Listing Rules, and was approved through voting at the annual general meeting of the Company held on 28 June 2013.

As confirmed by the Directors, compared to wind power and hydropower generation, coal-fired power generation is less prone to seasonal fluctuation, climate and other natural effects, and its utilization hours are more predictable. As a result, the coal-fired power business has provided significant revenue and cash flow to support its development of wind power and other clear energy projects.

(II) Non-exempt Continuing Connected Transactions

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

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

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

	Connected Transaction	Connected Person	Annual Cap for 2013 (RMB'000)	Actual Transaction Amount for 2013 (RMB'000)
(A)	Property leasing framework agreement	Huadian Group	20,500	16,713
(B)	Substituting generation purchase framework agreement	Huadian Group	335,000	128,205
(C)	Coal shipping service framework agreement	Huadian Group	72,000	45,819
(D)	CDM services framework agreement	Huadian Group	24,300	–
(E)	Project contracting and equipment purchase framework agreement	Huadian Group	1,141,100	796,246
(F)	Assets lease agreement	Huadian Group	48,900	24,450
(G)	Deposit service contract	Huadian Finance	2,100,000	2,077,293(1)
(H)	Coal purchasing and shipping service framework agreement	Huadian Group	2,000,000	937,180
(I)	Contractor and equipment purchase framework agreement	Huadian Group	100,000	640

Note:

(1) The actual transaction amount is disclosed as the maximum daily balance.

(A) Property Leasing Framework Agreement

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

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

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2013 was RMB20,500,000 and the actual rent paid to Huadian Group is RMB16,713,000.

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

Compared with independent third party, Huadian Group has a better understanding of our requirements in terms of office premises. In addition, relocating our offices to other premises will cause unnecessary disruptions to our operation and incur unnecessary costs.

(B) Substituting Generation Purchase Framework Agreement

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

- the purchase price of the annual substituting generation will be determined through the open market competition process organized by the local government;

- Shaowu Power Plant and Kemen II shall enter into separate agreements to set out the specific terms and conditions in respect of the relevant provision of substituting generation according to the principles, and within the parameters, provided for under the Substituting Generation Purchase Framework Agreement; and

- the term of the Substituting Generation Purchase Framework Agreement is three years commencing from the Listing Date and ending on 31 December 2014, subject to renewal.

The annual cap of the transaction for the year ended 31 December 2013 was RMB335,000,000, and the actual fees paid by us to Kemen II, which occurred before the Company's acquisition of Kemen II, is RMB128,205,000.

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

On 11 April 2013, the Company entered into the Equity Transfer Agreement of Kemen II with Huadian, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II. The transactions contemplated under the Equity Acquisition Agreement was approved through voting at the annual general meeting held on 28 June 2013, and the transactions contemplated under the Substituting Generation Purchase Framework Agreement will not constitute continuing connected transactions of the Company.

In 2008, Fujian Provincial Economics and Trade Commission and Fujian Provincial Pricing Bureau (the "Local Government") issued the "Implementation plan to designate Shaowu Power Plant as the emergency back-up power sources of Fujian province" (the "Implementation Plan"). According to the Implementation Plan, two generating units of Shaowu Power Plant were designated as the back-up generating units for the local grid, and they were required to be continuously operational whenever requested so as to meet the needs of the local grid. To maintain the sustainable operations of Shaowu Power Plant, the Local Government grants Shaowu Power Plant a right to purchase substituting generation generated by other coal-fired power plants at a relatively lower price and sell such substituting generation to the local grid at a relatively higher price. The purchasing of substituting generation by Shaowu Power Plant has been and will continue to be conducted through the open market competition process organized and supervised by the Local Government, and based on the principle of price priority.

(C) Coal Shipping Service Framework Agreement

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2013 was RMB72,000,000 and the fees paid by us to Huadian Group for the coal shipping is RMB45,819,000.

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

Our Directors consider that the demands of our Group for coal shipping could be effectively and efficiently satisfied by the shipping service to be provided by Huadian Group under the Coal Shipping Service Framework Agreement.

(D) CDM Services Framework Agreement

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

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2013 was RMB24,300,000 and the income received by us for the year ended 31 December 2013 is RMB0.

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

Our Group has not provided any CDM service to any third party outside Huadian Group and our Group's current focus will continue to be providing CDM services to Huadian Group.

(E) Project Contracting and Equipment Purchase Framework Agreement

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

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

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

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

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

The annual cap of the transaction for the year ended 31 December 2013 was RMB1,141,100,000 and the fees paid/payable to Huadian Group is RMB796,246,000.

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

Our Directors consider that the demands of Kemen II for contractor and equipment could be effectively and efficiently satisfied by the service provided by Huadian Group under this framework agreement.

(F) Assets Lease Agreement

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

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

The annual cap of the transaction for the year ended 31 December 2013 was RMB48,900,000 and the actual transaction amount, which occurred before the Company's acquisition of Kemen II, is RMB24,450,000.

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

On 11 April 2013, the Company entered into the Equity Transfer Agreement of Kemen II with Huadian, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II. The transactions contemplated under the Equity Acquisition Agreement was approved through voting at the annual general meeting held on 28 June 2013, and the transactions contemplated under the Assets Lease Agreement will not constitute continuing connected transactions of the Company.

Since such assets are located in Kemen, and cannot be separately transferred to Kemen II, Kemen Power Plant agreed that Kemen II may continue to use such assets on a leasing basis.

(G) Deposit Service Agreement

The Company entered into a deposit service agreement and a supplemental agreement with the Huadian Finance on 28 September 2012 and 19 October 2012 respectively, pursuant to which, the Huadian Finance would provide the deposit service to various departments under the Company within the agreed caps.

In 2013, the maximum daily balance of this deposit service transaction was RMB2,100,000,000, while the actual maximum daily balance was RMB2,077,293,000.

According to the Listing Rules, Huadian Finance is a subsidiary of Huadian (the controlling shareholder of the Company), and therefore Huadian Finance is a connected person (as defined under the Listing Rules) of the Company. Therefore, the transactions contemplated under the deposit service agreement (as revised by the supplemental agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Huadian Finance will provide financial services only to the members within Huadian Group and will therefore be exposed to a lower level of potential risk compared to other PRC commercial banks which conduct business with clients of various credit ratings. With such flexibility under the Deposit Service Agreement, the Group will be able to manage its current capital and cash flow position preferably.

(H) Coal Purchasing and Shipping Service Framework Agreement

Kemen II entered into a coal purchasing and shipping service framework agreement (expiring on 31 December 2014) with Huadian on 20 February 2013, pursuant to which, Huadian Group agreed to provide coal purchase and shipping service to Kemen II under the terms and conditions of this framework agreement.

The cap of the transaction for the year ended 31 December 2013 was RMB2,000,000,000 and the fees paid by Kemen II to Huadian Group in respect of the coal purchase and shipping service is RMB937,180,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Kemen II is a wholly-owned subsidiary of the Company, and therefore is also a connected person of Huadian. Therefore, the transactions contemplated under the coal purchasing and shipping service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 11 April 2013, the Company entered into the Equity Transfer Agreement of Kemen II with Huadian, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II. The transactions contemplated under the Equity Acquisition Agreement was approved through voting at the annual general meeting held on 28 June 2013, and the transactions contemplated under the Coal Purchasing and Shipping Service Agreement will not constitute continuing connected transactions of the Company.

Our Directors consider that the demands of our Group for coal shipping could be effectively and efficiently satisfied by the shipping service to be provided by Huadian Group under the Coal Shipping Service Framework Agreement.

(I) Contractor and Equipment Purchase Framework Agreement

Kemen II entered into a contractor and equipment purchase framework agreement (expiring on 31 December 2014) with Huadian on 20 February 2013, pursuant to which, Huadian Group agreed to provide contracting and equipment purchase service to Kemen II under the terms and conditions of this framework agreement.

The cap of the transaction for the year ended 31 December 2013 was RMB100,000,000 and the fees paid by Kemen II to Huadian Group in respect of the project contracting and equipment purchase service is RMB640,000.

According to the Listing Rules, Huadian is the controlling shareholder of the Company and is, together with its subsidiaries, a connected person (as defined under the Listing Rules) of the Company. Kemen II is a wholly-owned subsidiary of the Company, and therefore is also a connected person of Huadian. Therefore, the transactions contemplated under the contractor and equipment purchase agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 11 April 2013, the Company entered into the Equity Transfer Agreement of Kemen II with Huadian, pursuant to which the Company agreed to acquire, and Huadian agreed to transfer 100% of the equity interest in Kemen II. The transactions contemplated under the Equity Acquisition Agreement was approved through voting at the annual general meeting held on 28 June 2013, and the transactions contemplated under the Contractor and Equipment Purchase Agreement will constitute continuing connected transactions of the Company.

Our Directors consider that the demands of Kemen II for contractor and equipment could be effectively and efficiently satisfied by the service provided by Huadian Group under this framework agreement.

The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2013 and confirmed that:

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

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

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

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

The related party transactions in 2013 that constitute "connected transaction" or "continuing connected transaction" as defined under Chapter 14A of the Listing Rules were disclosed in this section and Note 36 to the Financial Statements. The Company and all Directors had reviewed all connected transactions and confirmed that the Company was in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the purchase from the Group's five largest coal suppliers in aggregate contributed 23.5% of the Group's total purchase of coal for the year, among which, the total purchase from the largest coal supplier contributed 7.2% of the Group's total purchase of coal for the year.

For the year ended 31 December 2013, the purchase from the Group's five largest equipment suppliers in aggregate contributed 21.2% of the Group's total purchase of equipment for the year, among which, the total purchase from the largest equipment supplier contributed 5.0% of the Group's total purchase of equipment for the year.

For the year ended 31 December 2013, the sales to the Group's five largest customers in aggregate contributed 86.3% of the Group's total sales for the year, among which, the sales to the largest customer contributed 69.3% of the Group's total sales for the year.

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

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in note 37 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND REPORT

As a company listed on the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices and complies with the code provisions as set out in the Corporate Governance Code and Report in Appendix 14 to the Listing Rules. The Company has complied with all the other code provisions as set out in Appendix 14 of the Listing Rules for the period from 1 January 2013 to 31 December 2013, except for requirement A.5.6 in Appendix 14 of the Listing Rules in respect of the nomination committee (or the Board) should have a policy on the diversity of the Board members.

Code provision A.5.6 in Appendix 14 of the Listing Rules provides that the nomination committee (or the Board) should have a policy on the diversity of the Board members, and the policy or its summary shall be disclosed in the corporate governance report. Although the policy on the diversity of the Board members had not been formally adopted during the Reporting Period, the Board considers that the Company's existing practices already include the requirements on the diversity of the Board members, and the Company amended the rules of procedures of the nomination committee on 21 March 2014 to clarify the policy on the diversity of the Board members.

The audit committee of the Company has reviewed the annual consolidated financial statements for the year ended 31 December 2013, and is of the view that the Group's consolidated financial statements for the year ended 31 December 2013 are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2013 as set out in the preliminary announcement have been agreed by the Group's auditors, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

Please refer to the Corporate Governance Report as set out on pages 51 to 66 of this annual report for details.

PUBLIC FLOAT

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

MATERIAL LITIGATION

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

AUDIT COMMITTEE

The 2013 annual results of the Group and the Financial Statements for the year ended 31 December 2013 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

AUDITOR

KPMG (畢馬威會計師事務所) was appointed as the auditor for the financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2013. The enclosed Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by KPMG. The Company has retained the services of KPMG since the date of preparation of its listing.

Yours faithfully,
By order of the Board
Huadian Fuxin Energy Corporation Limited
Fang Zheng
Chairman of the Board

Beijing, the PRC, 21 March 2014

Subsequent Events

On 21 March 2014, the Board proposed to distribute a final dividend for the year ended 31 December 2013. Further details are disclosed in note 32(b) of the Financial Statements.

The Company completed a placing of new H shares on 5 February 2014. An aggregate of 356,975,520 H shares have been successfully allotted and issued to no less than six but no more than ten placees at the price of HK$3.30 per H share. The aggregate gross proceeds from the placing amount to approximately HK$1,178,019,216.

According to the Business Co-operation and Subscription of Share Agreement entered into between the Group and China WindPower Group Limited on 18 December 2013, the Group made a total payment of HK$378,400,000 for share subscription on 19 March 2014.

Biographies of Directors, Supervisors and Senior Management

I. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Fang Zheng, aged 49, has been the Chairman of the Board and an executive Director of our Company since June 2013. Mr. Fang obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University and was granted the title of Professorate Senior Engineer with special governmental allowance (2012). He served as deputy dean and deputy chief engineer of Southwest Electric Power Design Institute (西南電力設計院), dean of the mechanical department of Electrical Planning and Design Institute (電力規劃設計總院), chief engineer and the vice president of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司), the head of Strategic Planning Division, the deputy director of the Planning and Development Department of China Huadian Corporation, the general manager of Huadian New Energy Development Co., Ltd., and the general manager of Huadian Fuxin Energy Corporation Limited.

Mr. Jiang Bingsi, aged 44, has been an executive Director and the President of our Company since June 2013. Mr. Jiang obtained his MBA degree from Asia International Open University (Macau) and was granted the title of Senior Administration Engineer. He served as the deputy director of Corporation Culture Department and the secretary of group discipline committee of Fujian Electric Power Company Limited (福建省電力有限公司), the deputy director of General Management Department and assistant secretary of the CCP committee (division level) of China Huadian Corporation, Fujian branch, the director of Division and the deputy director of Human Resource Department of China Huadian Corporation, and the general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited.

Mr. Li Lixin, aged 47, has been an executive Director of our Company since June 2013. Mr. Li obtained his bachelor's degree in thermal power machinery and equipment and master's degree in power equipment from Shanghai Jiao Tong University and was granted the title of Senior Engineer. He has become the general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited since April 2013, and he served as the deputy chief engineer, chief engineer and general manager of Fujian No.1 Electric Power Construction Company (福建省第一電力建設公司), the director of the Planning and Infrastructure Department of China Huadian Corporation, Fujian branch, the deputy general manager and general manger of Fujian Huadian Kemen Power Generation Co., Ltd., the deputy general manager of Huadian Fujian Power Generation Co., Ltd. (華電福建發電有限公司), the deputy general manager of Fujian branch of Huadian Fuxin Energy Corporation Limited and the deputy general manager of Huadian Fuxin Energy Corporation Limited.

Non-executive Directors

Mr. Chen Bin, aged 56, has been a non-executive Director of our Company since June 2013. Mr. Chen obtained his bachelor's degree from the department of philosophy, specializing in ideology politics from Hebei University and was granted with the title of Senior Engineer. Mr. Chen has become the director of the Strategic Planning Department of China Huadian Corporation since April 2013, and he served as the deputy head of Working Office of Power Bureau of Zhangjiang Province, the deputy factory manager of Hangzhou Banshan Power Plant Limited (杭州半山發電有限公司), the director and the secretary of the Party committee of China Huadian Corporation's representative office in Zhejiang, the general manager and the secretary of the Party committee of Hangzhou Banshan Power Generation Company Limited, the director of the Marketing Department and the director of the Economic and Operation Coordination Department of China Huadian Corporation. Mr. Chen is currently the director of Huadian Power International Corporation Limited (stock code: 600027.SH), a company listed on the Shanghai Stock Exchange, and Huadian Power International Corporation Limited (stock code: 001071.HK), a company listed on The Stock Exchange of Hong Kong Limited.

Mr. Tao Yunpeng, aged 43, has been a non-executive Director of our Company since June 2013. Mr. Tao obtained his bachelor's degree in machinery design and manufacture and his master's degree in industrial engineering from Tsinghua University and was granted the title of Senior Accountant. Mr. Tao has become the director of Capital Operation and Property Rights Management Department of China Huadian Corporation since September 2012, and he served as the deputy chief accountant of Huadian Power International Corporation Limited, the deputy director of Asset Management Department and the deputy director of Capital Operation and Property Rights Management Department of China Huadian Corporation, and the vice president of Huadian Fuxin Energy Corporation Limited. Mr. Tao is currently the director of Guodian Nanjing Automation Co., Ltd. (stock code: 600268.SH), a company listed on the Shanghai Stock Exchange.

Mr. Zong Xiaolei, aged 48, has been a non-executive Director of our Company since August 2011. Mr. Zong obtained his bachelor's degree in thermal engineering of power plant from Northeast Dianli University and his master's degree in management science and engineering from Wuhan University of Hydraulic and Electrical Engineering and was granted the title of Senior Engineer. Mr. Zong has served various positions in China Power Engineering Consulting Group Corporation since May 2004, including division head, deputy director and deputy chief engineer and general manager of the Technology Development Company. He served as the deputy director and the director of China Power Construction Engineering Consulting Corporation and held various positions in Electrical Planning and Design Institute.

Biographies of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Zhou Xiaoqian, aged 72, is an independent non-executive Director of our Company. Mr. Zhou graduated from Zhejiang University majoring in thermal power equipment and was granted the title of Professorate Senior Engineer. Mr. Zhou is the vice chairman of the Fifth Council of China Energy Research Society and the chairman of the Second Council of China Power Development Promotion Committee. Currently, he is an independent non-executive director of the following companies, namely, TBEA Co., Ltd. (600089.SH), Dalian Heavy Industry Corporation (002487.SZ) and China Sunergy Co., Ltd. (NASDAQ:CSUN). He also served as an independent non-executive director of XJ Electric Co., Ltd. (000400.SZ), the assistant to general manager in State Power Corporation of China and the member of Party committee of State Power Corporation of China. He was the general manager of China Power Grid Construction Corporation, and director of China Southern Power Affiliated Company. He was also appointed as the director of Fuel Power Industry Projects Agency of State Development Planning Commission and deputy head of Infrastructure Department of Ministry of Hydropower.

Mr. Yeung Pak Sing, aged 64, is an independent non-executive Director of our Company. Mr. Yeung obtained his bachelor's degree in engineering and master's degree in engineering from the University of Hong Kong. He is a chartered engineer granted by the Institution of Engineering and Technology. Mr. Yeung is a member of the Hong Kong Institution of Engineers and the Institution of Engineering and Technology, honorary fellow of the University of Hong Kong, Nanping municipal committee member of the Chinese People's Political Consultative Conference in Fujian and an individual director of Hong Kong Ideas Centre Limited. He served as an independent non-executive director of Vertex Group Limited (currently known as "National Arts Holdings Limited") (008228.HK), the director and general manager of World Power Investment Ltd. and World Power Management Consultancy Ltd., the engineer on production and head of factory engineering department of Coronet Industrial Ltd., the engineer of Control Data Corporation and served in China Light and Power Company Limited.

Mr. Zhang Bai, aged 53, is an independent non-executive Director of our Company. Mr. Zhang obtained his bachelor's degree in accounting from Xiamen University and his master's degree in business administration (MBA) from the Open University of Hong Kong. Currently, he is professor of the School of Economics and Management of Fuzhou University, director of the Eighth Accounting Society of China, director of the Seventh China Commercial Accounting Institute, vice chairman of the Seventh Council of Fujian Auditing Society, and vice chairman of the Fifth Council of Fujian Business Accounting Society. He also served as a teacher, head of department and deputy dean of Fuzhou University successively, and served as the dean and a Certified Public Accountant of Minxing Accountants Firm of Fuzhou University. Mr. Zhang is an independent non-executive director of Thaihot Group Co., Ltd. (000732.SZ), Fujian Yong'an Forestry (Group) Joint Stock Co., Ltd. (000663.SZ), Citychamp Dartong Co., Ltd. (600067.SH), Zhongfu Industries Co., Ltd. (000592.SZ) and Fujian New Huadu Supercenter Co., Ltd. (002264.SZ).

Supervisors

Mr. Li Changxu, aged 52, has been the Chairman of the board of Supervisors of our Company since August 2011. Mr. Li obtained his bachelor's degree in finance and accounting through the adult higher education department from Renmin University of China and was granted the title of Senior Accountant. Mr. Li has been director of the audit department of China Huadian Corporation since July 2005. He also served as deputy director of division III of the branch of China National Audit office in Ministry of Electric Power (國家審計署駐電力部審計局), the deputy director of the production audit department, deputy director of division II of the audit department and the director of the integration division of the audit department of State Power Corporation of China, and the deputy director of the supervision and audit department, deputy director of audit department of China Huadian Corporation. Currently, he is the chairman of the board of supervisors of Guodian Nanjing Automation Co., Ltd. (國電南京自動化股份有限公司), a company listed on the Shanghai Stock Exchange.

Mr. Xie Chunwang, aged 49, has been a Supervisor of our Company since June 2013. Mr. Xie obtained his bachelor's degree in machinery manufacture and equipment from North China Electric Power University and was granted the title of Professorate Senior Engineer. He has served as the deputy general manager of China Huadian Engineering Co., Ltd. (中國華電工程(集團)有限公司) since May 2004. He was head of the material delivery department, deputy head of the power station equipment department and head of the coal transportation department of China Huadian Engineering Co., Ltd., and the general manager of Huadian Coal Transportation Technology Company (華電輸煤技術公司).

