華能新能源股份有限公司

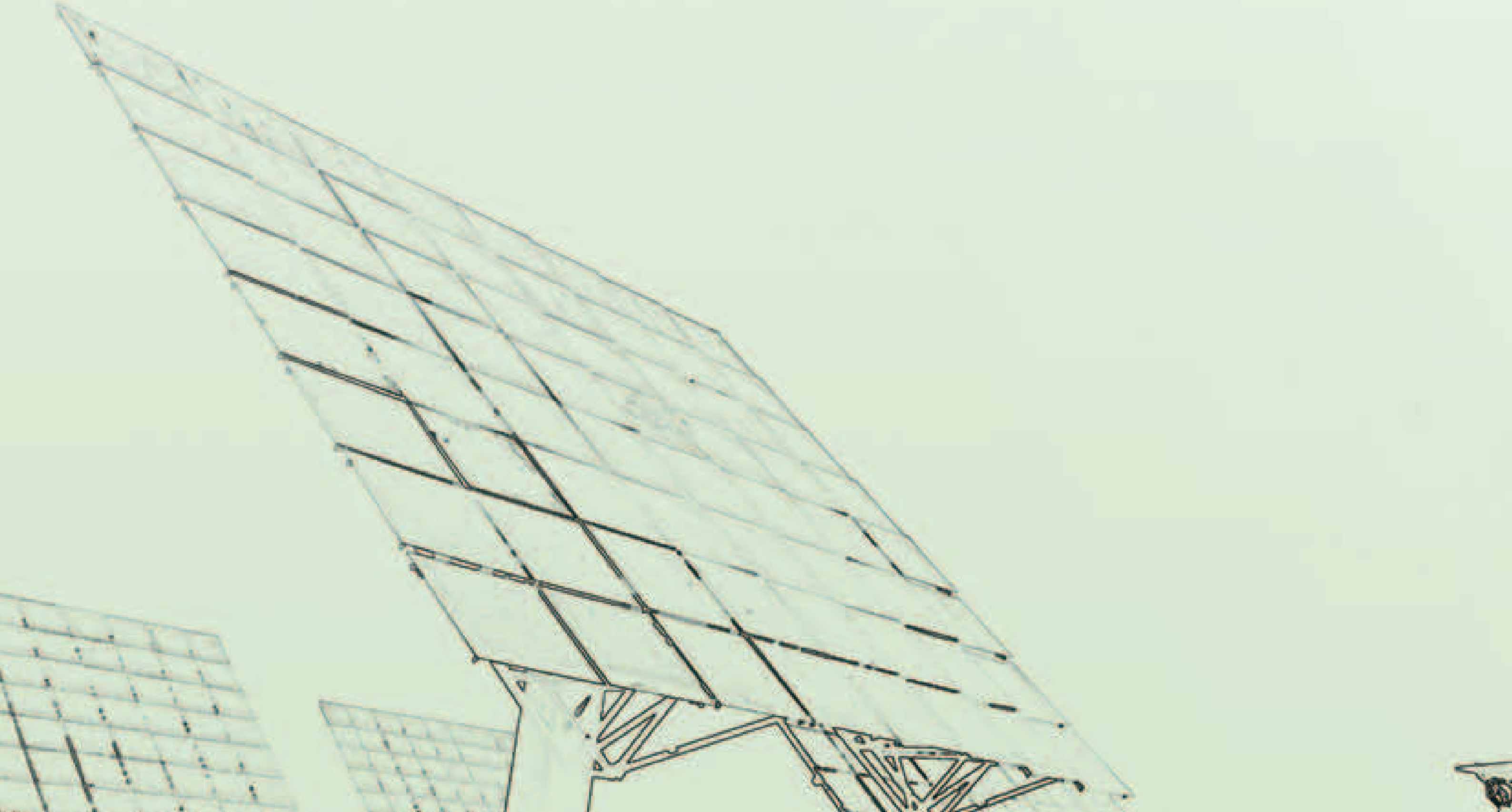
Huaneng Renewables Corporation Limited *

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

(Stock Code: 0958)