Mr. Huang Chunqi, aged 59, has been a Supervisor of our Company since August 2011. Mr. Huang graduated from the undergraduate course of economic management in the correspondence school of the Party School of the Central Committee of the CPC committee (中央黨校) and was granted the title of Senior Administration Engineer. He has been an inspector of our Company since September 2012. Mr. Huang served as deputy director of division I of the supervision bureau of the Ministry of Electric Power Industry of China, head of division III and division II of the inspection office of State Power Corporation of China, member of Party committee and head of the discipline inspection group of China Huadian Power Plant Equipment (Group) Corporation (中國華電電站裝備工程(集團)總公司), head of the discipline inspection group and vice president of China Huadian Engineering Co., Ltd., and the secretary of the Party committee of Huadian New Energy Development Co., Ltd..

Mr. Wang Kun, aged 44, has been a Supervisor of our Company since June 2013. Mr. Wang obtained his master's degree in finance from Peking University and was granted the title of Chartered Financial Analyst (CFA). Mr. Wang has worked at Kunlun Trust Co., Ltd. (崑崙信託有限責任公司), a subsidiary of China National Petroleum Corporation, as manager of the asset management department since July 2009. He served as head of the direct investment department of China National Petroleum Corporation Assets Management Co., Ltd. (中油資產管理有限公司), a subsidiary of China National Petroleum Corporation, vice president of the JRJ.com, person-in-charge of the securities project team of Ao Yier Investment Management Company (奧伊爾投資公司), a subsidiary of China National Petroleum Corporation, and a fund manager of the futures and funds department of China International Futures Co., Ltd..

Ms. Hu Xiaohong, aged 43, has been a Supervisor of our Company since October 2010. Ms. Hu obtained her bachelor's degree in accounting from Shenzhen University and was granted the title of Senior Accountant. Ms. Hu has been the deputy director of the assets management department of Wujiang Hydropower since 2009. She previously held various positions in Wujiangdu Hydropower Plant of Wujiang Hydropower, including deputy director of the finance office of the construction management department of the machinery expansion project, director of the finance department and deputy chief economist.

Mr. Xu Jin, aged 46, has been a Supervisor of our Company since August 2011. Mr. Xu obtained his bachelor's degree in materials science and engineering from Beihang University and was granted the title of Senior Economist. He has been the general counsel of Fujian branch of Huadian Fuxin Energy Corporation Limited since July 2013. Mr. Xu served as the deputy director of the plan and infrastructure department and the director of the president team office of Huadian Fujian Power Generation Co., Ltd., and head of the integration department of Huadian Fuxin Energy Corporation Limited.

Senior Management

For details of Mr. Jiang Bingsi's biography, please see "Executive Directors" above.

Mr. Huo Guangzhao, aged 52, has been the vice-president of our Company since September 2012. Mr. Huo obtained his bachelor's degree in thermal power of power plant from Xi'an Jiaotong University and was granted the title of Senior Engineer. He served as senior engineer and chief engineer with Northeast Electric Power Design Institute of Ministry of Electric Power, the project manager of North China Power Engineering Co., Ltd. of China Power, head of the initial development office of the Planning and Development Department of China Huadian Corporation, and deputy general manager of Huadian New Energy Development Co., Ltd..

Ms. Yang Yi, aged 50, has been the chief financial officer and general counsel of our Company since September 2012. Ms. Yang obtained her bachelor's degree in auditing from Shanghai University of Finance and Economics and was granted the titles of Senior Economist and Senior Auditor. She served as the principal staff member and deputy director of the audit department of State Power Corporation of China, the director and chief auditor of the audit office of the supervision and audit department of China Huadian Corporation, the deputy general manager of Hangzhou Banshan Power Plant Limited, and the chief accountant of Huadian New Energy Development Co., Ltd..

Mr. Liu Lei, aged 40, has been the vice president of our Company since June 2012, and the Board secretary of our Company since August 2011. Mr. Liu obtained his bachelor's degree in thermal power plant and power engineering from Xi'an Jiaotong University and his master's degree in business administration (MBA) from Baylor University's School of Business. He served as the deputy director of the secretary office of the president team, head of the financing management office of the capital operation and property management department of China Huadian Corporation, and chief economist of Huadian Fuxin Energy Corporation Limited.

Joint Company Secretaries

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

Ms. Mok Ming Wai, aged 42, a director of KCS Hong Kong Limited, is one of our joint company secretaries. Ms. Mok has over 18 years of professional and in-house experience in the company secretarial field. She is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Mok is currently a company secretary or a joint company secretary of several listed companies.

II. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN 2013

(I) Remuneration of Directors and Supervisors

Name	Position	Total remuneration received from the Company for the year ended 31 December 2013 (RMB'000)
Mr. Fang Zheng	Chairman of the Board and executive Director	795
Mr. Jiang Bingsi	Executive Director and President	730
Mr. Li Lixin	Executive Director	709
Mr. Huang Xianpei	Chairman of the Board and Executive Director	412
Mr. Huang Shaoxiong	Executive Director	–
Mr. Chen Bin	Non-executive Director	–
Mr. Tao Yunpeng	Non-executive Director	–
Mr. Zong Xiaolei	Non-executive Director	–
Mr. Mao Xishu	Non-executive Director	–
Mr. Wang Xuxiang	Non-executive Director	–
Mr. Zhou Xiaoqian	Independent non-executive Director	100
Mr. Yeung Pak Sing	Independent non-executive Director	100
Mr. Zhang Bai	Independent non-executive Director	100
Mr. Li Changxu	Chairman of the board of Supervisors	–
Mr. Xie Chunwang	Supervisor	–
Mr. Huang Chunqi	Employee representative Supervisor	795
Mr. Wang Kun	Supervisor	–
Ms. Hu Xiaohong	Supervisor	–
Mr. Xu Jin	Employee representative Supervisor	531
Mr. Yao Fei	Supervisor	–
Mr. Huang Yuanhong	Supervisor	–

During the year ended 31 December 2013, none of the Directors or Supervisors waived any of their remuneration.

(II) Remuneration of Senior Management

During the year ended 31 December 2013, the remuneration of the senior management of the Group falls within the following bands:

	Number of persons
RMB0.7 million to RMB0.75 million	4

Management Discussion and Analysis

In 2013, benefiting from the steady macro-economic growth, the overall electricity consumption in China reached 5,322,300 GWh, representing an increase of 7.5% over the previous year, with the growth rate increasing by 2 percentage points. In the meantime, rigid constraints on energy developments owing to climate change and air pollution became more direct and severe, leading to a transformation to clean, low-carbon or carbon-free energy as an important driving force for worldwide economic growth. From the viewpoint of China's development trends, on the one hand, with more emphasis on "green" gross domestic product ("GDP") throughout the country and across the society at large, the domestic economy is transitioning from a rapid growth stage to more moderately paced growth; on the other hand, with administrative controls replaced by market demand that could play a decisive role in resource allocation, the nation's economic vitality could maintain a robust demand for electricity. The government raises the tariff for desulfurised and denitrified electricity and increases the fund for renewable energy sources, further intensifying its encouraging attitude toward clean energies and leading to accelerated development of clean energies in the future.

I. BUSINESS REVIEW

Adhering to the strategies of business diversification, intensification and differentiation, the Group pursues for the diversification of its business in an effort to better adapt to the changes in natural resources and external policies, so as to enhance our risk-resistance capabilities. Our value approach has been well proved by itself. Conditional on achieving reasonable profit, we are actively seeking resources in the process of advancing projects. On the other hand, we are committed to differentiated development by working on the development of new energy projects with relatively mature technology and controllable risks.

In the past year, the Group has reinforced its effort to accelerate project development and to improve our economic returns and operational efficiency and put new safe production measures into practice. In this way, our hydropower, wind power, coal-fired power and other clean energy segments made them all profitable.

In 2013, profit attributable to shareholders of the Company was RMB1,467.9 million, representing an increase of 34.3% over the previous year; consolidated installed capacity was 10,424.3 MW, representing an increase of 32.0% over the previous year; and gross power generation was 34,415,958.3 MWh, representing an increase of 44.0% over the previous year.

The respective consolidated installed capacity of the power generating assets of the Group as of 31 December 2013 and 2012 by type was:

Type	2013 (MW)	2012 (MW)	Change percentage
Hydropower	2,457.0	2,223.4	10.5%
Wind power	3,500.8	2,716.8	28.9%
Coal-fired power	3,850.0	2,650.0	45.3%
Solar energy	435.2	127.4	241.6%
Other clean energy	181.3	181.3	0%
Total	10,424.3	7,898.9	32.0%

The respective attributable consolidated installed capacity of the power generating assets of the Group as of 31 December 2013 and 2012 by type was:

Type	2013 (MW)	2012 (MW)	Change percentage
Hydropower	1,817.6	1,627.2	11.7%
Wind power	3,101.0	2,412.1	28.6%
Coal-fired power	3,890.4	2,690.4	44.6%
Solar energy	406.7	116.3	249.7%
Other clean energy	500.9	500.9	0%
Total	9,716.6	7,346.9	32.3%

The respective gross power generation of the power generating assets of the Group in 2013 and 2012 by type was:

Type	2013 (MWh)	2012 (MWh)	Change percentage
Hydropower	7,683,251.2	9,038,437.6	-15.0%
Wind power	6,170,370.6	4,302,678.9	43.4%
Coal-fired power	19,492,730.0	9,765,482.0	99.6%
Solar energy	308,162.6	110,853.8	178.0%
Other clean energy	761,443.9	674,597.1	12.9%
Total	34,415,958.3	23,892,049.4	44.0%

1. Hydropower Business

As of 31 December 2013, the Group had a consolidated hydropower installed capacity of 2,457.0 MW and a capacity under construction of 110.0 MW. During the Reporting Period, two hydropower reconstruction and expansion projects with additional consolidated hydropower installed capacity of 90.0 MW were launched, while the consolidated installed capacity of the newly acquired hydropower projects totaled 143.6 MW.

In 2013, Fujian saw a shortage of water resources when compared with the same period of the last year, with the accumulated levels of precipitation in the seven key reservoirs amounted to 1,545 mm, which was 6.9% less than the par and 27.1% less than that of the previous year. Leveraging upon our edges in the key reservoirs, the Group tapped on the potential of our comprehensive river dispatch, further enhancing the utilisation rate of hydropower. During the Reporting Period, the gross hydropower generation of the Group was 7,683,251.2 MWh, representing a decrease of 15.0% over the previous year; the average hydropower utilisation time was 3,438 hours, which declined by 15.4% over the 4,065 hours in the previous year. The average on-grid tariff (tax exclusive) was RMB278.0/MWh, representing an increase of RMB2.7/MWh or 0.98% over the previous year.

2. Wind Power Business

As of 31 December 2013, the Group had a consolidated wind power installed capacity of 3,500.8 MW, representing an increase of 28.9% from 31 December 2012, and a wind power capacity under construction of 745.0 MW. In 2013, the gross wind power generation of our Group was 6,170,370.6 MWh, representing an increase of 43.4% over the previous year. The average on-grid tariff (tax exclusive) was RMB482.4/MWh, representing a decrease of RMB1.1/MWh over the previous year. The average wind power utilisation time was 2,030 hours, which increased by 5.6% over the previous year.

The Group has benefited from new policies issued by the Chinese government to promote the stable and healthy development of the wind power industry. In 2013, the Group continued to optimize the structure of wind power projects with a focus on quality development. Within the year, 10 new projects with an aggregate capacity of 1,044.5 MW were approved, and as of the end of 2013, the accumulated wind power projects, which are included in the first three batches of the approved plans (including supplement) of the National Energy Administration, but are not yet in production, reaches 2.1 GW.

In the construction process, the Group strengthened its project management and control, arranged the progress of work in a scientific way, and paid extraordinary efforts to the optimisation of engineering designs. We controlled project costs within a reasonable range, while promoting standardised maintenance operations and enhanced equipment soundness. Thus, the availability coefficient of wind turbines reached 97.5% and the operational maintenance costs kept at a relatively low level.

3. Coal-fired Power Business

The Group successfully completed the acquisition of Kemen II in the first half of 2013. As at 31 December 2013, the Group had a consolidated installed coal-fired power capacity of 3,850.0 MW. In the Reporting Period, the gross coal-fired power generation of our Group was 19,492,730.0 MWh, representing an increase of 99.6% over the previous year. The average coal-fired power utilisation time was 5,063 hours; the average on-grid tariff (tax exclusive) was RMB376.2/MWh, representing a decrease of RMB4.1/MWh or 1.1% over the previous year.

In 2013, the Group seized the positive opportunities offered by coal price reductions to better control our coal purchasing costs and reduce energy consumption of power generation unit. In the Reporting Period, the average unit price (tax exclusive) of the Group's standard coal decreased by approximately 13.7%. Kemen Power Plant and Kemen II reported a standard coal consumption of 301.5 g/kWh in 2013, representing a decrease of 0.6 g/kWh over the previous year. The plant ranked first among the same type of power generation units in the China Huadian Corporation, and was 3.52 g/kWh lower than the average value recorded in the top five Chinese power generation groups.

4. Solar Energy Business

In 2013, the Group actively expanded its solar energy business and took the favorable opportunities to develop projects in regions where there are rich solar energy resources and higher government financial subsidies. During the Reporting Period, the Group recorded an increase of 307.8 MW in its consolidated installed capacity commenced operation in solar power business, bringing its accumulated consolidated installed capacity commenced operation to 435.2 MW. In 2013, the Group's solar power output was 308,162.6 MWh, and the average on-grid tariff (tax exclusive) was RMB993.5/MWh. This year also witnessed the approval of the Group's 18 new projects with consolidated installed capacity up to 393.0 MW. In addition, the solar energy projects totaling 309.3 MW had been permitted by the local government for exclusive project development.

5. Distributed Energy and Other Clean Energy Projects

As of 31 December 2013, the consolidated installed capacity commenced operation and the consolidated installed capacity under construction of distributed energy projects of the Group amounted to 156.0 MW and 339.0 MW, respectively, part of which with a capacity of 207.0 MW has already been at the commissioning phase.

The Group actively identified quality projects in the developed coastal regions and a number of inland provincial capitals, and two of these projects were among the first batch of national model projects on natural gas distributed energy approved by NDRC. As at 31 December 2013, the Group had 8 distributed energy projects with an accumulated capacity of 869.0 MW, as approved by the NDRC, and 14 projects with an accumulated capacity of 1,770.5 MW were permitted by the local government for exclusive project development.

As of 31 December 2013, the Group held 39.0% equity interest in four 1,000.0 MW nuclear power generating units under construction. Considering their smooth progress, the first unit of the four is expected to commence operation in the third quarter of 2014, and the remaining units will commence operation in subsequent years.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes. Due to the impact of the business acquisition under common control for Kemen II, the comparative financial figures of 2012 have been restated.

1. Overview

The Group's profitability improved substantially in 2013. Profit before tax increased by 35.2% to RMB2,185.2 million as compared with RMB1,616.4 million in 2012. The profit attributable to shareholders of the Company for the year of 2013 amounted to RMB1,467.9 million, representing an increase of 34.3% as compared with RMB1,093.1 million in 2012.

2. Revenue

The Group's revenue increased by 16.7% to RMB13,242.4 million in 2013 as compared with RMB11,351.6 million in 2012, primarily due to the increase in revenue from electricity sales of the Group's coal-fired power and wind power businesses.

The Group's revenue from sales of electricity increased by 18.2% to RMB12,847.0 million in 2013 as compared with RMB10,867.2 million in 2012, primarily due to an increase in the Group's electricity sales.

The respective segment revenue of the Group in 2013 and 2012 is as follows:

Table of Segment Revenue

	2013 RMB in millions	2012 RMB in millions	Change percentage
Hydropower	2,075.2	2,414.2	-14.0%
Wind power	2,766.5	1,901.3	45.5%
Coal-fired power	7,464.7	6,158.7	21.2%
Other clean energy	851.0	597.0	42.5%

3. Other net income

In 2013, the Group's other net income decreased by 86.2% to RMB61.3 million as compared with RMB443.2 million in 2012, primarily due to: (1) a gain of RMB131.8 million from disposal of 28.0% equity interests in Fujian Kemen Port Logistics Co., Ltd. in the previous year; (2) government grants including fiscal interest subsidies during the year was RMB35.2 million, as compared with RMB161.0 million in 2012, representing a decrease of 78.1%; and (3) the CDM income of RMB1.3 million recognised in the previous year.

4. Operating expenses recognised

The Group's operating expenses increased by 7.1% to RMB8,906.9 million in 2013 as compared with RMB8,317.0 million in 2012. This increase was mainly attributable to: the increases in (1) fuel costs of the Group; (2) depreciation and amortization expenses of the new generation units; (3) labor costs; (4) repairs and maintenance costs; and (5) other operating expenses.

In 2013, the Group's fuel cost increased from RMB4,107.4 million in 2012 to RMB4,362.2 million due to an increase in coal-fired power generation.

The Group's depreciation and amortization expenses increased by 21.0% to RMB2,174.9 million in 2013 as compared with RMB1,797.9 million in 2012. This increase was primarily due to the expansion in consolidated installed capacity of the Group.

The Group's labor costs increased by 19.3% to RMB955.4 million in 2013 as compared with RMB800.8 million in 2012, primarily due to the commencement of production of the Group's new generation units after completion of the infrastructure phase.

The Group's repair and maintenance costs increased by 31.3% to RMB439.8 million in 2013 as compared with RMB335.0 million in 2012, primarily due to commencement of operation of the two additional coal-fired units in Yong'an and Zhangping at the end of 2012.

The Group's other operating expenses increased by 14.1% to RMB339.2 million in 2013 as compared with RMB297.2 million in 2012, primarily due to an increase in number of projects and the expansion in business scale of the Group.

5. Operating profit

The Group's operating profit increased by 26.4% to RMB4,396.8 million in 2013 as compared with RMB3,477.9 million in 2012, reflecting the Group's steady business growth during the year. The respective segment operating profit of the Group in 2013 and 2012 is as follows:

Table of Segment Operating Profit

	2013 RMB in millions	2012 RMB in millions	Change percentage
Hydropower	**932.2**	1,258.3	-25.9%
Wind power	**1,465.6**	1,182.0	24.0%
Coal-fired power	**1,965.5**	906.9	116.7%
Other clean energy	**190.6**	138.8	37.3%

6. Finance income

The Group's finance income increased by 63.0% to RMB120.0 million in 2013 as compared with RMB73.6 million in 2012, mainly due to the increase in dividend income from other investments during the year.

7. Finance expenses

The Group's finance expenses increased by 22.6% to RMB2,425.1 million in 2013 as compared with RMB1,978.3 million in 2012, primarily due to an increase in the average balance of our loans as a result of the Group's business growth.

In 2013, the Group had recognized the doubtful provision amounting to RMB249.8 million for all the outstanding CERs (Certificated Emission Reduction) receivables.

8. Share of profits of associates and a joint venture

The Group's share of profits of associates and a joint venture was RMB93.6 million in 2013 as compared with RMB43.2 million in 2012, primarily due to an increase in earnings of the invested associates in this year.

9. Income tax

The Group's income tax increased by 85.6% to RMB484.0 million in 2013 as compared with RMB260.8 million in 2012. This increase was mainly due to an increase in operating profit of the Group.

10. Profit for the year

The Group's profit increased by 25.5% to RMB1,701.3 million in 2013 as compared with RMB1,355.6 million in 2012. Our profit as a percentage of our total revenue increased to 12.8% in 2013 from 11.9% in 2012, primarily because, on one hand, the Group increased its marketing activities and optimized its power generation plan in view of the decrease in coal price in 2013, thereby achieving a 116.7% growth of operating profit from coal-fired power segment in 2013 as compared with that in 2012; on the other hand, the Company continued to expand its wind power business and other business segments through stable development of wind power business and accelerated investment in solar power, thereby attaining a 24.0% and 37.3% increase in operating profit from wind power segment and other segments in 2013 as compared with that in the previous year respectively.

11. Profit attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company increased by 34.3% to RMB1,467.9 million in 2013 as compared with RMB1,093.1 million in 2012.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests decreased by 11.1% to RMB233.4 million in 2013 as compared with RMB262.5 million in 2012.

13. Liquidity and sources of capital

The Group's cash and cash equivalents decreased by 31.3% to RMB1,768.7 million as at 31 December 2013 as compared with the balance of RMB2,575.7 million as at 31 December 2012, primarily because the Group strengthened its fund management by improving the efficiency of fund usage and decreasing treasury funds. The main sources of the Group's operating capital include: (1) approximately RMB18,605.1 million as at 31 December 2013 of unutilized banking facilities; and (2) approximately RMB1,768.7 million of cash and cash equivalents.

As at 31 December 2013, the Group's borrowings increased by 14.7% to RMB41,918.0 million as compared with RMB36,539.4 million as at 31 December 2012, of which RMB11,617.2 million was short-term borrowings (including current portion of long-term borrowings), and RMB30,300.8 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure decreased by 3.0% to RMB6,991.7 million in 2013 as compared with RMB7,208.3 million in 2012. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

15. Net gearing ratio

As at 31 December 2013, the Group's net gearing ratio (net debt (i.e., total borrowings less cash and cash equivalents) divided by total equity) was 292.8%, representing an increase of 25.6 percentage points as compared with 267.2% as at 31 December 2012, which was mainly due to an increase in borrowings incurred by the Company to meet the demand for project development during the year.

16. Material acquisitions and disposals

In 2013, the Company acquired 100% equity interests in Kemen II at a consideration of RMB610.8 million.

17. Significant investment

The Company did not hold any significant investment in 2013.

18. Plans for material investments/acquisition of capital assets

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

19. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment. As at 31 December 2013, the total net book value of the pledged assets amounted to RMB15,330.6 million.

20. Contingent liabilities

As at 31 December 2013, the Group provided external guarantee over the balance of bank loans amounting to RMB26.4 million.

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

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

2. Competition risk

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

3. Risk related to power grid

In certain regions, power grids planning and construction lag behind wind power development layout. Given the insufficient consumption capacity, it is inevitable that wind power will be abandon in the short run. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross generation. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

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

IV. OUTLOOK AND PROSPECTS

Looking ahead to 2014, the global economy is expected to recover and maintain positive growth. Climate change and air pollution bring increasingly direct rigid constraints on energy development. Clean, low-carbon and even carbon-free energy revolution is becoming an important driver to the world economy growth. With the implementation of the "Clean Air Action Plan" issued by the State Council, there is ample room to develop wind power, solar photovoltaic power, natural gas power for distributed generation, and gas for co-generation of heat and power, as the more commercially mature clean energy sources. As the only ultimate integration platform for Huadian Group to develop clean energy businesses, we will adhere to diversified clean-energy development to seek the maximum return for our shareholders.

Hydropower business

The Group will continue to exploit hydropower resources in the Fujian region and further develop hydropower stations in other regions, while making efforts to increase the profit of hydropower stations in Fujian; it will be active in the acquisition and development of hydropower resources of major rivers by means of inter-group assets injection, among others. The Group will also continue its acquisition of high-quality hydropower assets and further improve the profit margins of hydropower projects.

Wind power business

The Group will adhere to accelerated, good-quality growth alongside scale up development and efficiency enhancement, while strengthening resource reserves, and ensuring orderly development. The Group will control the project costs within a reasonable range and strengthen the intensification management. Meanwhile, the Group will increase its merger and acquisition efforts and cooperate with other wind power investors and wind power equipment manufacturers in strengthening the development and utilization of wind power resources on the principle of mutual benefits and win-win results. Furthermore, the Group will strengthen the development of wind power resources and aims to improve the business performance of wind power segment through capital operation, assets acquisition, equity cooperation and other means.

Coal-fired power business

The Group will continue to develop high-efficiency and low-emission coal-fired power in the Fujian region, while striving to expand market share, promoting harbor electricity integration projects.

Other clean energy businesses

In 2013, the National Energy Administration issued a number of instructions on the clean energy development, which requires large-scale development of distributed photovoltaic power and active development of distributed natural gas power. The National Energy Administration also indicated it would transfer approval authority to provincial energy departments, a sign of the government's attitude and determination to develop clean energies aggressively. Accordingly, the Group will step up efforts in the development of photovoltaic power and distributed natural gas power, drawing on its first-mover advantages. To accelerate the pace of development, it will also place some emphasis on Gas co-generation Power Plants, and actively explore other new power generation methods.

1. HUMAN RESOURCES OVERVIEW

As of 31 December 2013, we had a total of 7,416 staff. The following table sets forth a breakdown of our staff by business types as of 31 December 2013:

Business types	Number	Percentage
General administration	119	1.60%
Hydropower	3,119	42.06%
Wind power	1,505	20.29%
Coal-fired power	2,190	29.53%
Other clean energy	483	6.52%
Total	7,416	100%

2. STAFF INCENTIVES

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

3. STAFF TRAINING

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

The Group conducted multi-level trainings for senior management, middle management and staff in 2013. For middle management, we organized 4 training classes covering overall administration, pre-planning, basic construction and production as well as financial management, with a total participation headcount of 233. The Group launched a total of 3 training classes on "operation and management of a listed company" for all staff members in its headquarters, in which famous experts and professors in the industry were invited to train the staff. In 2013, the Group's training headcount totaled 71,425, or 90% of its staff.

4. STAFF REMUNERATION POLICIES

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

5. STAFF PROTECTION

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

The Group attaches great importance to environmental protection and actively fulfills its social responsibility. With respect to environmental protection, the Group conscientiously implemented China's environmental protection regulations and standards by incorporating environmental protection work into the Group's management system. The Group attaches importance and takes into consideration of the potential influence on the surrounding environment during development of the projects, and strictly conducts preliminary environmental protection assessment and seriously formulate the replant and environmental protection related works after the project construction, to ensure that reasonably structured ecological environment with stable system can be formed and maintained in each project area.

The Group regards the corporate social responsibility as a socially responsible corporate behavior, and makes efforts to achieve its own and social sustainability development. In 2013, a total of more than RMB1.5 million charitable donations was made. The solar energy construction project in the non-electrified areas in Haibei of Qinghai province aided by the Company, the investment of which was approximately RMB39.5 million, had been approved by the Development and Reform Commission of Qinghai Province. It is expected this project will benefit 3,640 households totaling approximately 13,590 herdsmen upon its completion.

None of the Group's coal-fired power companies incurred any environmental pollution incidents in 2013, with the environmental protection facilities running stably and discharges of major pollutants satisfying the relevant limits. The Group adopted a "one-vote veto" policy for environmental protection, and formulated "host management" measures for environmental protection facilities. In 2013, the Group implemented the denitrification of two 600 MW generation units for Kemen I, which successfully passed the emission reduction check organized by the Ministry of Environmental Protection, thereby earning high praise from the Fujian Environmental Protection Bureau. Kemen's #2 generation unit is the first unit in Fujian province to receive electricity price subsidies relating to denitrification since the promotion of denitrification-linked electricity prices. The denitrification facilities in the #1 generation unit were put into operation in advance, contributing significantly to emission reductions in Fujian province and receiving a positive written appraisal from the government of Fujian province.

The Group is actively participating in the domestic carbon emission trading pilot program, and one of our subsidiary, Guangzhou University Town New Energy Company Limited, successfully sold 20,000 tons of carbon emission quotas in 2013, which was the first carbon emission trade since the formal operation of Guangdong's carbon emission trading market began. Meanwhile, the Group also carried out policy interpretation and countermeasure-related research work for carbon emission trading pilot programs in seven provinces and cities.

The emission reduction effects of the Group's clean energy generation projects were significant. For the year ended 31 December 2013, power generation with zero emissions amounted to 14,161.8 GWh, representing a saving of 4.2 million tons of standard coal as calculated according to the average standard coal consumption of 296.9 g/kWh for power generation by China's five major power companies in 2013. The accumulated emissions reduction in United Nations-registered CDM projects of the Group was 4.2 million tons of carbon dioxide in 2013.

Corporate Governance Report

1. CORPORATE GOVERNANCE

The Hong Kong Stock Exchange issued the Corporate Governance Code and Report as currently set out in Appendix 14 of the Listing Rules which sets out the principles and the code provisions which listed issuers are required to apply and comply. During the Reporting Period, the Company has applied the principles as set out in the Corporate Governance Code and Report that are considered to be relevant to the Company and has complied with other code provisions of the Corporate Governance Code and Report, except for requirement A.5.6 in Appendix 14 of the Listing Rules in respect of the nomination committee (or the Board) policy on the diversity of the Board members.

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

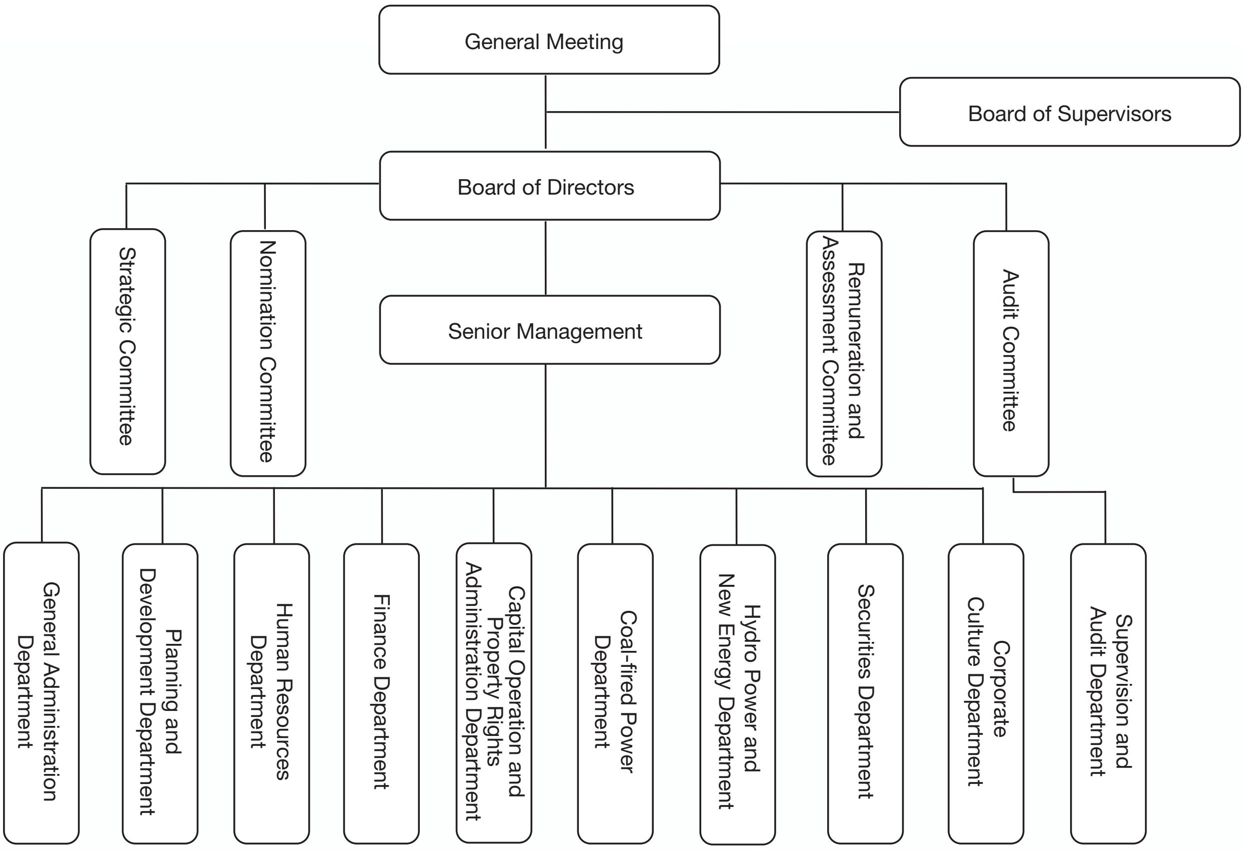
2. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

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

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

3. CORPORATE GOVERNANCE STRUCTURE

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



4. THE BOARD

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

(1) Composition of the Board

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

The biographical details of the Directors as at the date of this report are set out on pages 29 to 31 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the shareholders.

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

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

Name	Position	Date of Appointment
Mr. Fang Zheng (方正)	Chairman of the Board	18 April 2013
	Executive Director	29 October 2010
Mr. Jiang Bingsi (江炳思)	Executive Director	28 June 2013
	President	18 April 2013
Mr. Li Lixin (李立新)	Executive Director	28 June 2013
Mr. Huang Xianpei (黃憲培)	Chairman of the Board	29 October 2010
	Executive Director	resigned on 18 April 2013
Mr. Huang Shaoxiong (黃少雄)	Executive Director	29 October 2010 resigned on 18 April 2013
Mr. Chen Bin (陳斌)	Non-executive Director	28 June 2013
Mr. Tao Yunpeng (陶雲鵬)	Non-executive Director	28 June 2013
Mr. Zong Xiaolei (宗孝磊)	Non-executive Director	18 August 2011
Mr. Mao Xishu (毛錫書)	Non-executive Director	29 October 2010 resigned on 18 April 2013
Mr. Wang Xuxiang (王緒祥)	Non-executive Director	29 October 2010 resigned on 18 April 2013
Mr. Zhou Xiaoqian (周小謙)	Independent non-executive Director	26 October 2011
Mr. Yeung Pak Sing (楊佰成)	Independent non-executive Director	26 October 2011
Mr. Zhang Bai (張白)	Independent non-executive Director	26 October 2011

(2) Board Meetings

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

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

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

(3) Powers Exercised by the Board and the Management

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

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

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

(4) Directors' Training

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

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

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

Directors	Studying Materials	Participation in Training Courses
Executive Directors		
Fang Zheng	✓	✓
Jiang Bingsi	✓	✓
Li Lixin	✓	✓
Non-executive Directors		
Chen Bin	✓	✓
Tao Yunpeng	✓	✓
Zong Xiaolei	✓	✓
Independent non-executive Directors		
Zhou Xiaoqian	✓	✓
Yeung Pak Sing	✓	✓
Zhang Bai	✓	✓

(5) Chairman and President

The roles of the Chairman of the Board and President (i.e. chief executive officer pursuant to the relevant Listing Rules) of the Company are segregated and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. During the Reporting Period, Mr. Huang Xianpei (between 1 January 2013 and 18 April 2013) acted and Mr. Fang Zheng (since 18 April 2013) acts as the Chairman of the Board; and, Mr. Fang Zheng (between 1 January 2013 and 18 April 2013) acted and Mr. Jiang bingsi (since 18 April 2013) acts as the president. The chairman and president do not have any relationships (including financial, business, family or other material or connected relationship). The rules and procedures of the Board meeting was considered and approved at the general meeting and the terms of reference of the senior management of the Company was considered and approved at the Board meeting, which clearly defined the division of duties between the Chairman and the President.

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

(6) Appointment and Re-election of Directors

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

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

(7) Remuneration of Directors and Supervisors

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

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

(8) Corporate Governance Functions

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

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

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

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

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

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

5. BOARD COMMITTEES

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

(1) Audit Committee

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

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

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

On 24 March 2013, the second meeting of the audit committee of the first session of the Board was held, at which (1) the report was made by the external auditor in respect of the auditing of the Company's financial statements for the twelve months ended 31 December 2012; (2) the Company's 2012 final financial report was considered and approved; (3) the Company's 2012 annual report and results announcement were considered and approved; (4) the Company's final statements for the twelve month ended 31 December 2012 were considered and approved; (5) the Company's 2012 profit distribution scheme was approved and proposed; (6) the engagement of KPMG as the Company's 2013 international auditor was approved and proposed; and (7) the internal control functions and the obligation required under Corporate Governance Code and Report are reviewed.

On 23 August 2013, the third meeting of the audit committee of the first session of the Board was held, at which (1) the report was made by the external auditor in respect of the reviewing of the Company's financial statements for the six months ended 30 June 2013; and (2) the Company's 2013 interim report and results announcement were considered and approved.

(2) Remuneration and Assessment Committee

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

During the Reporting Period, the remuneration and assessment committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director), Mr. Huang Shaoxiong (executive Director) (between 1 January 2013 and 18 April 2013) and Mr. Jiang Bingsi (executive Director) (since 28 June 2013). Mr. Zhou Xiaoqian serves as the chairman of the remuneration and assessment committee.

During the Reporting Period, the first meeting of the remuneration and assessment committee of the first session of the Board was held on 25 March 2013, at which (1) the remuneration for the Company's directors and supervisors in 2012 was approved and proposed; and (2) the remuneration for the Company's senior management in 2012 was approved and proposed.

(3) Nomination Committee

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

Pursuant to requirement A.5.6 in Appendix 14 of the Listing Rules, the Company is required to establish a policy on diversifying board membership which is not fulfilled yet. However, the Company resolved to amended the nomination committee's rule of procedure at the board meeting held on 21 March 2014.

Code provision A.5.6 in Appendix 14 of the Listing Rules provides that the nomination committee (or the board) should have a policy on the diversity of the board members, and the policy or its summary shall be disclosed in the corporate governance report. Although the policy on the diversity of the Board members had not been formally adopted during the Reporting Period, the Board considers that the Company's existing practices already include the requirements on the diversity of the Board members, and the Company amended the rules of procedures of the nomination committee on 21 March 2014 to clarify the policy on the diversity of the Board members.

During the Reporting Period, the nomination committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Yeung Pak Sing (independent non-executive Director), Mr. Huang Xianpei (executive Director) (between 1 January 2013 and 18 April 2013) and Mr. Fang Zheng (executive Director) (since 28 June 2013). Mr. Zhou Xiaoqian serves as the chairman of the nomination committee.

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

The first meeting of the nomination committee of the first session of the Board was held on 18 April 2013, at which (1) the appointment of Mr. Jiang Bingsi as the President of the Company was proposed; and (2) nomination of Mr. Jiang Bingsi, Mr. Chen Bin, Mr. Tao Yunpeng and Mr. Li Lixin as the candidates of the Directors of the Company was proposed to the Board.

On 28 June 2013, the second meeting of the nomination committee of the first session of the Board was held, at which addition of members of each professional committee of the first session of the Board was approved and proposed.

(4) Strategic Committee

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

During the Reporting Period, the strategic committee consists of three Directors: Mr. Fang Zheng (executive Director), Mr. Mao Xishu (non-executive Director) (between 1 January 2013 and 18 April 2013) Mr. Chen Bin (non-executive Director) (since 28 June 2013) and Mr. Zhou Xiaoqian (independent nonexecutive Director). Mr. Fang Zheng serves as the chairman of the strategic committee.

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

The first meeting of the strategic committee of the first session of the Board was held on 25 March 2013, at which (1) the 2013 banking facility of the Company was approved and proposed; (2) the acquisition of 100% equity interest in Kemen II was approved and proposed; (3) the general mandate to issue the debt financing instruments denominated in Renminbi was approved and proposed; (4) the proposed grant of the general mandate to issue new domestic shares and H shares of the Company to the Board at the general meeting of shareholders was approved and proposed; and (5) the establishment of Beijing Branch of the Company was approved and proposed.

On 23 August 2013, the second meeting of the strategic committee of the first session of the Board was held, at which the establishment of Fujian Fuxi Coal Industry Co., Ltd. was considered and approved.

6. BOARD OF SUPERVISORS

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

7. ATTENDANCE RECORD OF DIRECTORS

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

Name of Directors	Board Meetings Attended/ Held	Audit Committee Meetings Attended/ Held	Remuneration and Assessment Committee Meetings Attended/ Held	Nomination Committee Meetings Attended/ Held	Strategic Committee Meetings Attended/ Held	Annual General Meetings Attended/ Held
Executive Directors						
Fang Zheng	7/7	–	–	–	2/2	1/1
Jiang Bingsi	5/5	–	–	–	–	1/1
Li Lixin	5/5	–	–	–	–	1/1
Non-executive Directors						
Chen Bin	5/5	–	–	–	1/1	0/1
Tao Yunpeng	4/5	–	–	–	–	0/1
Zong Xiaolei	5/5	1/2	–	–	–	1/1
Independent non-executive Directors						
Zhou Xiaoqian	7/7	–	1/1	2/2	2/2	1/1
Yeung Pak Sing	7/7	2/2	–	2/2	–	1/1
Zhang Bai	7/7	2/2	1/1	–	–	1/1

8. AUDITOR AND REMUNERATION

KPMG was appointed as auditor for the Financial Statements prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2013.

During the Reporting Period, the remuneration payable by the Company to the auditor for the above audit services was RMB7.0 million, and the remuneration payable for the audit service related with the business acquisition was RMB1.5 million. During the Reporting Period, the remuneration payable by the Company to the auditor for the non-audit services was RMB2.5 million, and the non-audit services was for the reviewing of the Company's interim results.

The responsibility of KPMG, as the Company's external auditor to the Financial Statements, is set out on page 69 of this annual report. The Board concur with the audit committee in respect of the matters relating to the selection, appointment, resignation and removal of the external auditor.

9. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility for preparing the Financial Statements of the Group for the year ended 31 December 2013. The Company's accounts are prepared in accordance with all relevant statutory requirements and appropriate accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; judgements and estimates made are prudent and reasonable; and the accounts are prepared on a going concern basis. The Board is responsible for presenting a clear and understandable assessment of annual and interim reports, inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

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

10. COMPANY SECRETARY

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

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

During the year ended 31 December 2013, both Mr. Liu Lei and Ms. Mok Ming Wai have taken no less than 15 hours of relevant professional trainings to update their skills and knowledge.