2014 Annual Report

** For identification purpose only*



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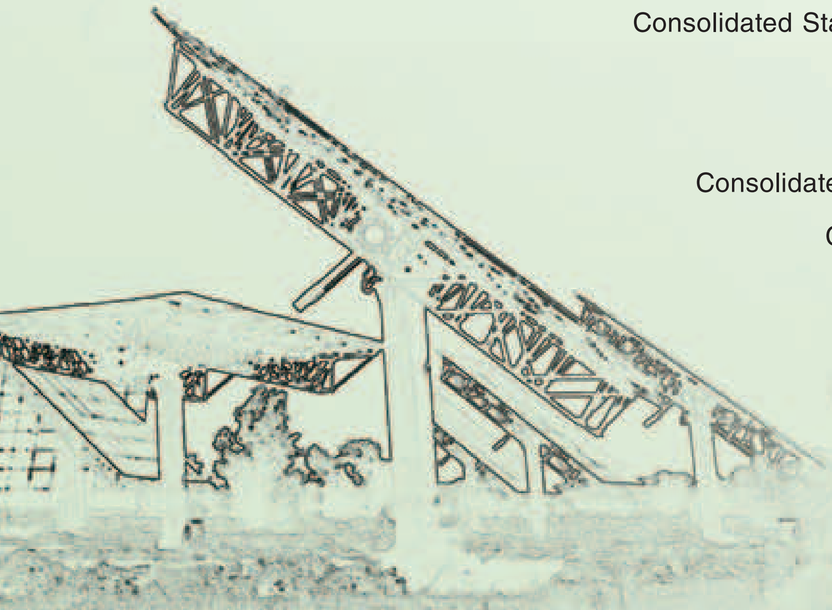


Chairman's Statement

Dear Shareholders,

In 2014, facing an exceptionally challenging business environment, the Company diligently made solid progress under the leadership of the Board and guidance of the management, thereby constantly improved the operational efficiency, achieved proven results in structural adjustment and breakthroughs in the reform of regulatory framework, further enhanced its market image, and fully met all the targets set by the Board.

As at the end of 2014, the Company had a totally installed capacity of 8,011.4 MW, representing an increase of 22.3% compared to the previous year, with 7,526.4 MW from wind power and 485.0 MW from solar power. The total assets of the Company reached RMB74,140.0 million, representing an increase of 22.2% compared to the previous year, which reflected a steady growth in its scale of assets. During the year, the Company obtained approvals for wind power projects with a total capacity of 2,037.5 MW, among which 75.5% was from projects in Tier IV Resources Regions, reflecting continuous optimisation in the structural layout. Honored with the "Best Investor Relations Management Award" by the China Securities Golden Bauhinia Awards in 2014, the Company was widely and fully recognised by the capital market.

2015 does not only mark the completion of the "Twelve-five year" plan and the composition of the "Thirteenth-five year" plan, but is also a crucial year for the comprehensive deepening of reforms and the first year for the full implementation of governance according to law in the PRC. Currently, economic development in the PRC has entered a phase of New Normal, where the total demand for power is growing at medium to low rate, and the supply of low-carbon clean energy becomes the long-term development trend. The restructuring of the power industry is continuously deepened, and the marketisation of resource allocation is gradually strengthened. Reducing on-grid tariffs for onshore wind power, aligning on-grid price of wind power with coal power price, as well as aligning photovoltaic power price with grid power price will be the long-term direction for policy adjustment. Following the announcement and implementation of the new "Production Safety Law" and "Environmental Protection Law", corporate governance according to law is furthered tightened to ensure safety in operation. The "Energy Development Strategy Action Plan (2014-2020)" clearly stated that, by 2020, the wind power installed capacity will reach 200 million kW and the photovoltaic power installed capacity needs to reach 100 million kW. The prospect of renewable energy industry is very promising. At the

moment, Huaneng Group's scale of installed capacity ranked first in the world, of which the installed capacity of low-carbon clean energy reached 41 million kW, accounting for 27% of the total installed capacity. Speeding up the development of clean energy is fundamental to the Company's structural adjustment, transformation and upgrading. The Group has also tilted its allocation of manpower, capital and resources towards low-carbon clean energy which is efficient and strategically important. Huaneng Renewables, being the main force of Huaneng Group in renewable energy development, will undertake greater responsibilities in the structural adjustment and transformation of the Group, and will make greater contributions in the development of renewable energy industry.