11. SHAREHOLDERS' RIGHTS

(1) Procedures for Shareholders to Convene an Extraordinary General Meeting

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

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

(2) Procedures for Directing Shareholders' Enquiries to the Board

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

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

Contact details are as follows:

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

(3) Procedures for Putting Forward Proposals at a General Meeting

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

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

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

2. With definite topics to discuss and specific matters to resolve; and

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

12. COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

During the Reporting Period, the Company convened the 2012 annual general meeting on 28 June 2013, at which the resolutions regarding the following issues had been passed: (1) the Director's Report of the Company in 2012; (2) the Report of the Board of Supervisors of the Company in 2012; (3) the final financial report of the Company in 2012; (4) the audited financial statements of the Company in 2012; (5) the profit distribution scheme of the Company in 2012; (6) the engagement of KPMG as the international auditor of the Company; (7) the remuneration for the directors and supervisors of the Company in 2012; (8) election of Mr. Jiang Bingsi, Mr. Li Lixin, Mr. Chen Bin and Mr. Tao Yunpeng as the directors of the Company and election of Mr. Xie Chunwang and Mr. Wang Kun as the supervisors of the Company; (9) the acquisition of 100% equity interest in Kemen II; (10) the general mandate to issue the debt financing instruments denominated in Renminbi; and (11) the general mandate granted by the general meetings of shareholders to the Board to issue new domestic shares and H shares of the Company.

Please refer to page 61 of this report for the attendance of each of the Directors at the annual general meeting.

Arrangement will be made for the Board to address shareholders' queries at the 2013 annual general meeting of the Company.

13. INTERNAL CONTROL

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

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

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

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

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

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

14. INVESTOR RELATIONS

(1) Investor Relations

The Articles of Association was adopted on 23 August 2011, which became effective on the date that the H shares of the Company was listed on the Hong Kong Stock Exchange, and was further amended on 21 March 2014. The amendments are mainly on an updated shareholding structure after the completion of placing certain H shares. An updated version of the Articles of Association is available on both the websites of the Company and the Hong Kong Stock Exchange.

(2) Results Roadshows

The Company organised an interim results roadshow and an annual results roadshow during the Reporting Period. In March 2013, the management of the Company carried out annual results roadshow for 2012 in Hong Kong, and held a press conference, an analyst meeting, twenty-five one-to-one meetings for investors. In August 2013, the management of the Company carried out interim results roadshow in Hong Kong and Singapore, and held a press conference, an analyst meeting, thirty four one-to-one meetings for investors.

(3) Investors' Routine Visits

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

(4) Investors Summits

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

Report of the Board of Supervisors

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

In 2013, for the Company's long term interests and Shareholders' interests, the board of Supervisors acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and Listing Rules and earnestly performed their duties of supervision as to the acts of the Directors and senior management of the Company. The main area of work of the board of Supervisors in 2013 is summarised as follows:

I. MEETINGS CONVENED BY THE BOARD OF SUPERVISORS

The board of Supervisors convened two meetings in 2013:

The forth meeting of the first session of the board of Supervisors was held on 25 March 2013, at which (1) the report of the board of Supervisors in 2012 was considered and approved; (2) the final financial report of the Company in 2012 was considered and approved; (3) the Company's 2012 annual report and results announcement were considered and approved; (4) the audited financial statements of the Company in 2012 was considered and approved; (5) the Company's 2012 profit distribution scheme was considered and approved; and (6) Mr. Xie Chunwang and Mr. Wang Kun were identified and nominated as the candidates of Supervisors.

On 23 August 2013, the fifth meeting of the first session of the board of Supervisors was held, at which the Company's 2013 interim report and results announcement were considered and approved.

II. WORK OF THE BOARD OF SUPERVISORS

During the Reporting Period, the board of Supervisors, in an attitude responsible to the Company and the shareholders, fulfilled its duties in accordance with the provisions and requirements of the Company Law and the Articles of Association.

Independent opinions of the board of Supervisors on the following matters:

1. Regulatory Compliance of the Company's Operation

During the Reporting Period, based on its supervision of the Directors and senior management, the board of Supervisors is of the view that the Company operated in accordance with law, and the major decisions of the Company were in compliance with relevant laws and regulations; the current internal control system was attuned to the management requirements for the Company; the Directors and senior management earnestly executed the resolutions of the Board and the general meetings. The Company achieved excellent results in terms of production and operation, project construction, capital operation, cost control and internal control enhancement, with its annual plans and tasks accomplished in 2013. The Directors, president and other members of the senior management had exercised the rights granted by the Shareholders and discharged their obligations in good faith with due diligence.

2. Examination of the Company's Financial Conditions

During the Reporting Period, members of the board of Supervisors scrutinized and examined the financial management system and financial conditions of the Company and reviewed relevant financial information of the Company. The board of Supervisors considered that the Company's financial management system was sound with proper management practices, and that the 2013 final accounts reports gave a true, accurate and fair view on the financial conditions and operating results of the Company. The board of Supervisors agrees with the 2013 unqualified financial audit report of the Company issued by KPMG.

3. Examination of the Company's Use of Proceeds

During the Reporting Period, the board of Supervisors supervised how the proceeds were used by the Company, and it considered that the proceeds were properly managed and utilised in those very projects which were in line with projects undertaken. There witnessed no change in the actual use of proceeds.

4. Examination of the Company's Major Acquisitions and Disposal of Assets

Having reviewed information related to the Company's acquisitions, disposal of equity interests and assets, the board of Supervisors is of the opinion that such acquisitions and disposals were conducted in a fair and reasonable way. The board of Supervisors is not aware of any insider trading or other matters which might impair the interests of Shareholders and cause loss of assets.

5. Connected Transactions

Having reviewed information related to the connected transactions in which the Company and/or its controlling shareholder were involved, the board of Supervisors is of the opinion that such connected transactions were conducted in an open and fair way at reasonable prices, without prejudice to the interests of the Company and minority shareholders.

6. Information Disclosure

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

In 2014, pursuant to the related requirements of the Company Law, the Articles of Association, the Rules of Procedures for the board of Supervisors and the Listing Rules, the board of Supervisors will continue to conscientiously perform its supervisory duties to safeguard the interests of the Company and its shareholders as a whole.

Chairman of the Board of Supervisors
Li Changxu

21 March 2014

KPMG

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

We have audited the consolidated financial statements of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 71 to 181, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

21 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013
(Expressed in Renminbi ("RMB"))

	Note	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Revenue	4	**13,242,409**	11,351,638
Other net income	5	**61,324**	443,228
Operating expenses			
Cost of fuel	7(b)	**(4,362,210)**	(4,107,384)
Cost of substituted electricity		**(139,757)**	(272,160)
Depreciation and amortization		**(2,174,900)**	(1,797,890)
Service concession construction costs		**(81,041)**	(276,942)
Personnel costs	7(a)	**(955,393)**	(800,804)
Repairs and maintenance		**(439,811)**	(335,049)
Administration expenses		**(414,615)**	(429,535)
Other operating expenses		**(339,203)**	(297,228)
		(8,906,930)	(8,316,992)
Operating profit		**4,396,803**	3,477,874
Finance income		**120,010**	73,629
Finance expenses		**(2,425,119)**	(1,978,337)
Net finance expenses	6	**(2,305,109)**	(1,904,708)
Share of profits less losses of associates and a joint venture		**93,553**	43,214
Profit before taxation	7	**2,185,247**	1,616,380
Income tax	8	**(483,967)**	(260,783)
Profit and total comprehensive income for the year		**1,701,280**	1,355,597
Attributable to:			
Equity shareholders of the Company		**1,467,888**	1,093,111
Non-controlling interests		**233,392**	262,486
Profit and total comprehensive income for the year		**1,701,280**	1,355,597
Basic and diluted earnings per share *(RMB cents)*	12	**19.26**	16.03

The notes on pages 79 to 181 form part of these financial statements.

Consolidated Balance Sheet

(Expressed in RMB)

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000 (restated-note 38(a))	1 January 2012 RMB'000 (restated-note 38(a))
Non-current assets				
Property, plant and equipment	14	52,264,823	46,639,234	41,698,593
Investment properties		–	–	20,085
Lease prepayments	15	998,470	761,847	674,808
Intangible assets	16	1,096,004	970,471	700,443
Interest in associates	18	3,545,609	2,667,863	2,023,386
Interest in a joint venture		–	–	22,692
Other investments	19	512,300	512,300	482,300
Other non-current assets	20	1,983,892	1,854,595	1,737,835
Deferred tax assets	30(b)	304,884	322,573	300,082
Total non-current assets		60,705,982	53,728,883	47,660,224
Current assets				
Inventories	21	411,756	342,485	763,713
Trade debtors and bills receivable	22	3,049,070	2,866,451	2,198,110
Prepayments and other current assets	23	1,473,989	1,577,635	1,212,418
Tax recoverable	30(a)	33,221	22,655	83,549
Restricted deposits	24	233,659	226,717	134,804
Cash and cash equivalents	25	1,768,747	2,575,700	1,755,446
Total current assets		6,970,442	7,611,643	6,148,040
Current liabilities				
Borrowings	26(b)	11,617,249	9,378,973	9,915,845
Obligations under finance leases	27	98,763	329,753	225,054
Trade creditors and bills payable	28	1,776,970	1,171,581	999,999
Other payables	29	8,048,832	7,793,341	8,006,062
Deferred income	31	24,644	13,420	11,166
Tax payable	30(a)	249,828	80,062	16,243
Total current liabilities		21,816,286	18,767,130	19,174,369
Net current liabilities		(14,845,844)	(11,155,487)	(13,026,329)
Total assets less current liabilities		45,860,138	42,573,396	34,633,895

The notes on pages 79 to 181 form part of these financial statements.

Consolidated Balance Sheet

(Expressed in RMB)

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000 (restated-note 38(a))	1 January 2012 RMB'000 (restated-note 38(a))
Non-current liabilities				
Borrowings	26(a)	**30,300,766**	27,160,405	23,966,460
Obligations under finance leases	27	**745,868**	1,881,489	564,194
Deferred income	31	**321,109**	239,810	197,657
Deferred tax liabilities	30(b)	**781,503**	582,878	536,662
Total non-current liabilities		**32,149,246**	29,864,582	25,264,973
NET ASSETS		**13,710,892**	12,708,814	9,368,922
CAPITAL AND RESERVES	32			
Share capital		**7,622,616**	7,622,616	6,000,000
Reserves		**3,588,316**	2,951,567	1,563,581
Total equity attributable to the shareholders of the Company		**11,210,932**	10,574,183	7,563,581
Non-controlling interests		**2,499,960**	2,134,631	1,805,341
TOTAL EQUITY		**13,710,892**	12,708,814	9,368,922

Approved and authorised for issue by the board of directors on 21 March 2014.

FANG Zheng
Chairman

JIANG Bingsi
Director

The notes on pages 79 to 181 form part of these financial statements.

Balance Sheet

(Expressed in RMB)

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	14	1,286,692	981,973
Lease prepayments	15	78,443	74,582
Intangible assets		8,188	6,708
Investments in subsidiaries	17	9,160,919	7,625,086
Interest in associates	18	3,146,850	2,492,506
Other investments	19	133,845	133,845
Other non-current assets	20	500,000	133
Deferred tax assets	30(b)	–	51,671
Total non-current assets		14,314,937	11,366,504
Current assets			
Inventories		2,015	2,081
Trade debtors and bills receivable	22	52,599	41,088
Prepayments and other current assets	23	3,417,323	2,067,363
Restricted deposits	24	3,825	6,221
Cash and cash equivalents	25	200,100	932,244
Total current assets		3,675,862	3,048,997
Current liabilities			
Borrowings	26(b)	5,562,500	4,210,500
Trade creditors and bills payable		4,580	585
Other payables	29	1,040,616	715,000
Deferred income		34	–
Total current liabilities		6,607,730	4,926,085
Net current liabilities		(2,931,868)	(1,877,088)
Total assets less current liabilities		11,383,069	9,489,416

The notes on pages 79 to 181 form part of these financial statements.

Balance Sheet

(Expressed in RMB)

	Note	31 December 2013 RMB'000	31 December 2012 RMB'000
Non-current liabilities			
Borrowings	26(a)	2,620,294	677,000
Deferred income		1,867	–
Total non-current liabilities		2,622,161	677,000
NET ASSETS		8,760,908	8,812,416
CAPITAL AND RESERVES	32		
Share capital		7,622,616	7,622,616
Reserves		1,138,292	1,189,800
TOTAL EQUITY		8,760,908	8,812,416

Approved and authorised for issue by the board of directors on 21 March 2014.

FANG Zheng
Chairman

JIANG Bingsi
Director

The notes on pages 79 to 181 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013
(Expressed in RMB)

	Attributable to equity shareholders of the Company						
	Capital	Capital reserve	Reserve fund	Retained earnings	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012 (as previously reported)	6,000,000	190,253	18,745	1,295,243	7,504,241	1,805,341	9,309,582
Impact of acquisition of business under common control (note 38(a))	–	206,500	–	(147,160)	59,340	–	59,340
Restated balance at 1 January 2012	6,000,000	396,753	18,745	1,148,083	7,563,581	1,805,341	9,368,922
Changes in equity for 2012:							
Profit and total comprehensive income for the year (restated)	–	–	–	1,093,111	1,093,111	262,486	1,355,597
Capital contributions (restated)	–	150,000	–	–	150,000	142,595	292,595
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	(75,691)	(75,691)
Special dividends and others	–	–	–	(265,011)	(265,011)	–	(265,011)
Issuance of shares upon public offering, net of issuing expenses	1,622,616	437,451	–	–	2,060,067	–	2,060,067
Acquisition of business under common control	–	(41,158)	–	–	(41,158)	–	(41,158)
Transfer to reserve fund	–	–	24,456	(24,456)	–	–	–
Others	–	13,593	–	–	13,593	(100)	13,493
Restated balance at 31 December 2012 and 1 January 2013	7,622,616	956,639	43,201	1,951,727	10,574,183	2,134,631	12,708,814
Changes in equity for 2013:							
Profit and total comprehensive income for the year	–	–	–	1,467,888	1,467,888	233,392	1,701,280
Capital contributions	–	–	–	–	–	68,400	68,400
Dividends by subsidiaries to non-controlling equity owners	–	–	–	–	–	(163,410)	(163,410)
Dividends approved in respect of the previous year	–	–	–	(220,294)	(220,294)	–	(220,294)
Acquisition of business under common control (note 38(a))	–	(610,845)	–	–	(610,845)	–	(610,845)
Acquisition of subsidiaries (note 38(b))	–	–	–	–	–	226,947	226,947
Transfer to reserve fund	–	–	46,381	(46,381)	–	–	–
Balance at 31 December 2013	7,622,616	345,794	89,582	3,152,940	11,210,932	2,499,960	13,710,892

The notes on pages 79 to 181 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013
(Expressed in RMB)

	Note	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Cash flows from operating activities			
Profit before taxation		2,185,247	1,616,380
Adjustments for:			
Depreciation and amortization		2,174,900	1,797,890
Impairment loss of assets		1,109	4,637
Amortization of deferred income		(21,429)	(11,940)
Net loss on disposal of property, plant and equipment		20,543	1,009
Gain on disposal of interest in a joint venture		–	(5,125)
Gain on disposal of interest in an associate		–	(131,822)
Interest income on financial assets		(46,249)	(40,376)
Interest expenses on financial liabilities		2,140,878	1,906,285
Foreign exchange differences, net		10,696	3,244
Dividend income		(73,761)	(33,253)
Share of profits less losses of associates and a joint venture		(93,553)	(43,214)
Changes in working capital:			
(Increase)/decrease in inventories		(70,181)	421,228
Increase in trade debtors and bills receivable		(169,969)	(641,154)
Decrease in prepayments and other current assets		147,012	607
Increase/(decrease) in trade and other payables		644,167	(55,284)
Cash generated from operations		6,849,320	4,789,112
Income tax paid	30(a)	(227,638)	(112,345)
Net cash generated from operating activities		6,621,682	4,676,767

The notes on pages 79 to 181 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013
(Expressed in RMB)

	Note	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets		(7,186,765)	(7,065,234)
Payments for acquisition of financial assets and interest in associates		(754,800)	(787,850)
Payments for acquisition of subsidiaries		(811,290)	(149,339)
Proceeds from disposal of a joint venture		24,175	–
Proceeds from disposal of property, plant and equipment		530	3,409
Proceeds from disposal of investment in associates		–	256,000
Proceeds from repayment of loans and advances		30,000	–
Dividends received		95,595	21,341
Interest received		45,594	70,177
Net cash used in investing activities		(8,556,961)	(7,651,496)
Cash flows from financing activities			
Net proceeds from issuance of shares upon the public offering		–	2,118,011
Capital contributions from the shareholder		–	150,000
Capital contributions from the non-controlling shareholders		68,400	142,595
Proceeds from borrowings		14,752,291	13,930,867
Government grant received		100,413	174,624
Proceeds from sales and leaseback transactions classified as finance lease		–	1,319,736
Repayment of borrowings		(9,746,790)	(10,915,199)
Dividends paid		(377,346)	(337,511)
Interest paid		(2,216,118)	(2,405,349)
Payments of finance lease obligations		(1,441,828)	(289,315)
Payments for acquisition of partial interest in the subsidiary		–	(41,158)
Others		–	(49,074)
Net cash generated from financing activities		1,139,022	3,798,227
Net (decrease)/increase in cash and cash equivalents		(796,257)	823,498
Cash and cash equivalents at 1 January		2,575,700	1,755,446
Effect of foreign exchange rate changes		(10,696)	(3,244)
Cash and cash equivalents at 31 December	25	1,768,747	2,575,700

The notes on pages 79 to 181 form part of these financial statements.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the "Company") was established in the People's Republic of China (the "PRC") on 19 August 2011 as a joint stock company with limited liability. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE") on 28 June 2012. The Company and its subsidiaries (together the "Group") are mainly engaged in the generation and sale of hydropower, wind power, coal-fired power and other clean power in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on HKSE. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Group and the Group's interest in associates.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2013 amounting to RMB14,845,844,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements (see note 33(b)).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as available-for-sale or as trading securities are stated as their fair value (see note 2(f)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 39.

(c) Functional and presentation currency

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

(d) Subsidiaries and non-controlling interests

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(o) or (p) depending on the nature of the liability.

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

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

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

(e) Associates and joint ventures

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and joint ventures (continued)

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

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

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

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

In the Company's balance sheet, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(l)).

(f) Other investments in debt and equity securities

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

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At 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(u)(v) and 2(u)(vi).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(g) Business combination for entities under common control

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

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

(h) Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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

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

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

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

(i) Goodwill

Goodwill represents the excess of

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 amortization and impairment losses (see note 2(l)).

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

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

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

Both the period and method of amortization are reviewed annually.

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

(ii) Assets acquired under finance leases

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

(iii) Sales and leaseback arrangement resulting in finance lease

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

(iv) Operating lease charges

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

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

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

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

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

– For investment in associates and joint ventures accounted for under the equity method in the consolidated balance sheet (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

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

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

– For available-for-sale securities, the cumulative loss that has been 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 amortization) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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;

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

– intangible assets;

– goodwill; and

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

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs 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 value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

(m) Inventories

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

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

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

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

(n) Trade and other receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Interest-bearing borrowings

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

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

(r) Employee benefits

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

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

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

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income 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 realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Contingent liabilities assumed in business combinations

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

(iii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Sale of electricity and goods

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(ii) Service concession construction revenue

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

(iii) Rendering of services

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

(iv) Rental income from operating leases

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

(v) Dividends

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

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

(vi) Interest income

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

(vii) Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

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

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

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

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

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the 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.

(w) Borrowing costs

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties

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

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

(b) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

(y) Segment reporting

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

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

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- *Annual Improvements to IFRS 2009-2011 Cycle*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

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

The Group has chosen to use the new titles "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(b) IFRS 10, Consolidated financial statements

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

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

3 CHANGES IN ACCOUNTING POLICIES (continued)

(c) IFRS 11, Joint arrangements

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

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

(d) IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 17 and 18.

(e) IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 33. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

(f) Annual Improvements to IFRSs 2009-2011 Cycle

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

Since the Group considers that the restatement resulting from the acquisition of business under common control has a material impact on the opening financial position, an additional consolidated balance sheet as at 1 January 2012 has been presented in these financial statements.

3 CHANGES IN ACCOUNTING POLICIES (continued)

(g) Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

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

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

4 REVENUE

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Sales of electricity		
– Self generation	12,617,447	10,478,432
– Substituted generation (note (i))	229,503	388,723
	12,846,950	10,867,155
Service concession construction revenue (note (ii))	81,041	276,942
Others	314,418	207,541
	13,242,409	11,351,638

Note:

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

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

The Group has recognised intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity during the concession period (see note 16). The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

5 OTHER NET INCOME

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Government grants	35,151	160,982
Net CERs income	–	133,536
Net loss on disposal of property, plant and equipment	(20,543)	(1,009)
Gain on disposal of interest in an associate (note (i))	–	131,822
Gain on disposal of interest in a joint venture (note (ii))	–	5,125
Others	46,716	12,772
	61,324	443,228

Notes:

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

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

6 FINANCE INCOME AND EXPENSES

	2013	2012
	RMB'000	RMB'000
		(restated-note 38(a))
Interest income on financial assets	46,249	40,376
Dividend income from other investments	73,761	33,253
Finance income	120,010	73,629
Interest on bank and other borrowings wholly repayable within five years	635,495	835,114
Interest on other loans	1,706,161	1,547,413
Finance charges on obligations under finance leases	92,868	46,575
Less: interest expenses capitalized into property, plant and equipment	293,646	522,817
	2,140,878	1,906,285
Impairment losses on trade and other receivables	249,760	50,527
Bank charges and others	23,785	18,281
Foreign exchange losses	10,696	3,244
Finance expenses	2,425,119	1,978,337
Net finance expenses recognised in profit or loss	(2,305,109)	(1,904,708)

The borrowing costs have been capitalized at rates of 4.85% to 7.86% per annum for the year ended 31 December 2013 (2012: 5.23% to 8.46%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2013	2012
	RMB'000	RMB'000
		(restated-note 38(a))
Salaries, wages and other benefits	842,121	705,062
Contributions to defined contribution retirement plans	113,272	95,742
	955,393	800,804

7 PROFIT BEFORE TAXATION (continued)

(b) Other items

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Amortization		
– lease prepayments	16,117	9,723
– intangible assets	18,293	15,397
Depreciation		
– investment property	–	448
– property, plant and equipment	2,140,490	1,772,322
Impairment losses		
– inventory	1,019	–
– property, plant and equipment	–	4,637
Auditors' remuneration		
– audit services	12,000	12,810
– other services (interim review)	2,500	–
Operating lease charges		
– hire of machinery	4,254	1,971
– hire of properties	25,052	22,154
Cost of inventory	4,362,210	4,107,384

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

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Current tax – The PRC Corporate Income Tax		
Provision for the year	384,143	240,256
Over provision in respect of prior years	(2,016)	(3,198)
	382,127	237,058
Deferred tax		
Origination and reversal of temporary differences	101,840	23,725
Total income tax	483,967	260,783

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

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Profit before taxation	2,185,247	1,616,380
Applicable tax rate (note (i))	25%	25%
Notional tax on profit before taxation	546,312	404,095
Tax effect of non-deductible expenses	11,149	12,237
Tax effect of non-taxable income	(42,956)	(24,845)
Tax effect of PRC tax concessions (note (ii))	(97,258)	(127,945)
Tax effect of unused tax losses not recognised	76,549	36,533
Tax effect of utilization of unrecognised tax losses in prior years	(118)	(616)
Tax credits for purchase of environmental protection equipment	(7,695)	(35,478)
Over provision in respect of prior years	(2,016)	(3,198)
Income tax	483,967	260,783

Notes:

(i) The Company and the subsidiaries of the Group established in the PRC are subject to the PRC Corporate Income Tax rate of 25% for the year ended 31 December 2013 (2012: 25%).

(ii) Pursuant to CaiShui [2011] No.58, the Group's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

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

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Deferred compensation plan RMB'000	2013 Total RMB'000
Executive directors						
Mr. Fang Zheng (Chairman)	–	328	401	66	–	795
Mr. Jiang Bingsi (note (ii))	–	286	371	56	17	730
Mr. Li Lixin (note (ii))	–	271	330	60	48	709
Mr. Huang Xianpei (note (i))	–	145	209	32	26	412
Mr. Huang Shaoxiong (note (i))	–	–	–	–	–	–
Non-executive directors						
Mr. Chen Bin (note (ii))	–	–	–	–	–	–
Mr. Tao Yunpeng (note (ii))	–	–	–	–	–	–
Mr. Zong Xiaolei	–	–	–	–	–	–
Mr. Wang Xuxiang (note (i))	–	–	–	–	–	–
Mr. Mao Xishu (note (i))	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian	100	–	–	–	–	100
Mr. Yang Baicheng	100	–	–	–	–	100
Mr. Zhang Bai	100	–	–	–	–	100
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	328	401	66	–	795
Mr.Xu Jin	–	263	210	58	–	531
Mr.Wang Kun (note (ii))	–	–	–	–	–	–
Mr. Xie Chunwang (note (ii))	–	–	–	–	–	–
Ms. Hu Xiaohong	–	–	–	–	–	–
Mr.Yao Fei (note (i))	–	–	–	–	–	–
Mr. Huang Yuanhong (note (i))	–	–	–	–	–	–
	300	1,621	1,922	338	91	4,272

Notes:

(i) Mr. Yao Fei and Mr. Huang Yuanhong have resigned as supervisors of the Company with effect from 25 March 2013. Mr. Huang Xianpei, Mr. Huang Shaoxiong, Mr. Wang Xuxiang and Mr. Mao Xishu have resigned as directors of the Company with effect from 18 April 2013.

(ii) Mr. Jiang Bingsi, Mr. Li Lixin, Mr. Chen Bin and Mr. Tao Yunpeng have been appointed as directors of the Company with effect from 28 June 2013. Mr. Wang Kun and Mr. Xie Chunwang have been appointed as supervisors of the Company with effect from 28 June 2013.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

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

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	598	363
Discretionary bonuses	730	718
Retirement scheme contributions	120	162
Deferred compensation plan	–	99
	1,448	1,342

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

The emoluments of the two (2012: two) individuals who are not directors or supervisors and are amongst the five individuals with the highest emoluments are within the following band:

	2013 Number of individuals	2012 Number of individuals
HK$ Nil to HK$1,000,000	2	2

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB121,448,000 (2012: a profit of RMB236,287,000) which has been dealt with in the financial statements of the Company.

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

	2013 RMB'000	2012 RMB'000
Amount of consolidated profit attributable to equity shareholders dealt with in the Company's financial statements	121,448	236,287
Final dividends from subsidiaries and associates attributable to the profits of the previous financial year, approved and paid during the year	198,471	57,873
Impairment losses of investment in an associate	–	(14,237)
Company's profit and total comprehensive income for the year (note 32(a))	319,919	279,923

Details of dividends paid and payable to equity shareholders of the Company are set out in note 32(b).

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,467,888,000 (2012 (restated): RMB1,093,111,000) and the weighted average number of shares in issue during the year of 7,622,616,000 (2012: 6,820,331,000 shares).

	2013 '000	2012 '000
Issued ordinary shares at 1 January	7,622,616	6,000,000
Effects of shares issued in 2012	–	820,331
Weighted average number of ordinary shares at 31 December	7,622,616	6,820,331

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

13 SEGMENT REPORTING

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

13 SEGMENT REPORTING (continued)

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 (restated) is set out below:

For the year ended 31 December 2013

	Hydro power RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers					
– Sales of electricity	2,072,559	2,744,408	7,250,219	779,764	12,846,950
– Sales of others	2,602	22,092	214,481	71,210	310,385
Reportable segment revenue	2,075,161	2,766,500	7,464,700	850,974	13,157,335
Reportable segment profit (operating profit)	932,180	1,465,617	1,965,513	190,633	4,553,943
Depreciation and amortization	(390,740)	(1,005,834)	(611,268)	(161,579)	(2,169,421)
Impairment loss on trade and other receivables	(12,929)	(236,354)	–	(477)	(249,760)
Interest income	3,104	22,237	11,881	5,534	42,756
Interest expenses	(233,375)	(1,025,747)	(518,355)	(118,347)	(1,895,824)
Expenditures for reportable segment non-current assets during the year	449,724	3,862,961	383,198	2,286,543	6,982,426
Reportable segment assets	10,101,039	32,399,745	12,886,117	6,405,727	61,792,628
Reportable segment liabilities	4,265,759	27,253,420	9,189,484	5,176,293	45,884,956

13 SEGMENT REPORTING (continued)

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

For the year ended 31 December 2012 (restated-note 38(a))

	Hydro power RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers					
– Sales of electricity	2,411,671	1,892,236	6,026,942	536,306	10,867,155
– Sales of others	2,532	9,065	131,782	60,737	204,116
Reportable segment revenue	2,414,203	1,901,301	6,158,724	597,043	11,071,271
Reportable segment profit (operating profit)	1,258,349	1,182,001	906,871	138,812	3,486,033
Depreciation and amortization	(391,660)	(735,543)	(580,020)	(86,910)	(1,794,133)
Impairment loss on trade and other receivables	(5,229)	(38,764)	–	(19)	(44,012)
Interest income	3,610	24,972	5,539	1,096	35,217
Interest expenses	(219,120)	(770,508)	(532,099)	(49,077)	(1,570,804)
Expenditures for reportable segment non-current assets during the year	303,201	4,487,935	858,815	1,554,693	7,204,644
Reportable segment assets	9,072,559	29,119,109	13,558,623	4,285,918	56,036,209
Reportable segment liabilities	4,443,548	24,792,382	11,015,120	3,562,550	43,813,600

13 SEGMENT REPORTING (continued)

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Revenue		
Reportable segment revenue	13,157,335	11,071,271
Service concession construction revenue	81,041	276,942
Unallocated head office and corporate revenue	4,033	3,425
Consolidated revenue	13,242,409	11,351,638
Profit		
Reportable segment profit	4,553,943	3,486,033
Unallocated head office and corporate revenue	4,033	3,425
Unallocated head office and corporate expenses	(161,173)	(148,531)
Share of profits less loss of associates and a joint venture	93,553	43,214
Net finance expenses	(2,305,109)	(1,904,708)
Gain on disposal of investment in an associate	–	131,822
Gain on disposal of a joint venture	–	5,125
Consolidated profit before taxation	2,185,247	1,616,380

13 SEGMENT REPORTING (continued)

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Assets		
Reportable segment assets	61,792,628	56,036,209
Inter-segment receivables	(3,870,283)	(3,005,837)
	57,922,345	53,030,372
Interest in associates	3,545,609	2,667,863
Other investments	512,300	512,300
Deferred tax assets	304,884	322,573
Tax recoverable	33,221	22,655
Unallocated head office and corporate assets	5,358,065	4,784,763
Consolidated total assets	67,676,424	61,340,526
Liabilities		
Reportable segment liabilities	45,884,956	43,813,600
Inter-segment payables	(3,870,283)	(3,005,837)
	42,014,673	40,807,763
Tax payable	249,828	80,062
Deferred tax liabilities	781,503	582,878
Unallocated head office and corporate liabilities	10,919,528	7,161,009
Consolidated total liabilities	53,965,532	48,631,712

(c) Geographical information

The Group's revenue is substantially generated from the sale of electricity to the customers in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

(d) Major customers

Revenue from the sales of electricity to the PRC government controlled power grid companies amounted to RMB12,671,084,000 for the year ended 31 December 2013 (2012 (restated): RMB10,752,356,000). Service concession construction revenue is all from the PRC government.

14 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2012 (as previously reported)	10,168,919	24,871,314	202,864	216,590	10,859,534	46,319,221
Impact of acquisition of business under common control (note 38(a))	432,829	2,855,900	–	94	19,405	3,308,228
Restated balance at 1 January 2012	10,601,748	27,727,214	202,864	216,684	10,878,939	49,627,449
Reclassification	(27,840)	55,533	571	(28,264)	–	–
Additions (restated)	30,126	12,568	36,174	10,399	6,612,118	6,701,385
Transfer from construction in progress (restated)	692,094	6,885,635	12,598	23,575	(7,613,902)	–
Reclassification from investment properties	20,980	–	–	–	–	20,980
Disposals	(1,239)	(41,125)	(7,923)	(2,234)	–	(52,521)
Restated balance at 31 December 2012	11,315,869	34,639,825	244,284	220,160	9,877,155	56,297,293
Restated balance at 1 January 2013	11,315,869	34,639,825	244,284	220,160	9,877,155	56,297,293
Reclassification	435,070	(443,324)	(112)	8,366	–	–
Additions	24,041	51,769	15,590	15,913	6,471,728	6,579,041
Acquired through business combination	858,641	275,411	828	1,708	410,543	1,547,131
Transfer from construction in progress	1,098,276	6,864,380	10,007	25,264	(7,997,927)	–
Reclassification to lease prepayment	(249,729)	–	–	–	(30,616)	(280,345)
Disposals	(23,076)	(285,310)	(10,104)	(5,389)	(4,638)	(328,517)
Reclassification to intangible assets	–	(4,836)	–	–	–	(4,836)
At 31 December 2013	13,459,092	41,097,915	260,493	266,022	8,726,245	63,809,767

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The Group (continued)

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment losses						
At 1 January 2012 (as previously reported)	2,630,216	4,596,586	95,957	100,838	893	7,424,490
Impact of acquisition of business under common control (note 38(a))	74,924	429,442	–	–	–	504,366
Restated balance at 1 January 2012	2,705,140	5,026,028	95,957	100,838	893	7,928,856
Reclassification	291	4,495	178	(4,964)	–	–
Depreciation charge for the year (restated)	280,372	1,445,693	26,339	18,920	4,638	1,775,962
Reclassification from investment properties	1,343	–	–	–	–	1,343
Written back on disposal	(610)	(39,389)	(5,980)	(2,123)	–	(48,102)
Restated balance at 31 December 2012	2,986,536	6,436,827	116,494	112,671	5,531	9,658,059
Restated balance at 1 January 2013	2,986,536	6,436,827	116,494	112,671	5,531	9,658,059
Reclassification	(19,446)	7,259	5,993	6,194	–	–
Depreciation charge for the year	351,585	1,735,226	28,146	24,278	–	2,139,235
Reclassification to lease prepayment	(47,152)	–	–	–	–	(47,152)
Written back on disposal	(19,625)	(162,526)	(9,856)	(5,384)	(4,638)	(202,029)
Reclassification to intangible assets	–	(3,169)	–	–	–	(3,169)
At 31 December 2013	3,251,898	8,013,617	140,777	137,759	893	11,544,944
Net book value:						
At 31 December 2012 (restated)	8,329,333	28,202,998	127,790	107,489	9,871,624	46,639,234
At 31 December 2013	10,207,194	33,084,298	119,716	128,263	8,725,352	52,264,823

14 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The Company

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2012	754,331	838,948	42,498	24,618	188,905	1,849,300
Additions	27,096	3,273	2,367	824	236,871	270,431
Transfer from construction in progress	2,108	15,072	–	270	(17,450)	–
Disposal	–	(22,041)	(1,559)	(240)	–	(23,840)
At 31 December 2012	783,535	835,252	43,306	25,472	408,326	2,095,891
At 1 January 2013	783,535	835,252	43,306	25,472	408,326	2,095,891
Additions	849	10,292	821	596	351,032	363,590
Transfer from construction in progress	426,042	203,039	2,108	2,595	(633,784)	–
Disposal	–	(11,741)	(3,189)	(790)	–	(15,720)
Transfer to lease prepayments	–	–	–	–	(3,958)	(3,958)
At 31 December 2013	1,210,426	1,036,842	43,046	27,873	121,616	2,439,803
Accumulated depreciation and impairment losses						
At 1 January 2012	549,411	491,939	27,717	17,960	893	1,087,920
Depreciation charge for the year	8,900	34,801	3,582	2,222	–	49,505
Written back on disposal	–	(21,785)	(1,482)	(240)	–	(23,507)
At 31 December 2012	558,311	504,955	29,817	19,942	893	1,113,918
At 1 January 2013	558,311	504,955	29,817	19,942	893	1,113,918
Depreciation charge for the year	13,085	36,313	3,870	1,329	–	54,597
Written back on disposal	–	(11,468)	(3,148)	(788)	–	(15,404)
At 31 December 2013	571,396	529,800	30,539	20,483	893	1,153,111
Net book value:						
At 31 December 2012	225,224	330,297	13,489	5,530	407,433	981,973
At 31 December 2013	639,030	507,042	12,507	7,390	120,723	1,286,692

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

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

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB15,330,586,000 as at 31 December 2013 (31 December 2012 (restated): RMB11,932,040,000).

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

Certain properties and equipments of the Group with an aggregate net book value of RMB1,020,579,000 as at 31 December 2013 (31 December 2012: RMB1,212,127,000) are accounted for as finance leases with maturity periods of 1 to 17 years.

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

(v) The analysis of net book value of the Group's properties is as follows:

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
In the PRC:		
Long-term leases	7,514,243	6,692,339
Medium-term leases	2,692,951	1,636,994
Total	10,207,194	8,329,333

15 LEASE PREPAYMENTS

	The Group RMB'000	The Company RMB'000
Cost:		
At 1 January 2012 (as previously reported)	529,594	74,958
Impact of acquisition of business under common control (note 38(a))	165,986	–
Restated balance at 1 January 2012	695,580	74,958
Additions	97,284	–
Restated balance at 31 December 2012	792,864	74,958
Restated balance at 1 January 2013	**792,864**	**74,958**
Additions	**22,125**	**–**
Acquired through acquisition of business	**2,818**	**–**
Reclassification from property, plant and equipment	**280,345**	**3,958**
At 31 December 2013	**1,098,152**	**78,916**
Accumulated amortization:		
At 1 January 2012 (as previously reported)	17,452	322
Impact of acquisition of business under common control (note 38(a))	3,320	–
Restated balance at 1 January 2012	20,772	322
Charge for the year (restated)	10,245	54
Restated balance at 31 December 2012	31,017	376
Restated balance at 1 January 2013	**31,017**	**376**
Charge for the year	**21,513**	**97**
Reclassification from property, plant and equipment	**47,152**	**–**
At 31 December 2013	**99,682**	**473**
Net book value:		
At 31 December 2012 (restated)	761,847	74,582
At 31 December 2013	**998,470**	**78,443**

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period of 20-70 years.

16 INTANGIBLE ASSETS

	The Group			
	Concession assets	Software and others	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2012	239,100	29,588	449,433	718,121
Additions (restated)	276,942	8,619	–	285,561
Restated balance at 31 December 2012	516,042	38,207	449,433	1,003,682
Restated balance at 1 January 2013	**516,042**	**38,207**	**449,433**	**1,003,682**
Additions	**81,041**	**13,996**	**46,967**	**142,004**
Reclassification from property, plant and equipment	**–**	**4,836**	**–**	**4,836**
At 31 December 2013	**597,083**	**57,039**	**496,400**	**1,150,522**
Accumulated amortization:				
At 1 January 2012	5,700	11,978	–	17,678
Charge for the year (restated)	12,148	3,385	–	15,533
Restated balance at 31 December 2012	17,848	15,363	–	33,211
Restated balance at 1 January 2013	**17,848**	**15,363**	**–**	**33,211**
Charge for the year	**14,409**	**3,729**	**–**	**18,138**
Reclassification from property, plant and equipment	**–**	**3,169**	**–**	**3,169**
At 31 December 2013	**32,257**	**22,261**	**–**	**54,518**
Net book value:				
At 31 December 2012 (restated)	498,194	22,844	449,433	970,471
At 31 December 2013	**564,826**	**34,778**	**496,400**	**1,096,004**

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

16 INTANGIBLE ASSETS (continued)

Impairment tests for cash-generating units containing goodwill

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

	2013 RMB'000	2012 RMB'000
Hydro power	229,888	182,921
Wind power	266,512	266,512
	496,400	449,433

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using a discount rates of 7%-9% (2012: 7%-9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. Key assumption used for the value-in-use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by related government authorities.