Looking ahead to 2015, the Company will proactively adapt to the New Normal of the power market, and actively study, evaluate and respond to the restructuring of the power industry, seize the opportunities from the adjustment of the wind power price, put more efforts in strengthening structural adjustment, fully develop wind power, speed up photovoltaic power development, enhance the quality and efficiency of development, further increase its market competitiveness and ability for sustainable development, actively and steadily promote reforms and innovation in the framework and system, continuously improve any new frameworks and new systems related to development of renewable energy, thus building the Company into the most competitive top-notch listed renewable energy company and continuously bringing sustainable, stable and increasing investment returns to its shareholders.

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

CAO Peixi
Chairman

President's Statement

Dear Shareholders,

In 2014, the Company seized opportunities, overcame difficulties and managed to achieve new progress in various areas, despite the challenges such as the unfavorable wind conditions across China, slower growth in power consumption and policy risks from onshore wind power tariff reduction. Under the leadership of the Board, these achievements are the result of the joint efforts and dedication of the management and staff by adhering to an approach with a focus on economic efficiency and adopting the main themes of "enhancing quality and efficiency" and "optimizing power mix and layout".

Mirroring its efforts in strengthening management of facilities and marketing, the Company achieved a total power generation of 12,177.8 GWh in 2014, representing an increase of 9.3% year-on-year. Power generation per day exceeded 90 GWh, hitting a record high. With infrastructure projects in smooth construction progress, the Company's installed capacity increased by 1,460.5 MW during the year, including wind power projects of 1,305.5 MW and solar power projects of 155.0 MW. With further resource development, the Company obtained approvals for wind power projects with a total capacity of 2,038 MW during the year, and projects with a total of 2,765 MW had been included in the list of approved projects in the national plan. Project layout was optimized significantly, as the percentage of wind power installed capacity in Inner Mongolia, Liaoning and Jilin with severe wind power curtailment decreased from 57.4% at the end of 2011 to 41.3% at the end of 2014. Business performance was improved steadily, driven by the effectively enhanced capital management as well as the broadened financing channels, including accomplishment of the private placing of H shares. Revenue for the year was RMB6.15 billion, representing an increase of 4.1% year-on-year; and net profit attributable to equity holders was RMB1.12 billion, representing a growth of 22.8% year-on-year. Management innovations scaled new heights, as witnessed by consolidation of regional intensive management efforts in full steam and the bestowal of the second prize in the Enterprise Innovative Management Achievement Award in China on an innovation achievement of the Company.

In 2015, a critical year for the Company's project layout optimization, restructuring, transformation as well as a year to prepare for the transition to the "thirteenth five-year plan", the furthering of the energy restructuring in China will present vast growth potential to the new energy industry, albeit with challenges from power market reforms as well as policy changes including onshore wind power tariff reduction.

LIN Gang
President

Looking into 2015, the Company shall capture historical opportunities in the industry to make progress under the leadership of the Board. Firstly, efforts will be stepped up in compliance management, including full implementation of the new Production Safety Law and the Environmental Protection Law under a long-term mechanism. Secondly, emphasis will be placed on structural adjustment and layout optimization. Centering on wind power operation, the Company will vigorously promote wind power projects in regions with high potential profitability, with a focus on the preliminary work of national wind power bases and UHV (ultra-high voltage) power transmission projects. Photovoltaic operation will be taken as a pillar to accelerate the development of wind-solar complementary projects, while developing distributed photovoltaic projects in a proactive and prudent manner. The Company will also aggressively explore on wave energy and other renewable energy sources to advance continuous optimization of its power mix. Thirdly, the Company will earnestly improve quality and efficiency of development. The efforts include expediting project construction to step up transformation and upgrade, and steadily improving profitability by adhering to the management philosophy of economic efficiency. Fourthly, we will carry forward reforms and innovations to further sharpen our competitiveness, with an aim at strong growths both in installed capacity and profitability for better returns to shareholders.

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

Corporate Profile

• CORPORATE INTRODUCTION

The predecessor of Huaneng Renewables Corporation Limited (the "**Company**") is Huaneng New Energy Industrial Co., Ltd., which was established in November 2002. On 10 June 2011, the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") with an aggregate of 8,446,898,000 shares in issue, and later in October 2013 and December 2014, 582,317,360 H shares and 698,780,832 H shares were issued respectively by way of non-public offering. As at the end of 2014, the total number of shares of the Company was 9,727,996,192 shares, of which China Huaneng Group ("**Huaneng Group**"), the controlling shareholder of the Company, directly and indirectly held 56.90% of the Company's total issued shares.