17 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013 RMB'000	2012 RMB'000
Unlisted investments, at cost	9,160,919	7,625,086

17 INVESTMENTS IN SUBSIDIARIES (continued)

As at 31 December 2013, the subsidiaries of the Company are listed as follows:

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

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Fujian Quanzhou Power Generation Company Limited 華電福建泉州發電有限公司	the PRC 28 August 2007	20,000	51%	51%	–	Power development and investment
Fujian Jinhu Power Generation Company Limited 福建省金湖電力有限責任公司 (note ii)	the PRC 3 October 1996	100,000	48%	–	50%	Hydropower generation
Fujian Gaosha Hydropower Company Limited 福建省高砂水電有限公司 (note ii)	the PRC 18 September 1997	66,000	62%	–	62%	Hydropower generation
Fujian Shaxian Chengguan Hydropower Company Limited 福建省沙縣城關水電有限公司 (note ii)	the PRC 3 September 1997	66,000	40%	–	40%	Hydropower generation
Fujian Longyan Wan'anxi Hydropower Company Limited 福建省龍岩萬安溪水力發電有限責任公司 (note ii)	the PRC 4 March 1998	40,000	41%	–	41%	Hydropower generation
Fujian Minxing Hydropower Company Limited 福建閩興水電有限公司	the PRC 13 January 2000	81,000	100%	31%	69%	Hydropower generation
Fujian Yong'an Gongchuan Hydropower Company Limited 福建省永安貢川水電站有限公司	the PRC 12 March 1998	50,000	61%	–	61%	Hydropower generation
Fujian Huatou Ximen Power Generation Company Limited 福建華投西門發電有限公司	the PRC 16 June 2005	49,000	100%	–	100%	Hydropower generation
Huadian New Energy Development Company Limited 華電新能源發展有限公司	the PRC 17 September 2007	3,691,513	100%	100%	–	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Gansu Huadian Guazhou Wind Power Company Limited 甘肅華電瓜州風力發電有限公司	the PRC 6 January 2009	100,000	100%	–	100%	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC 9 November 2009	140,000	100%	–	100%	Wind power generation
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC 4 March 2009	115,020	100%	–	100%	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC 6 September 2005	547,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC 19 December 2008	96,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongnijing Wind Power Company Limited 內蒙古華電紅泥井風力發電有限公司	the PRC 7 July 2009	113,750	100%	–	100%	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC 29 April 2009	60,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Jieji Wind Power Company Limited 內蒙古華電街基風電有限公司	the PRC 19 May 2009	100,000	100%	–	100%	Wind power generation
Xinjiang Huadian Xiaocaohu Wind Power Company Limited 新疆華電小草湖風力發電有限責任公司	the PRC 31 March 2007	90,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Xinjiang Huadian Bu'erjin Wind Power Company Limited 新疆華電布爾津風電有限公司	the PRC 8 May 2009	88,000	100%	–	100%	Wind power generation
Xinjiang Huadian Caohu Wind Power Company Limited 新疆華電草湖風電有限公司	the PRC 13 May 2009	100,000	100%	–	100%	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC 9 March 2009	183,500	100%	–	100%	Wind power generation
Huadian Tangyuan Wind Power Company Limited 華電湯原風力發電有限公司	the PRC 17 June 2009	75,000	100%	–	100%	Wind power generation
Hunan Huadian Chenzhou Wind Power Company Limited 湖南華電郴州風力發電有限公司	the PRC 11 June 2009	60,000	100%	–	100%	Wind power generation
Zhoushan HuadianWind Power Company Limited 舟山華電風力發電有限公司	the PRC 21 January 2010	25,000	100%	–	100%	Wind power generation
Huadian (Fuqing) Wind Power Company Limited 華電（福清）風電有限公司	the PRC 18 August 2009	140,000	100%	–	100%	Wind power generation
Huadian Jilin Shuangliao Wind Power Company Limited 華電吉林雙遼風力發電有限公司	the PRC 25 August 2009	39,650	99.62%	–	99.62%	Wind power generation
Huadian Jiayuguan New Energy Company Limited 華電嘉峪關新能源有限公司 (Former Huadian Jiayuguan Solar Power Company Limited 原華電嘉峪關太陽能發電有限公司)	the PRC 14 May 2010	150,000	80%	–	80%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC 19 May 2009	173,310	70%	–	70%	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC 23 July 2009	335,250	75%	–	75%	Wind power generation
Inner Mongolia Huadian Qintian Wind Power Company Limited 內蒙古華電秦天風電有限公司	the PRC 9 December 2009	66,000	90%	–	90%	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 (note ii)	the PRC 26 May 2009	220,000	65%	–	65%	Wind power generation
Huadian Hulin Wind Power Company Limited 華電虎林風力發電有限公司	the PRC 30 May 2008	87,400	82%	–	82%	Wind power generation
Shanghai Huadian Solar Power Company Limited 上海華電太陽能發展有限公司	the PRC 5 June 2009	8,000	51%	–	51%	Solar power generation
Huadian Shangde Dongtai Solar Power Company Limited 華電尚德東台太陽能發電有限公司	the PRC 26 November 2009	112,222	90%	–	90%	Solar power generation
Hubei Huadian Longgan Lake Biogas Power Company Limited 湖北華電龍感湖沼氣發電有限公司	the PRC 13 July 2009	8,000	80%	–	80%	Biogas power generation
Huadian Baoqing Wind Power Company Limited 華電寶清風力發電有限公司	the PRC 8 March 2010	5,000	100%	–	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Jilin Gongzhuling Wind Power Company Limited 華電吉林公主嶺風力發電有限公司	the PRC 25 March 2010	1,000	100%	–	100%	Wind power generation
Gansu Huadian Jingtai Wind Power Company Limited 甘肅華電景泰風力發電有限公司	the PRC 9 July 2010	85,000	100%	–	100%	Wind power generation
Huadian Weihai Wind Power Company Limited 華電威海風力發電有限公司	the PRC 25 February 2010	5,000	80%	–	80%	Wind power generation
Guangdong Huadian Qianshan Wind Power Company Limited 廣東華電前山風力發電有限公司	the PRC 20 April 2010	70,000	100%	–	100%	Wind power generation
Jiangsu Huadian Guanyun Wind Power Company Limited 江蘇華電灌雲風力發電有限公司	the PRC 16 February 2006	176,000	51%	–	51%	Wind power generation
Inner Mongolia Sansheng Wind Power Company Limited 內蒙古三勝風電有限公司	the PRC 24 August 2009	90,000	90%	–	90%	Wind power generation
Taining Jinhu Holiday Hotel Company Limited 福建省泰寧大金湖假日酒店有限公司	the PRC 16 April 1998	3,000	44%	–	90%	Hotel management
Huadian (Xiamen) Energy Company Limited. 華電（廈門）能源有限公司	the PRC 24 November 2003	166,258	100%	100%	–	Investment holding
Fujian Gutian Shuangkoudu Hydropower Generation Company Limited 福建古田雙口渡水電有限公司	the PRC 18 October 2002	49,008	100%	–	100%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Zhouningxian Houlongxi Hydropower Generation Company Limited 周寧縣後壟溪水電有限公司 (note ii)	the PRC 30 September 2002	60,000	70%	–	70%	Hydropower generation
Yong'an Fenghai Power Generation Company Limited 永安豐海發電有限公司	the PRC 7 June 2002	43,000	95%	–	95%	Hydropower generation
Yong'an Yinhe Power Generation Company Limited 永安銀河電力有限公司	the PRC 29 September 1998	40,000	100%	100%	–	Hydropower generation
Fujian Jinxi Investment Company Limited 福建省金溪投資有限公司	the PRC 8 February 1996	11,487	100%	–	100%	Hydropower generation
Nanjing Hengying Power Generation Company Limited 南靖恒盈電力有限公司	the PRC 26 February 2003	3,000	100%	–	100%	Hydropower generation
Huaan Huashun Power Generation Company Limited 華安華順電力有限公司	the PRC 4 November 2010	500	100%	–	100%	Hydropower generation
Longyan Wanye Investment Company Limited 龍岩萬業投資有限公司	the PRC 19 February 2004	10,000	99%	99%	–	Investment holding
Xiamen Gaoleike Investment Company Limited 廈門高雷克投資有限責任公司	the PRC 14 May 2002	36,000	87%	87%	–	Investment holding
Sanming Boyuan Investment Company Limited 三明博源投資有限公司	the PRC 27 April 2004	15,000	100%	100%	–	Investment holding

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activity
Gansu Huadian Aksai Wind Power Company Limited 甘肅華電阿克塞風力發電有限公司	the PRC 20 August 2010	55,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited 內蒙古巴音杭蓋風力發電有限公司	the PRC 29 October 2010	5,000	80%	–	80%	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 (note ii)	the PRC 18 August 2010	80,000	65%	–	65%	Wind power generation
Huadian Tongyu Wind Power Company Limited 華電通榆風力發電有限公司	the PRC 14 September 2010	10,000	100%	–	100%	Wind power generation
Huadian Huachuan Heat Power Company Limited 華電樺川熱力有限公司	the PRC 25 October 2010	21,000	100%	–	100%	Heat generation and sales
Gansu Huadian Golmud Solar Power Company Limited 華電格爾木太陽能發電有限公司	the PRC 8 October 2010	47,500	100%	–	100%	Solar power generation
Gansu Huadian Minqin Power Generation Company Limited 甘肅華電民勤發電有限公司	the PRC 3 November 2010	55,000	100%	–	100%	Solar power generation
Heilongjiang Huafu Power Investment Company Limited 黑龍江省華富電力投資有限公司	the PRC 19 July 1996	260,000	80%	–	80%	Investment holding
Harbin ChenHua Power New Technology Development Co., Ltd 哈爾濱辰華電力新技術開發有限責任公司	the PRC 24 August 2000	2,000	80%	–	100%	Provision of wind power technology

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Heilongjiang Huafu Wind Power Mulan Company Limited 黑龍江華富風力發電木蘭有限責任公司	the PRC 1 April 2003	30,000	47%	–	59%	Wind power generation
Heilongjiang Huafu Wind Power Muling Company Limited 黑龍江華富風力發電穆棱有限責任公司	the PRC 9 September 2003	186,000	49%	–	61%	Wind power generation
Heilongjiang Dongning Huafu Wind Power Company Limited 黑龍江東寧華富風力發電有限責任公司	the PRC 18 November 2005	126,000	64%	–	80%	Wind power generation
Harbin Yilan Huafu Wind Power Company Limited 哈爾濱依蘭華富風力發電有限公司	the PRC 21 March 2007	176,000	64%	–	80%	Wind power generation
Inner Mongolia Huolinguole Huafu Wind Power Company Limited 內蒙古霍林郭勒市華富風電有限公司	the PRC 17 September 2010	10,000	80%	–	100%	Wind power generation
Bayannao'er Jianjizhongyan Wind Power Company Limited 巴彥淖爾市建技中研風力發電有限責任公司 (原巴彥淖爾市華電蒙中風力發電有限公司) (note ii)	the PRC 3 December 2010	1,000	51%	–	51%	Wind power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 (note ii)	the PRC 11 July 2005	83,288	51%	–	51%	Wind power generation
Inner Mongolia Fulida Wind Power Company Limited 內蒙古富麗達風力發電有限公司	the PRC 15 September 2010	100,000	80%	–	80%	Wind power generation
Huachuan Biomass Cogeneration Heat Power Company Limited 樺川協聯生物質能熱電有限公司	the PRC 29 November 2007	60,130	100%	–	100%	Biomass power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 (note ii)	the PRC 24 May 2010	33,333	60%	–	60%	Wind power generation
Qitaihe Fengrun Wind Power Company Limited 七台河豐潤風力發電有限公司	the PRC 16 August 2010	67,000	60%	–	60%	Wind power generation
Huadian Nanning New Energy Company Limited 華電南寧新能源有限公司	the PRC 26 April 2011	140,223	55%	–	55%	Distributed energy power generation
Huadian Shandong Rushan New Energy Company Limited 華電山東乳山新能源有限公司	the PRC 17 May 2011	10,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongtu Wind Power Company Limited 內蒙古華電宏圖風力發電有限公司	the PRC 19 May 2011	13,000	100%	–	100%	Wind power generation
Zhoushan Huadian Xiaosha Wind Power Company Limited 舟山華電小沙風力發電有限公司	the PRC 21 March 2011	7,000	100%	–	100%	Wind power generation
Yunnan Huadian Lianhuashan Wind Power Company Limited 雲南華電蓮花山風力發電有限公司	the PRC 24 May 2011	2,000	100%	–	100%	Wind power generation
Yunnan Huadian Duogu Wind Power Company Limited 雲南華電朵古風力發電有限公司	the PRC 29 March 2011	50,000	100%	–	100%	Wind power generation
Jiangxi Huadian Jiujiang Distributed Energy Company Limited. 江西華電九江分佈式能源有限公司	the PRC 25 March 2011	90,000	70%	–	70%	Distributed energy power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Inner Mongolia Huadian Guanghui Wind Power Company Limited 內蒙古華電光輝風電有限公司	the PRC 10 August 2011	3,000	100%	–	100%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC 9 August 2011	86,000	100%	–	100%	Wind power generation
Huadian Hebei Qian'an New Energy Power Generation Company Limited 華電河北遷安新能源發電有限公司	the PRC 2 August 2011	10,000	65%	–	65%	Distributed energy power generation
Tianjin Huadian Beichen Distributed Energy Company Limited 天津華電北宸分佈式能源有限公司	the PRC 4 August 2011	10,000	65%	–	65%	Distributed energy power generation
Zhangping Yongfu Hydropower Development Company Limited 漳平市永福水電發展有限公司	the PRC 17 July 2002	54,064	60%	–	100%	Hydropower generation
Shanghai Huadian Min Hang Energy Company Limited 上海華電閔行能源有限公司	the PRC 23 November 2011	50,000	90%	–	90%	Distributed energy power generation
Huadian Xiamen Distributed Energy Power Company Limited 華電（廈門）分佈式能源有限公司	the PRC 8 November 2011	50,000	100%	–	100%	Distributed energy power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司	the PRC 17 January 2012	50,000	100%	–	100%	Wind power generation
Yunnan Huadian Weidi Solar Power Company Limited 雲南華電維的太陽能發電有限公司	the PRC 29 March 2012	34,000	100%	–	100%	Solar power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Taizhou Medical City New Energy Company Limited 華電泰州醫藥城新能源有限公司	the PRC 19 April 2012	8,000	55%	–	55%	Distributed energy power generation
Guangzhou University Town Huadian New Energy Company Limited 廣州大學城華電新能源有限公司 (note ii)	the PRC 5 February 2008	294,360	55%	–	55%	Distributed energy power generation
Beijing Yuandongtenghui Consulting Company Limited 北京遠東騰輝管理顧問有限公司	the PRC 18 July 2011	1,000	100%	–	100%	Investment holding
Inner Mongolia Jiayao Wind Power Company Limited 內蒙古嘉耀風電有限公司	the PRC 10 January 2008	23,000	100%	–	100%	Wind power generation
Dongning Ruixin Wind Power Development Company Limited 東寧瑞信風力發電開發有限公司	the PRC 14 January 2011	50,000	100%	–	100%	Wind power generation
Huadian (Fujian) Wind Power Company Limited 華電（福建）風電有限公司	the PRC 23 August 2012	40,000	100%	100%	–	Wind power generation and investment
Fujian Huadian Kemen II Power Generation Company Limited 福建華電可門二期發電有限公司	the PRC 28 January 2011	250,000	100%	100%	–	Coal-fired power generation
Xinjiang Huaran New Energy Company Limited 新疆華冉新能源有限公司	the PRC 8 December 2008	100,000	67%	–	67%	Wind power generation
Yunnan Huadian Daheishan Wind Power Company Limited 雲南華電大黑山風力發電有限公司	the PRC 24 April 2013	5,000	100%	100%	–	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Huadian Fuxin Jiangmen Energy Company Limited 華電福新江門能源有限公司	the PRC 27 April 2013	40,000	70%	70%	–	Distributed energy power generation
Hubei Huadian Chuangyi Tiandi New Energy Company Limited 湖北華電創意天地新能源有限公司	the PRC 20 May 2013	20,000	80%	80%	–	Distributed energy power generation
Huadian Xinghua Solar Power Company Limited 華電興化太陽能發電有限公司	the PRC 21 August 2013	10,000	100%	100%	–	Solar power generation
Huadian Fuxin Qingyuan Energy Company Limited 華電福新清遠能源有限公司	the PRC 15 July 2013	10,000	100%	100%	–	Distributed energy power generation
Huayang Jiangyan Solar Power Company Limited 華陽薑堰太陽能發電有限公司	the PRC 23 August 2013	10,000	100%	100%	–	Solar power generation
Hunan Huadian Fuxin Taipingli Wind Power Company Limited 湖南華電福新太平里風力發電有限公司	the PRC 3 September 2013	10,000	100%	100%	–	Wind power generation
Longyan Hexi Hydropower Company Limited 龍岩市合溪水電有限公司	the PRC 4 December 2003	20,000	60%	–	100%	Hydropower generation
Fujian Huadian Quanhui Energy Company Limited 福建華電泉惠能源有限公司	the PRC 17 December 2013	100,000	90%	90%	–	Coal-fired power generation
Fujian Fuxin Coal Industry Company Limited 福建福新煤業有限公司	the PRC 5 August 2013	50,000	100%	100%	–	Coal purchases and sales

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Fuxin Zhejiang Changxing Wind Power Company Limited 華電福新浙江長興風力發電有限公司	the PRC 18 December 2013	5,000	100%	100%	–	Wind power generation
Gansu Minle Huadian Fuxin Solar Power Company Limited 甘肅民樂華電福新太陽能發電有限公司	the PRC 22 November 2013	10,000	100%	100%	–	Solar power generation
Gansu Dunhuang Huadian Fuxin Solar Power Company Limited 甘肅敦煌華電福新太陽能發電有限公司	the PRC 28 November 2013	10,000	100%	100%	–	Solar power generation
Fujian Taiyu Investment (Group) Company Limited 福建太禹投資（集團）有限公司	the PRC 21 January 2001	161,553	100%	100%	–	Investment holding
Fujian Shunchang Yangkou Hydropower Company Limited 福建省順昌洋口水電有限公司 (note ii)	the PRC 11 July 2003	66,000	55%	–	55%	Hydropower generation
Nanping Xingyang Hydropower Company Limited 南平市興洋水電有限公司	the PRC 29 April 2002	1,000	55%	–	55%	Hydropower generation
Nanping Lanxi Hydropower Company Limited 南平市蘭溪水力發電有限公司	the PRC 13 February 2001	2,200	60%	–	60%	Hydropower generation
Nanping Xingfeng Hydropower Company Limited 南平興峰水電有限公司	the PRC 7 November 2002	5,000	65%	–	65%	Hydropower generation
Jian'ou Xingdi Hydropower Development Company Limited 建甌市興迪水電發展有限責任公司	the PRC 18 June 2001	15,000	60%	–	60%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fujian Jian'ou Xingguang Hydropower Development Company Limited 福建省建甌市興光水電開發有限公司	the PRC 1 January 1997	35,000	57%	–	57%	Hydropower generation
Jianyang Xingtan Hydropower Company Limited 建陽市興潭水電有限公司	the PRC 27 June 2003	8,000	51%	–	51%	Hydropower generation
Jianyang Xinghu Hydropower Company Limited 建陽市興湖水電有限公司	the PRC 28 August 2003	25,000	86%	–	86%	Hydropower generation
Jianyang Xingxin Hydropower Company Limited 建陽市興鑫水電有限公司	the PRC 14 August 2003	6,000	54%	–	54%	Hydropower generation
Jianyang Xingda Hydropower Development Company Limited 建陽市興達水電開發有限公司	the PRC 8 November 2004	12,000	52%	–	100%	Hydropower generation
Zhenghexian Jinhe Hydropower Company Limited 政和縣金和水電有限公司	the PRC 20 March 2003	28,500	88%	–	88%	Hydropower generation
Fujian Songxixian Jinxing Hydropower Company Limited 福建省松溪縣金星水電有限公司 (note ii)	the PRC 18 September 2003	13,000	45%	–	45%	Hydropower generation
Gutianxian Xingpu Hydropower Company Limited 古田縣興埔水電有限公司	the PRC 3 January 2003	6,000	68%	–	68%	Hydropower generation

17 INVESTMENTS IN SUBSIDIARIES (continued)

Notes:

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

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

The following table lists out the information relating to Fujian Mianhuatan Hydropower Development Company Limited (the "Mianhuatan Hydropower"), Mindong Hydropower Development Company Limited (the "Mindong Hydropower"), Guangzhou University Town Huadian New Energy Company Limited (the "Guangzhou New Energy") and Fujian Jinhu Power Generation Company Limited (the "Jinhu Power"), the four subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Mianhuatan Hydropower		Mindong Hydropower		Guangzhou New Energy		Jinhu Power	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
NCI percentage	40%	40%	49%	49%	45%	45%	50%	50%
Current assets	216,760	287,148	33,709	84,733	81,801	77,681	32,017	125,644
Non-current assets	3,478,330	3,593,310	1,089,635	1,125,201	527,933	567,419	795,245	830,338
Current liabilities	1,449,856	1,573,930	234,256	252,929	74,157	79,071	132,283	193,943
Non-current liabilities	465,219	633,090	440,378	517,465	163,626	198,295	406,504	463,221
Net assets	1,780,015	1,673,438	448,710	439,540	371,951	367,734	288,475	298,818
Carrying amount of NCI	712,006	669,375	219,868	215,375	167,378	165,480	142,910	148,051
Revenue	667,085	685,390	222,642	271,603	421,295	426,388	190,723	256,576
Profit and total comprehensive income for the year	255,835	240,017	54,171	87,759	46,218	47,337	10,742	48,350
Profit allocated to NCI	102,334	96,007	26,544	43,002	20,798	21,302	5,369	24,160
Dividends paid to NCI	59,703	–	22,050	41,650	18,900	13,500	10,511	–
Cash flows from operating activities	565,903	428,467	199,834	268,806	102,739	103,493	134,399	118,863
Cash flows from investing activities	(5,243)	(175,382)	(10,582)	(8,753)	(2,929)	(20,164)	(7,101)	(6,343)
Cash flows from financing activities	(540,252)	(395,487)	(181,155)	(260,101)	(102,135)	(93,139)	(159,133)	(74,149)

18 INTEREST IN ASSOCIATES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Share of net assets	**3,545,609**	2,667,863	**–**	–
Unlisted investments, at cost	**–**	–	**3,225,706**	2,571,362
Less: impairment loss	**–**	–	**(78,856)**	(78,856)
	3,545,609	2,667,863	**3,146,850**	2,492,506

All of the associates are limited liability companies established in the PRC. The following list contains only the particulars of material associates, which principally affected the results or assets of the Group, and all of which are unlisted corporate entities whose quoted market prices are not available:

			Proportion of ownership interest			
Name of associate	Place of establishment and business	Particulars of registered capital RMB'000	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	777,000	25%	25%	–	Gas power generation
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	7,480,000	39%	39%	–	Nuclear Power generation
Pingnanxian Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司)	the PRC	86,000	45%	5%	40%	Hydropower generation

All of the above associates are accounted for using the equity method in the consolidated financial statements.

18 INTEREST IN ASSOCIATES (continued)

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

	Zhonghai Fujian Gas Power Generation Company Limited		Pingnanxian Houlongxi Hydropower Company Limited	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Gross amounts of the associates				
Current assets	679,498	269,566	22,700	37,549
Non-current assets	3,164,137	3,350,739	393,156	408,786
Current Liabilities	1,357,150	1,318,795	62,924	50,644
Non-current liabilities	1,289,000	1,289,000	125,280	160,033
Equity	1,197,485	1,012,510	227,652	235,658
Revenue	2,445,428	2,071,084	38,426	59,560
Profit/(loss) before taxation	501,804	282,689	(8,037)	3,544
Profit/(loss) and total comprehensive income	377,944	214,410	(8,006)	3,544
Dividend received from the associate	48,242	7,873	–	–
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associate	1,197,485	1,012,510	227,652	235,658
Group's effective interest	25%	25%	45%	45%
Group's share of net assets of the associate	299,371	253,128	102,443	106,046
Carrying amount in the consolidated financial statements	299,371	253,128	102,443	106,046

18 INTEREST IN ASSOCIATES (continued)

	Fujian Fuqing Nuclear Power Company Limited (note i)	
	2013	2012
	RMB'000	RMB'000
Gross amounts of the associates		
Current assets	**1,383,331**	699,464
Non-current assets	**34,611,232**	26,766,003
Current Liabilities	**448,553**	938,976
Non-current liabilities	**28,066,010**	20,926,491
Equity	**7,480,000**	5,600,000
Reconciled to the Group's interests in the associates		
Gross amounts of net assets of the associate	**7,480,000**	5,600,000
Group's effective interest	**39%**	39%
Group's share of net assets of the associate	**2,917,200**	2,184,000
Carrying amount in the consolidated financial statements	**2,917,200**	2,184,000

Note:

(i) Fujian Fuqing Nuclear Power Company Limited was still in the construction stage and has not generated any profit or loss during the years ended 31 December 2013 and 2012.

Aggregate information of associates that are not individually material:

	2013	2012
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**226,595**	124,689
Aggregate amounts of the Group's share of those associates		
Profit/(loss) before taxation	**2,670**	(8,342)
Profit/(loss) and total comprehensive income	**2,670**	(8,342)

19 OTHER INVESTMENTS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Unquoted equity investments in unlisted companies, at cost	512,300	512,300	133,845	133,845

The following list contains the particulars of major unquoted equity investments in unlisted companies as at 31 December 2013, all of which are limited liability companies established in the PRC and whose quoted market prices are not available.

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

20 OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000 (restated- note 38(a))	2013 RMB'000	2012 RMB'000
Deductible Value Added Tax ("VAT") (note (i))	1,549,454	1,390,222	–	–
Deferred differences arising from sales and leaseback resulting in a finance lease	265,803	301,930	–	–
Loan to an associate (note(ii))	28,179	28,179	–	–
Loan to subsidiaries	–	–	500,000	–
Others	140,456	134,264	–	133
	1,983,892	1,854,595	500,000	133

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventory, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (see note 23).

(ii) Loan to an associate is unsecured, interest bearing at a rate of 6.60% per annum and will be recovered in 2018.

21 INVENTORIES

	The Group	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Coal	300,344	221,219
Fuel oil	6,042	8,698
Spare parts and others	105,370	112,568
	411,756	342,485

22 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (restated-note 38(a))	**RMB'000**	RMB'000
Amounts due from third parties	**3,082,678**	2,866,589	**52,599**	41,088
Less: allowance for doubtful accounts	**33,608**	138	**–**	–
	3,049,070	2,866,451	**52,599**	41,088

(a) Ageing analysis

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (restated-note 38(a))	**RMB'000**	RMB'000
Current	**3,082,678**	2,866,589	**52,599**	41,088
Less: allowance for doubtful accounts	**33,608**	138	**–**	–
	3,049,070	2,866,451	**52,599**	41,088

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

22 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 (l)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 January	**138**	138
Impairment losses recognised	**33,470**	–
At 31 December	**33,608**	138

The Group's trade debtors and bills receivable of RMB33,608,000 as at 31 December 2013 (31 December 2012: RMB138,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

22 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

(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	**3,049,070**	2,866,451	**52,599**	41,088

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardized procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2013, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and these trade and bills receivable from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

Trade debtors and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables from local grid companies for whom there was no recent history of default. All trade debtors and bills receivable are expected to be recovered within one year.

23 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
		(restated-note 38(a))		
CERs receivable	**179,292**	264,707	**–**	–
Staff advance and other deposits	**40,117**	21,389	**220**	565
Amounts due from related parties				
– due from subsidiaries(note(i))	**–**	–	**3,360,000**	2,047,699
– due from fellow subsidiaries	**70,707**	26,299	**26,408**	–
– due from China Huadian Corporation ("Huadian")	**–**	28,000	**–**	–
– due from an associate	**36,374**	25,994	**–**	–
Loans to a third party (note(ii))	**205,516**	238,639	**–**	–
Deductible VAT (note 20(i))	**873,798**	855,840	**6,069**	–
Receivable for disposal of a joint venture	**–**	24,175	**–**	–
Prepayment for acquisition of business	**–**	10,000	**–**	10,000
Prepayments for the coal and spare parts supply	**61,640**	19,257	**–**	–
Other prepayments and debtors	**202,709**	124,327	**31,296**	15,769
	1,670,153	1,638,627	**3,423,993**	2,074,033
Less: allowance for doubtful debts	**196,164**	60,992	**6,670**	6,670
	1,473,989	1,577,635	**3,417,323**	2,067,363

Notes:

(i) Loans to subsidiaries were at the rates of 6.00% to 6.33% per annum as at 31 December 2013 (2012: 6.00% to 6.31%) which are expected to be recovered within one year. Advances to subsidiaries are unsecured, interest free and have no fixed repayment terms.

(ii) Loan to a third party was unsecured and interest bearing at a rate of 6.00% per annum as at 31 December 2013 (31 December 2012: 15.00%).

23 PREPAYMENTS AND OTHER CURRENT ASSETS (continued)

All of the prepayments and other current assets are expected to be recovered or recognized as expenses within one year.

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

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**60,992**	10,465	**6,670**	6,670
Impairment losses recognised	**216,290**	50,527	**–**	–
Uncollectible amounts written off	**(81,118)**	–	**–**	–
At 31 December	**196,164**	60,992	**6,670**	6,670

The Group's prepayments and other current assets of RMB196,164,000 as at 31 December 2013 (31 December 2012: RMB60,992,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

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

24 RESTRICTED DEPOSITS

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

25 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (restated-note 38(a))	**RMB'000**	RMB'000
Cash on hand	**607**	833	**10**	11
Cash at bank	**448,051**	2,291,961	**26,580**	932,233
Deposits with a fellow subsidiary (note(i))	**1,320,089**	282,906	**173,510**	–
	1,768,747	2,575,700	**200,100**	932,244

Notes:

(i) Deposits with a fellow subsidiary mainly represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance").

26 BORROWINGS

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (restated-note 38(a))	**RMB'000**	RMB'000
Bank loans and loans from financial institutions				
– Secured	**13,166,920**	12,088,456	**–**	–
– Unsecured (note(i))	**17,246,719**	15,549,978	**855,000**	858,500
Loans from Huadian				
– Unsecured	**2,246,447**	2,246,447	**–**	–
Other borrowings (note(e)(i))				
– Unsecured	**1,989,794**	–	**1,989,794**	–
	34,649,880	29,884,881	**2,844,794**	858,500
Less: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	**4,349,114**	2,724,476	**224,500**	181,500
	30,300,766	27,160,405	**2,620,294**	677,000

Notes:

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

26 BORROWINGS (continued)

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

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Guarantor		
– Huadian	3,682,500	1,000,000
– Non-controlling interests shareholders	242,000	273,000
	3,924,500	1,273,000

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

	The Group		The Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and loans from financial institutions				
– Secured	580,000	299,000	–	–
– Unsecured	4,250,135	5,775,497	3,540,000	4,029,000
Loans from Huadian Finance				
– Unsecured	940,000	580,000	300,000	–
Other borrowings (note(e)(ii))				
– Unsecured	1,498,000	–	1,498,000	–
	7,268,135	6,654,497	5,338,000	4,029,000
Add: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	4,349,114	2,724,476	224,500	181,500
	11,617,249	9,378,973	5,562,500	4,210,500

26 BORROWINGS (continued)

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

	The Group		The Company	
	2013	2012 (restated-note 38(a))	**2013**	2012
Long-term				
Bank loans and loans from financial institutions	**4.85%-7.86%**	5.23%-7.86%	**5.90%-7.21%**	5.54%-7.76%
Loans from Huadian	**4.15%-6.00%**	4.15%-6.00%	**–**	–
Other borrowings	**5.13%-5.38%**	–	**5.13%-5.38%**	–
Short-term				
Bank loans and loans from financial institutions	**5.04%-6.66%**	5.32%-7.86%	**5.40%-6.00%**	5.40%-7.54%
Loans from Huadian Finance	**5.04%-6.00%**	5.90%	**–**	–
Other borrowings	**4.49%**	–	**4.49%**	–

(d) The borrowings are repayable as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))	**2013 RMB'000**	2012 RMB'000
Within 1 year or on demand	**11,617,249**	9,378,973	**5,562,500**	4,210,500
After 1 year but within 2 years	**3,436,033**	4,106,052	**268,000**	250,500
After 2 years but within 5 years	**10,487,781**	7,544,067	**1,117,897**	259,000
After 5 years	**16,376,952**	15,510,286	**1,234,397**	167,500
	30,300,766	27,160,405	**2,620,294**	677,000
	41,918,015	36,539,378	**8,182,794**	4,887,500

26 BORROWINGS (continued)

(e) Significant terms of other borrowings:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Long-term				
Corporate bonds (note(i))	**1,989,794**	–	**1,989,794**	–
Short-term				
Financing instruments (note(ii))	**1,498,000**	–	**1,498,000**	–

Notes:

(i) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1 billion at par with a coupon rate of 5.00% per annum and a ten-year unsecured corporate bond of RMB1 billion at par with a coupon rate of 5.30% per annum. The effective interest rates of above bonds are 5.13% and 5.38% per annum respectively.

(ii) On 22 May 2013, the Company issued a one-year unsecured short-term financing instruments of RMB1.5 billion at par with a coupon rate of 4.07% per annum in the PRC inter-bank debenture market. The effective interest rate of the financing instruments is 4.49%.

27 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	The Group			
	2013		2012	
	Present value of the minimum lease payments RMB'000	Total minimum lease prepayments RMB'000	Present value of the minimum lease payments RMB'000 (restated-note 38(a))	Total minimum lease prepayments RMB'000 (restated-note 38(a))
Within 1 year	98,763	143,592	329,753	413,224
After 1 year but within 2 years	69,269	114,908	205,435	266,491
After 2 years but within 5 years	216,856	326,017	1,122,520	1,515,478
After 5 years	459,743	544,227	553,534	672,015
	745,868	985,152	1,881,489	2,453,984
	844,631	1,128,744	2,211,242	2,867,208
Less: total future interest expenses		284,113		655,966
Present value of finance lease obligations		844,631		2,211,242

At inception, the lease periods of the finance lease obligation are approximately 1-17 years.

28 TRADE CREDITORS AND BILLS PAYABLE

	The Group	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Trade creditors to third parties	663,680	716,306
Bills payable to third parties	947,308	338,925
Amounts due to fellow subsidiaries	164,055	75,574
Bills payable to fellow subsidiaries	1,927	40,776
	1,776,970	1,171,581

28 TRADE CREDITORS AND BILLS PAYABLE (continued)

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

	The Group	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Due within 3 months or on demand	1,033,383	838,446
Due after 3 months but within 6 months	332,208	228,347
Due after 6 months but within 1 year	411,379	104,788
	1,776,970	1,171,581

All of the trade creditors and bill payable are expected to be settled within one year or are repayable on demand.

29 OTHER PAYABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))	2013 RMB'000	2012 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	5,969,192	6,029,152	63,225	40,781
Provision for Mianhuatan resettlement compensation (note (i))	40,000	40,000	–	–
Retention payable (note(ii))	704,626	611,088	1,393	143
Dividends payable	19,794	13,463	–	–
Payable for acquisition of subsidiaries	108,909	23,583	97,870	22,192
Payables for staff related costs	90,400	118,894	4,331	3,586
Payables for other taxes	140,468	128,642	24,299	25,559
Interest payable	215,266	89,665	126,023	8,808
Amounts due to the subsidiaries (note(iii))	–	–	666,156	579,206
Amounts due to the fellow subsidiaries (note(iii))	432,619	505,604	476	–
Amounts due to Huadian (note(iii))	12,000	12,000	12,000	12,000
Other accruals and payables	315,558	221,250	44,843	22,725
	8,048,832	7,793,341	1,040,616	715,000

29 OTHER PAYABLES (continued)

Note:

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

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

(iii) These amounts are all unsecured, interest-free and have no fixed terms of repayment.

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

30 INCOME TAX IN THE BALANCE SHEET

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

	The Group	
	2013	2012
	RMB'000	RMB'000
		(restated-note 38(a))
Net tax payable/(recoverable) at 1 January	**57,407**	(67,306)
Provision for the year (see note 8(a))	**384,143**	240,256
Acquired from business combination	**4,711**	–
Over provision in respect of prior years (see note 8(a))	**(2,016)**	(3,198)
Income tax paid	**(227,638)**	(112,345)
Net tax payable at 31 December	**216,607**	57,407
Representing:		
Tax payable	**249,828**	80,062
Tax recoverable	**(33,221)**	(22,655)
	216,607	57,407

30 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognised:

The Group

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

Deferred tax assets/(liabilities) arising from:	Tax losses RMB'000	Revaluation deficit RMB'000	Provision for impairment of assets RMB'000	Trial run revenue RMB'000	Deferred income RMB'000	Expenses deductible on payment basis RMB'000	Revaluation surplus RMB'000	Depreciation of property plant and equipment RMB'000	Tax credits for purchase of environmental protection equipment RMB'000	Others RMB'000	Total RMB'000
At 1 January 2012 (as previously reported)	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	–	595	(242,182)
Impact of acquisition of business under common control (note 38(a))	36,165	–	–	–	–	–	–	(31,412)	–	849	5,602
At 1 January 2012 (restated)	128,114	70,461	36,420	89,873	28,827	20,929	(193,784)	(418,864)	–	1,444	(236,580)
(Charged)/credited to profit or loss (restated) (note 8(a))	(68,451)	(3,950)	1,164	23,640	3,598	2,397	7,554	(28,004)	35,478	2,849	(23,725)
At 31 December 2012 (restated)	59,663	66,511	37,584	113,513	32,425	23,326	(186,230)	(446,868)	35,478	4,293	(260,305)
At 1 January 2013 (restated)	59,663	66,511	37,584	113,513	32,425	23,326	(186,230)	(446,868)	35,478	4,293	(260,305)
(Charged)/credited to profit or loss (note 8(a))	(53,669)	(3,759)	7,188	29,502	10,538	(12,730)	6,405	(69,358)	(22,689)	6,732	(101,840)
Acquisition of subsidiaries	–	–	–	–	–	–	(114,474)	–	–	–	(114,474)
At 31 December 2013	5,994	62,752	44,772	143,015	42,963	10,596	(294,299)	(516,226)	12,789	11,025	(476,619)

30 INCOME TAX IN THE BALANCE SHEET (continued)

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

The Company

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

Deferred tax assets/(liabilities) arising from:	Tax losses RMB'000	Provision for impairment of assets RMB'000	Expenses deductible on payment basis RMB'000	Depreciation of Property, plant and equipment RMB'000	Total RMB'000
At 1 January 2012	52,711	20,758	4,182	(6,172)	71,479
(Charged)/credited to profit or loss	(30,084)	3,560	544	6,172	(19,808)
At 31 December 2012	22,627	24,318	4,726	–	51,671
At 1 January 2013	22,627	24,318	4,726	–	51,671
Charged to profit or loss	(22,627)	(24,318)	(4,726)	–	(51,671)
At 31 December 2013	–	–	–	–	–

Reconciliation to the balance sheet

	The Group		The Company	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))	**2013 RMB'000**	2012 RMB'000
Net deferred tax asset recognized in the balance sheet	**304,884**	322,573	**–**	51,671
Net deferred tax liability recognized in the balance sheet	**(781,503)**	(582,878)	**–**	–
	(476,619)	(260,305)	**–**	51,671

30 INCOME TAX IN THE BALANCE SHEET (continued)

(c) Deferred tax assets not recognised:

In according with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB688,346,000 as at 31 December 2013 (31 December 2012: RMB251,383,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 31 December 2013, RMB36,327,000, RMB52,684,000, RMB64,437,000, RMB172,424,000, and RMB362,474,000, if unused, will expire at the end of year 2014, 2015, 2016, 2017 and 2018, respectively. Furthermore, the Group has not recognised deferred tax assets in respect of unused tax credit for purchase of environmental protection equipments of RMB28,422,000 as at 31 December 2013(31 December 2012: RMB33,900,000) which will expire at the end of year 2016.

(d) Deferred tax liability not recognised:

At 31 December 2013, taxable temporary differences relating to undistributed profits and PRC statutory surplus reserve of subsidiaries and associates amounted to RMB3,515,657,000 (31 December 2012: RMB2,267,868,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

31 DEFERRED INCOME

	The Group RMB'000
At 1 January 2012	208,823
Additions	95,739
Credited to profit or loss	(13,469)
Write off	(37,863)
At 31 December 2012	253,230
Less: current portion of deferred income	13,420
	239,810
At 1 January 2013	**253,230**
Additions	**116,439**
Credited to profit or loss	**(23,916)**
At 31 December 2013	**345,753**
Less: current portion of deferred income	**24,644**
	321,109

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

32 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and closing balance of the years ended 31 December 2012 and 2013 are set out below:

	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2012	6,000,000	622,114	18,745	92,978	6,733,837
Changes in equity for 2012:					
Profit and total comprehensive income for the year	–	–	–	279,923	279,923
Issuance of shares upon public offering, net of issuing expenses	1,622,616	437,451	–	–	2,060,067
Dividends	–	–	–	(261,411)	(261,411)
Transfer to reserve fund	–	–	24,456	(24,456)	–
At 31 December 2012	7,622,616	1,059,565	43,201	87,034	8,812,416
At 1 January 2013	**7,622,616**	**1,059,565**	**43,201**	**87,034**	**8,812,416**
Changes in equity for 2013:					
Profit and total comprehensive income for the year	**–**	**–**	**–**	**319,919**	**319,919**
Impact of acquisition of business under common control	**–**	**(151,133)**	**–**	**–**	**(151,133)**
Dividends (note 32(b))	**–**	**–**	**–**	**(220,294)**	**(220,294)**
Transfer to reserve fund	**–**	**–**	**46,381**	**(46,381)**	**–**
At 31 December 2013	**7,622,616**	**908,432**	**89,582**	**140,278**	**8,760,908**

32 CAPITAL AND RESERVES (continued)

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	2013 RMB'000	2012 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.0382 per share (2012: 0.0289 per share)	304,820	220,294

The Board resolved on 21 March 2014 that RMB0.0382 per share is to be distributed to the shareholders for 2013, subject to approval of the shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Share capital/paid-in capital

	The Group and the Company	
	2013 RMB'000	2012 RMB'000
Issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	5,837,738	5,837,738
1,784,877,600 H shares of RMB1.00 each	1,784,878	1,784,878
	7,622,616	7,622,616

32 CAPITAL AND RESERVES (continued)

(c) Share capital/paid-in capital (continued)

In June and July 2012, the Company issued an aggregation of 1,622,616,000 H shares after exercise of overallotment option with a nominal value of RMB1.00 each, at a price of HK$1.65 per H share by way of an initial public offering (the "IPO) to Hong Kong and overseas investors. In connection with the IPO, 162,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd. ("CPECG"), Kunlun Trust Co., Ltd. ("Kunlun Trust"), Guizhou Wujiang Hydropower Development Co., Ltd. ("Wujiang Hydropower"), China Huadian Engineering (Group) Co., Ltd. ("Huadian Engineering"), Industrial Innovation Capital Management Co., Ltd. ("Xingye Capital") and Fujian Datong Chuangye Capital Co., Ltd. ("Datong Capital") were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "NSSF").