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

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

• CORPORATE STRUCTURE

Huaneng Group

100% → Huaneng Capital Services Corporation Ltd.

Huaneng Capital Services Corporation Ltd. — 2.85% → The Company

Huaneng Group — 54.06% → The Company

Holders of H Share — 43.10% → The Company

The Company

100%	Huaneng Tongliao Wind Power Co., Ltd.
100%	Huaneng Baotou Wind Power Co., Ltd.
100%	Huaneng Huhhot Wind Power Co., Ltd.
100%	Huaneng Keyouzhongqi Wind Power Co., Ltd.
100%	Huaneng Chenbaerhuqi Wind Power Co., Ltd.
100%	Huaneng Manzhouli Wind Power Co., Ltd.
100%	Huaneng Fuxin Wind Power Co., Ltd.
100%	Huaneng Jinzhou Wind Power Co., Ltd.
100%	Huaneng Gaizhou Wind Power Co., Ltd.
100%	Huaneng Rongcheng Wind Power Co., Ltd.
100%	Huaneng Changyi Wind Power Co., Ltd.
100%	Huaneng Weifang Binhai Wind Power Co., Ltd.
100%	Huaneng Lijin Wind Power Co., Ltd.
100%	Huaneng Dongying Hekou Wind Power Co., Ltd.
100%	Huaneng Jimo Wind Power Co., Ltd.
100%	Huaneng Yantai Wind Power Co., Ltd.
100%	Huaneng Weifang Wind Power Co., Ltd.
100%	Huaneng Yishui Wind Power Co., Ltd.
100%	Huaneng Eryuan Wind Power Co., Ltd.
100%	Huaneng Dali Wind Power Co., Ltd.
100%	Huaneng Nanhua Wind Power Co., Ltd.
100%	Huaneng Yunlong Wind Power Co., Ltd.
100%	Huaneng Changning Wind Power Co., Ltd.
100%	Huaneng Weishan Wind Power Co., Ltd.
100%	Huaneng Heqing Wind Power Co., Ltd.
100%	Huaneng Kunming Wind Power Co., Ltd.
100%	Huaneng Yangjiang Wind Power Co., Ltd.
100%	Huaneng Raoping Wind Power Co., Ltd.
100%	Huaneng Zhanjiang Wind Power Co., Ltd.

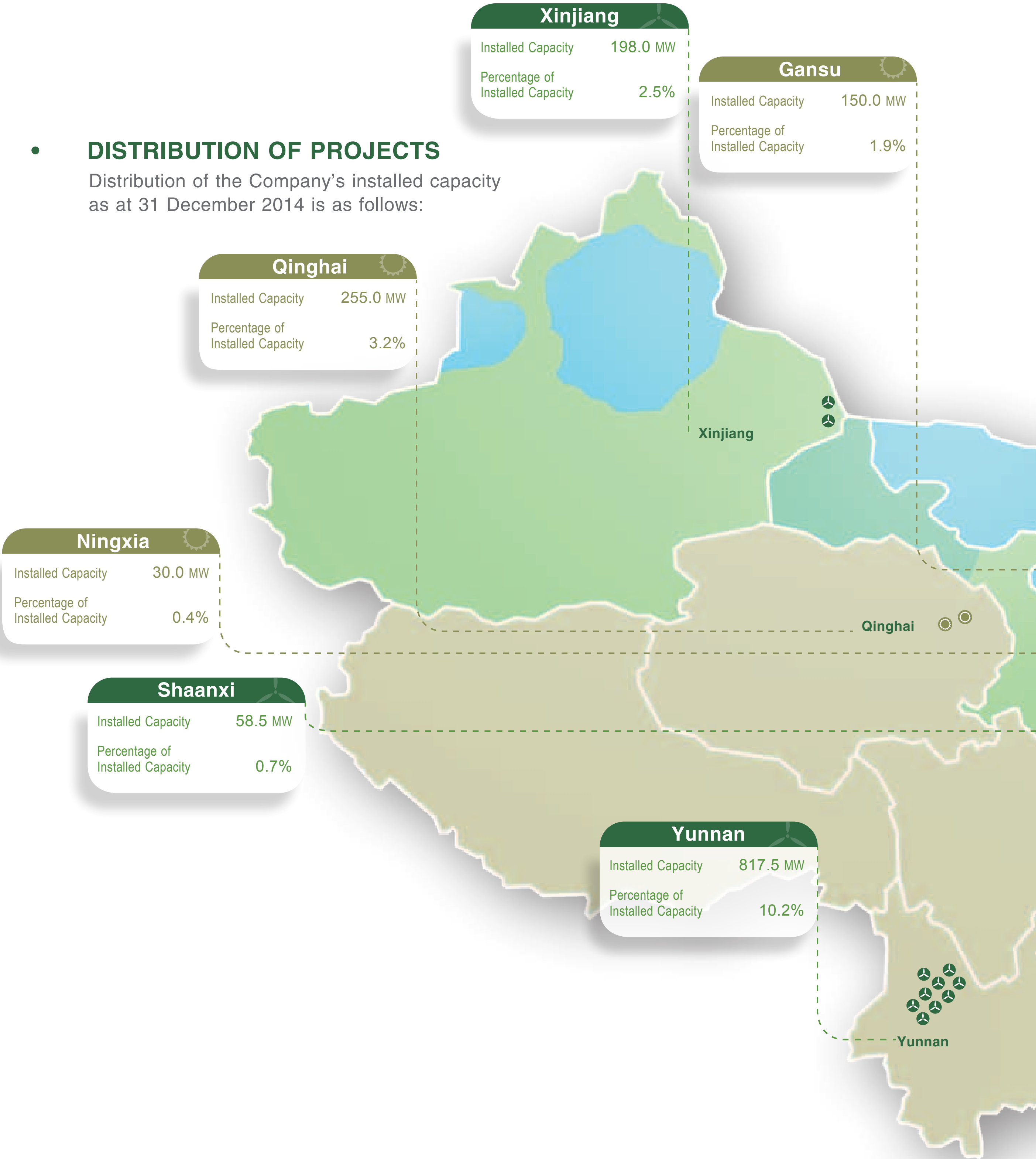
100%	Huaneng Ningwu Wind Power Co., Ltd.
100%	Huaneng Yuanping Wind Power Co., Ltd.
100%	Huaneng Tianzhen Wind Power Co., Ltd.
100%	Huaneng Pianguan Wind Power Co., Ltd.
100%	Huaneng Wutai Wind Power Co., Ltd.
100%	Huaneng Weining Wind Power Co., Ltd.
100%	Huaneng Hezhang Wind Power Co., Ltd.
100%	Huaneng Chengde Wind Power Co., Ltd.
100%	Huaneng Xinjiang Santanghu Wind Power Co., Ltd.
100%	Huaneng Tangshan Fengnan Wind Power Co., Ltd.
100%	Huaneng Xinjiang Qinghe Wind Power Co., Ltd.
100%	Huaneng New Energy Shanghai Power Co., Ltd.
100%	Huaneng Tongyu Xinhua Wind Power Co., Ltd.
100%	Huaneng Baicheng Wind Power Co., Ltd.
100%	Huaneng Dingbian New Energy Power Co., Ltd.
100%	Huaneng Zhaojue Wind Power Co., Ltd.
100%	Huaneng Huili Wind Power Co., Ltd.
100%	Huaneng Butuo Wind Power Co., Ltd.
100%	Huaneng Renewables (Hong Kong) Ltd.
100%	Huaneng Shenchi Wind Power Co., Ltd.
100%	Huaneng Huailai Wind Power Co., Ltd.
100%	Huaneng Fanshi Wind Power Co., Ltd.
100%	Huaneng Gansu Jinchang New Energy Power Co., Ltd.
100%	Jinchang Century Concord New Energy Co., Ltd.
100%	Yongchang Century Concord Solar Power Co., Ltd.
100%	Huaneng Ningnan Wind Power Co., Ltd.
100%	Huaneng Qingtongxia New Energy Power Co., Ltd.
100%	Huaneng Fuchuan Wind Power Co., Ltd.