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

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

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

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

(ii) Statutory surplus reserve

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

32 CAPITAL AND RESERVES (continued)

(e) Distributability of reserves

At 31 December 2013, the aggregate amount of reserves available for distribution to shareholders of the Company was RMB140,278,000 (31 December 2012: RMB87,034,000). After the end of the reporting period the directors proposed a final dividend of RMB3.82 cents per ordinary share (2012: RMB2.89 cents) amounting to RMB304,820,000 (2012: RMB220,294,000) (note 32(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

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

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at 31 December 2013 are 80% (31 December 2012 (restated): 79%).

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

33 FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

Substantially all of the Group's cash and cash equivalents as at 31 December 2013 and 2012 are deposited in the stated owned/controlled PRC banks, which the directors assessed the credit risk to be insignificant.

33 FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 92.25% of total trade debtor and bills receivable as at 31 December 2013 (31 December 2012 (restated): 86.85%). For other trade debtors and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

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

The Group provided financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 35(a), the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 35(a).

(b) Liquidity risk

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

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2013, the Group has unutilized banking facilities of RMB18,605,126,000. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

33 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The following table details 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					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 26(a))	34,649,880	45,576,983	6,443,786	5,261,730	14,732,070	19,139,397
Short-term borrowings (note 26(b))	7,268,135	7,549,335	7,549,335	–	–	–
Obligations under finance leases (note 27)	844,631	1,128,744	143,592	114,908	326,017	544,227
Trade creditors and bills payable (note 28)	1,776,970	1,776,970	1,776,970	–	–	–
Other payables (note 29)	8,048,832	8,048,832	8,048,832	–	–	–
	52,588,448	64,080,864	23,962,515	5,376,638	15,058,087	19,683,624

The Group	2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (restated-note 38(a))(note 26(a))	29,884,881	40,127,924	4,571,116	5,752,714	11,321,777	18,482,317
Short-term borrowings (note 26(b))	6,654,497	6,884,531	6,884,531	–	–	–
Obligations under finance leases (restated-note 38(a)) (note 27)	2,211,242	2,867,208	413,224	266,491	1,515,478	672,015
Trade creditors and bills payable (restated note-38(a)) (note 28)	1,171,581	1,171,581	1,171,581	–	–	–
Other payables (restated note-38(a))(note 29)	7,793,341	7,793,341	7,793,341	–	–	–
	47,715,542	58,844,585	20,833,793	6,019,205	12,837,255	19,154,332

33 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Company	2013					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 26(a))	2,844,794	3,824,185	381,406	407,716	1,492,865	1,542,198
Short-term borrowings (note 26(b))	5,338,000	5,558,550	5,558,550	–	–	–
Trade creditors and bills payable	4,580	4,580	4,580	–	–	–
Other payables (note 29)	1,040,616	1,040,616	1,040,616	–	–	–
	9,227,990	10,427,931	6,985,152	407,716	1,492,865	1,542,198

The Company	2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 26(a))	858,500	1,044,798	237,713	295,925	314,125	197,035
Short-term borrowings (note 26(b))	4,029,000	4,164,186	4,164,186	–	–	–
Trade creditors and bills payable	585	585	585	–	–	–
Other payables (note 29)	715,000	715,000	715,000	–	–	–
	5,603,085	5,924,569	5,117,484	295,925	314,125	197,035

(c) Interest rate risk

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

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2013 and 2012, however, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The interest rate and maturity information of the Group's and the Company's borrowings are disclosed in note 26.

33 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

	The Group	
	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Net fixed rate borrowings:		
Borrowings (note 26)	9,819,827	8,494,497
Obligations under finance leases (note 27)	114,410	119,871
	9,934,237	8,614,368
Net floating rate borrowings:		
Borrowings (note 26)	32,098,188	28,044,881
Obligations under finance leases (note 27)	730,221	2,091,371
Less: Deposits at bank (including restricted deposits)	2,001,799	2,801,584
	30,826,610	27,334,668
Total net borrowings	40,760,847	35,949,036

	The Company	
	2013 RMB'000	2012 RMB'000
Net fixed rate borrowings:		
Borrowings (note 26)	5,037,794	3,729,000
Net floating rate borrowings:		
Borrowings (note 26)	3,145,000	1,158,500
Less: Deposits at bank (including restricted deposits)	203,915	938,454
	2,941,085	220,046
Total net borrowings	7,978,879	3,949,046

33 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

At 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and the total equity by approximately RMB203,456,000 (2012 (restated): RMB162,984,000).

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

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The sensitivity analysis is performed on the same basis for the years of 2013 and 2012.

(d) Currency risk

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

(i) Recognised assets and liabilities

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

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

33 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk

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

The Group	2013			2012		
	US$ RMB'000	EUR RMB'000	HK$ RMB'000	US$ RMB'000	EUR RMB'000	HK$ RMB'000
Cash and cash equivalents	1	2,090	8,548	8	2,064	671,554
Other current assets	–	–	–	16,861	237,519	–
Long-term borrowings	(342,347)	–	–	(187,610)	–	–
Net exposure	(342,346)	2,090	8,548	(170,741)	239,583	671,554

The Company	2013 HK$ RMB'000	2012 HK$ RMB'000
Cash and cash equivalents	8,548	671,554

The followings are US$, EUR and HK$ exchange rates to RMB during the year ended 31 December 2013 and 2012:

	Average rate		Reporting date spot rate	
	2013	2012	2013	2012
US$	6.1970	6.3100	6.0969	6.2855
EUR	8.2456	8.1439	8.4189	8.3176
HK$	0.7989	0.8134	0.7862	0.8109

(Expressed in RMB unless otherwise indicated)

33 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

A 5% strengthening of RMB against the following currencies as at 31 December 2013 and 2012 would have increased/(decreased) the Group's and the Company's profit after tax and the total equity by the amounts shown below.

	The Group		The Company	
	2013	2012	**2013**	2012
US$	**12,838**	6,403	**–**	–
EUR	**(78)**	(8,984)	**–**	–
HK$	**(321)**	(25,183)	**(321)**	(25,183)
	12,439	(27,764)	**(321)**	(25,183)

A 5% weakening of RMB against the above currencies as at 31 December 2013 and 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis is performed on the same basis for the years of 2013 and 2012.

33 FINANCIAL INSTRUMENTS (continued)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

At 31 December 2012 and 2013, the Company and the Group did not have any assets and liabilities measured at fair values.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost primarily including receivables, payables and borrowings, are not materially different from their fair values as at 31 December 2013 and 2012, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

As at 31 December 2013, the investments in unquoted equity securities (see note 19) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose these investments.

34 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2013 and 2012 not provided for in the financial statements were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Contracted for	**3,060,921**	6,411,540	**151,853**	167,210
Authorized but not contracted for	**8,529,785**	8,879,379	**–**	181,737
	11,590,706	15,290,919	**151,853**	348,947

(b) At 31 December 2013 and 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**14,019**	15,044	**12,182**	2,597
After 1 year but within 5 years	**42,310**	42,838	**38,256**	98
More than 5 years	**96,964**	106,460	**91,311**	–
	153,293	164,342	**141,749**	2,695

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

35 CONTINGENT LIABILITIES

(a) Financial guarantees issued

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

	The Group	
	2013 RMB'000	2012 RMB'000
Financial guarantees to banks for:		
– Associates	26,426	17,780
– A third party	–	93,300
	26,426	111,080

As at 31 December 2013, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

As at 31 December 2012 and 2013, the Company did not issue any financial guarantees to other entities.

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

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

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

As set out in note 29(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuantan Hydropower has prepaid aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

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

36 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Purchase of coal shipping service from		
Fellow subsidiaries	71,777	83,728
Purchase of construction service and construction materials from		
Fellow subsidiaries	796,886	801,102
Office rental and property management service provided by		
Fellow subsidiaries	16,713	13,927
Sale of goods and providing agent service to		
Fellow subsidiaries	3,517	–
Purchases of coal from		
Fellow subsidiaries	911,222	129,673
Working capital provided to/(got back from)		
Huadian	(28,000)	(60)
Associates	–	(3,119)
Loan guarantees provided to/(released from)		
Associates and joint venture	8,646	(131,520)
Loan guarantees provided/(revoked) by		
Huadian	2,682,500	(4,515,900)
Loans received from/(repayment to)		
Huadian Finance	360,000	260,000
Huadian	–	(1,223,553)

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

	2013 RMB'000	2012 RMB'000 (restated-note 38(a))
Net deposit change in		
Huadian Finance	**1,037,183**	58,353
Interest expenses		
Huadian Finance	**23,138**	4,613
Huadian	**123,762**	207,791
Interest income		
Huadian Finance	**13,383**	1,242
Associates	**5,005**	–
Purchase of interest in associate from		
Huadian	**–**	41,158
Purchase of a subsidiary from		
Huadian	**610,845**	–

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 23, 26, 28, 29, and 35 (a).

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

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

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

– Sales of electricity;

– Depositing and borrowing money;

– Purchase of materials and receiving construction work services; and

– Service concession arrangements.

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

For the year ended 31 December 2013, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 98.63% of total revenue from the sales of electricity (2012 (restated): 98.94%). As at 31 December 2013, the trade debtors and bills receivable due from these power grid companies accounted for 92.25% of total trade and bills receivable (31 December 2012 (restated): 86.85%).

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

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

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel remuneration

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

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

	2013 RMB'000	2012 RMB'000
Salaries and other emoluments	2,517	1,557
Discretionary bonus	3,017	2,779
Retirement scheme contributions	513	644
Deferred compensation plan	91	480
	6,138	5,460

(e) Contributions to defined contribution retirement plans

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

(f) Commitment with related parties

	At 31 December 2013 RMB'000	At 31 December 2012 RMB'000
Capital commitment	581,925	1,311,625
Commitment for office rental and property management fee	140,850	146,964

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

The related party transactions with Huadian and its subsidiaries in respect of the sales and purchase of goods, providing and receiving service, borrowing loans, and purchase of interest in associate, as disclosed in note 36(a), constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "connected transactions" of the Director's Report of the Group for the year ended 31 December 2013.

37 RETIREMENT PLANS

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

38 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of business under common control

In June 2013, the Company acquired 100% equity interests in Kemen II from Huadian, at a cash consideration of approximately RMB610,845,000.

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

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

	At the acquisition date RMB'000
Consideration	
– Cash paid in 2013	582,845
– Net off receivable from Huadian	28,000
Total consideration	610,845

38 ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of business under common control (continued)

Recognised amounts of carrying value of identifiable assets acquired and liabilities assumed:

	At the acquisition date RMB'000
Property, plant and equipment	2,704,587
Lease prepayment	168,209
Other non-current assets	14,834
Trade debtors and bills receivable	139,039
Prepayments and other current assets	54,984
Inventory	44,923
Cash and cash equivalents	318,032
Trade creditors	(204,333)
Other payables	(42,631)
Tax payable	(24,521)
Borrowings	(2,170,000)
Obligation under finance leases	(500,000)
Deferred tax liabilities	(43,412)
Total identifiable net assets	459,711

38 ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of business under common control (continued)

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

	The Group (as previously reported) RMB'000	Kemen II RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Results of operations for the year ended 31 December 2012:				
Operating profit	3,199,392	278,482	–	3,477,874
Profit for the year	1,302,970	52,627	–	1,355,597
Profit attributable to:				
– Shareholders of the Company	1,040,484	52,627	–	1,093,111
– Non-controlling interests	262,486	–	–	262,486
Basic and diluted earnings per share (RMB cents)	15.26	0.77	–	16.03
Balance sheet as at 31 December 2012:				
Non-current assets	50,782,214	2,946,669	–	53,728,883
Current assets	6,918,194	700,266	(6,817)	7,611,643
Current liabilities	(18,461,270)	(312,677)	6,817	(18,767,130)
Non-current liabilities	(26,792,291)	(3,072,291)	–	(29,864,582)
Total equity attributable to the shareholders of the Company	(10,312,216)	(261,967)	–	(10,574,183)
Non-controlling interests	(2,134,631)	–	–	(2,134,631)
Balance sheet as at 1 January 2012:				
Non-current assets	44,688,094	2,972,130	–	47,660,224
Current assets	5,560,111	1,247,007	(659,078)	6,148,040
Current liabilities	(17,843,650)	(1,989,797)	659,078	(19,174,369)
Non-current liabilities	(23,094,973)	(2,170,000)	–	(25,264,973)
Total equity attributable to the shareholders of the Company	(7,504,241)	(59,340)	–	(7,563,581)
Non-controlling interests	(1,805,341)	–	–	(1,805,341)

38 ACQUISITION OF SUBSIDIARIES (continued)

(b) Other acquisition of subsidiaries

The Group obtained control of Fujian Taiyu Investment (Group) Company Limited ("Fujian Taiyu") and other subsidiaries during the year ended 31 December 2013. The newly acquired subsidiaries are principally engaged in the hydro power and wind power generation and sale in PRC.

	At the acquisition date		
	Fujian Taiyu RMB'000	Others RMB'000	Total RMB'000
Consideration:			
Cash paid in 2013	274,541	25,200	299,741
Cash paid prior to 2013	10,000	80,026	90,026
Consideration to be paid	85,326	–	85,326
Net off receivable from the prior shareholder	–	41,800	41,800
Total	369,867	147,026	516,893
Identifiable net assets			
Property, plant and equipment	1,037,428	509,703	1,547,131
Intangible assets	2,818	–	2,818
Investment in associate entities	77,636	–	77,636
Other non-current assets	–	48,238	48,238
Trade debtors and bills receivable	10,811	1,881	12,692
Prepayments and other current assets	32,182	66,288	98,470
Inventory	109	–	109
Cash and cash equivalents	59,629	11,667	71,296
Borrowings	(373,135)	–	(373,135)
Trade creditors and bills payable	(6,763)	(410,386)	(417,149)
Other payables	(212,815)	(39,233)	(252,048)
Tax payable	(3,962)	(750)	(4,712)
Deferred tax liabilities	(97,973)	(16,501)	(114,474)
Total identifiable net assets	525,965	170,907	696,872

38 ACQUISITION OF SUBSIDIARIES (continued)

(b) Other acquisition of subsidiaries(continued)

Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	At the acquisition date		
	Fujian Taiyu RMB'000	Others RMB'000	Total RMB'000
Total consideration	369,867	147,026	516,893
Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities of the acquire	193,946	33,000	226,946
Fair value of identifiable net assets	(525,965)	(170,907)	(696,872)
Goodwill	37,848	9,119	46,967

The goodwill is attributable mainly to the skills and technical talent of acquired subsidiaries' work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for income tax purpose.

All acquisition-related costs have been charged to other operating expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013.

The acquired businesses in aggregate contributed revenues of RMB2,466,000 and profit of RMB866,000 to the Group since their respective acquisition dates to 31 December 2013. Had these acquired businesses been consolidated from 1 January 2013, the management estimates that consolidated revenue of the Group for the year would have increased by RMB149,955,000 and consolidated profit after taxation of the Group for the year would have increased by RMB15,965,000. In determining these amounts, the management has assumed that the fair value adjustments arose on the dates of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

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

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

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

(a) Impairment losses for bad and doubtful debts

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

(b) Impairment losses of non-current assets

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

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

(c) Recognition of deferred tax assets

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

(d) Depreciation

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

(e) Income tax

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

(f) Provision for guarantees

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

40 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2013, the directors consider the immediate parent and ultimate controlling party of the Group to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statements available for public use.

(Expressed in RMB unless otherwise indicated)

41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the IASB has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	1 January 2014
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*	1 January 2014
Annual improvements to IFRSs 2010-2012 cycle	1 January 2014
Annual improvements to IFRSs 2011-2013 cycle	1 January 2014
IFRS 9, *Financial instruments*	Unspecified

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

42 SUBSEQUENT EVENTS

On 21 March 2014, the Board proposed a final dividend. Further details are disclosed in note 32(b).

The Company completed a placing of new H shares on 5 February 2014. An aggregate of 356,975,520 H shares has been successfully allotted and issued to no less than six but no more than ten placees at a price of HK$3.30 per H share. The aggregate gross proceeds from the placing amount to approximately HK$1,178,019,216.

According to the subscription of shares agreement entered into between the Group and China Wind Power Group on 18 December 2013, the Group made a total payment of HK$378,400,000 for share subscription on 19 March 2014.

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"availability factor"	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
"average utilization hours"	the gross generation in specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of Directors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
"Corporate Governance Code and Report"	the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Directors"	the director(s) of the Company
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"GW"	gigawatt, a unit of power. 1 GW = 1,000 MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huadian"	China Huadian Corporation
"Huadian Engineering"	China Huadian Engineering (Group) Co., Ltd. (中國華電工程（集團）有限公司), a subsidiary of Huadian
"Huadian Finance"	China Huadian Finance Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian

Definition and Glossary of Technical Terms

"Huadian Group"	Huadian and its subsidiaries (excluding the Company and its subsidiaries)
"Huadian New Energy"	Huadian New Energy Development Co., Ltd. (華電新能源發展有限公司), a wholly-owned subsidiary of the Company
"Kemen II"	Fujian Huadian Kemen II Power Generation Co., Ltd
"Kemen Power Plant"	Fujian Huadian Kemen Power Generation Co., Ltd. (福建華電可門發電有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company
"kWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"Listing Date"	28 June 2012, being the date on which the Company's shares were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NDRC"	National Development and Reform Commission of the PRC
"NSSF"	National Council for Social Security Fund of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"PRC" or "China"	the People's Republic of China
"Reporting Period"	the period from the 1 January 2013 to 31 December 2013
"Shaowu Power Plant"	Fujian Huadian Shaowu Power Generation Co., Ltd., with 60.0% of its equity interests being held by the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	supervisor(s) of the Company

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

25th Floor, Yifa Plaza,
No. 111 Wusi Road,
Gulou District,
Fuzhou,
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

1701, Building A,
Huadian Plaza,
No. 2 Xuanwumennei Road,
Xicheng District,
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

MEMBERS OF THE BOARD

Executive Directors

Mr. Fang Zheng *(Chairman of the Board)*
Mr. Jiang Bingsi *(President)*
Mr. Li Lixin

Non-executive Directors

Mr. Chen Bin
Mr. Tao Yunpeng
Mr. Zong Xiaolei

Independent non-executive Directors

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

Corporate Information

COMMITTEES OF THE BOARD

Audit Committee

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

Nomination Committee

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

Remuneration and Assessment Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Directors)*
Mr. Jiang Bingsi *(Executive Director and President)*

Strategic Committee

Mr. Fang Zheng *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Chen Bin *(Non-executive Director)*
Mr. Zhou Xiaoqian *(Independent Non-executive Director)*

SUPERVISORS

Mr. Li Changxu
Mr. Wang Kun
Mr. Huang Chunqi
Mr. Xie Chunwang
Ms. Hu Xiaohong
Mr. Xu Jin

JOINT COMPANY SECRETARIES

Mr. Liu Lei
Ms. Mok Ming Wai

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Fang Zheng

AUTHORIZED REPRESENTATIVES

Mr. Fang Zheng
Ms. Mok Ming Wai

AUDITOR

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

LEGAL ADVISORS

As to Hong Kong law

Paul Hastings
21-22/F, Bank of China Tower, 1 Garden Road,
Central, Hong Kong

As to PRC law

Jia Yuan Law Offices
F407-F408, Yuanyang Building,
158 Fuxingmennei Avenue,
Beijing, the PRC

COMPLIANCE ADVISOR

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower, 1 Tim Mei Avenue,
Central, Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation
(Fuzhou Chengbei Branch)
No. 18 Guping Road,
Gulou District, Fuzhou,
Fujian Province, the PRC

China Development Bank Corporation (Fujian Branch)
No. 111 Wusi Road,
Fuzhou,
Fujian Province, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District,
Beijing, the PRC

Postal Savings Bank of China
No. 3 Financial Street, Xicheng District,
Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

COMPANY'S WEBSITE

www.hdfx.com.cn

STOCK CODE

00816