100%	Huaneng Gonghe Solar Power Co., Ltd.
100%	Huaneng Shanwei Wind Power Co., Ltd.
100%	Huaneng Yunhe Wind Power Co., Ltd.
100%	Huaneng New Energy Pangxian Wind Power Co., Ltd.
100%	Huaneng Ge' ermu Solar Power Co., Ltd.
100%	Jinzhou Xiehe Xingda Wind Power Co., Ltd.
100%	Huaneng Chifeng New Energy Co., Ltd.
100%	Huaneng New Energy Shilin Solar Power Co., Ltd.
100%	Huaneng Changyun Wind Power Co., Ltd.
100%	Huaneng Laiyang Wind Power Co., Ltd.
100%	Huaneng Qixia Wind Power Co., Ltd.
100%	Huaneng Wulatehouqi New Energy Power Co., Ltd.
100%	Huaneng Zhenlanqi New Energy Power Co., Ltd.
100%	Huaneng Siziwangqi New Energy Power Co., Ltd.
51%	Huaneng Hulunbuir Wind Power Co., Ltd.
53%	Huaneng Panjin Wind Power Co., Ltd.
75%	Huaneng Tieling Wind Power Co., Ltd.
75%	Huaneng Tieling Daxing Wind Power Co., Ltd.
75%	Huaneng Tieling Kaiyuan Wind Power Co., Ltd.
55%	HNEEP-CLP Changdao Wind Power Co., Ltd.
55%	HNNE-CLP Weihai Wind Power Co., Ltd.
55%	Huaneng Shouguang Wind Power Co., Ltd.
55%	Huaneng Hong Kong Electric Dali Wind Power Co., Ltd.
50%	Huaneng Shantou Wind Power Co., Ltd.
63%	Huaneng Mingyang New Energy Investment Co., Ltd.
60%	Huaneng Shantou Nan' ao Wind Power Co., Ltd.
55%	Huaneng Laoting Wind Power Co., Ltd.
85%	Huaneng Jiaxing Wind Power Co., Ltd.

Note: Numbers may not add up due to rounding.

• DISTRIBUTION OF PROJECTS

Distribution of the Company's installed capacity as at 31 December 2014 is as follows:

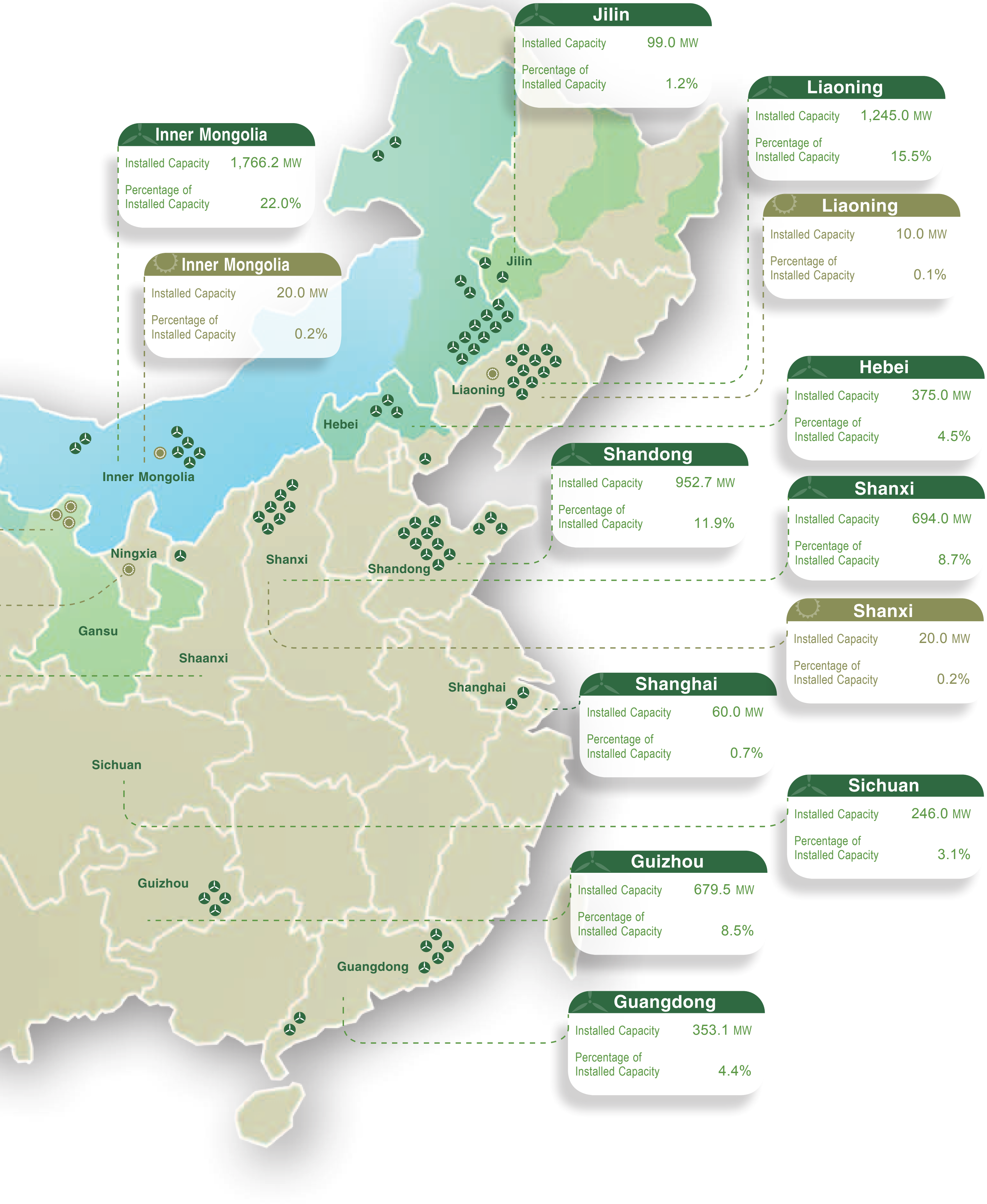


denotes wind power installed capacity

denotes solar power installed capacity

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

Corporate Profile



Major Corporate Events in 2014

JANUARY

The Company held its 2014 work meeting to review its works in 2013 and study the plan for its work in 2014.

MARCH

The Company announced its annual results for 2013. The Company held its 2013 annual results analyst meeting and press conference in Hong Kong, and carried out its 2013 annual results roadshow afterwards.

APRIL

The Company issued the announcement on power generation for the first quarter of 2014, announcing its gross power generation of 2,815,591.0 MWh, representing a year-on-year decrease of 4.7%.

MAY

The Company participated in the 17th China Beijing International Hi-Tech Expo.

Phases One to Five of the Huaneng Eryuan Maanshan Wind Farm Project was honoured with the 2014 China Quality Power Project Award (2014年度中國電力優質工程獎).

JUNE

The Company held its 2013 annual general meeting. Resolutions including the Work Report of the Board of Directors for 2013, Work Report of the Supervisory Committee for 2013, Financial Report for 2013 and Profit Distribution for 2013 were considered and passed.

The debut prototype tank test for the Huaneng Hainan Wave Energy On-grid Power Generation Demonstration Project was carried out with successful power generation.

JULY

The Company held its 2014 mid-year work meeting cum economic activities analysis meeting, and summarized its work in the first half of the year and analysed the circumstances faced by the Company to ensure achievement of the targets and tasks for the year.

The Company issued the announcement on power generation for the first half of 2014, announcing its gross power generation of 6,062,473.7 MWh, representing a year-on-year increase of 1.8%

AUGUST

The Company announced its interim results for 2014, with net profit attributable to equity shareholders reaching RMB686.1 million, representing a year-on-year increase of 2.9%.

The Company held its 2014 interim results announcement meeting in Hong Kong, and carried out its interim results roadshow afterwards.

SEPTEMBER

The Huaneng Zhaojue Tekou Jiagu Wind Farm Project (華能昭覺特口甲谷風電場項目) passed its 240-hour trial operation, marking the smooth commencement of operation of the Company's first wind power project in Sichuan and the Company's wind farm at the highest average altitude to date.

OCTOBER

At the 2014 Top 500 Global New Energy Enterprises Conference, the Company was selected as one of the 2014 Top 500 Global New Energy Enterprises and honoured with the Top 500 Global New Energy Enterprises Development Potential Award.

The Company issued the announcement on power generation for the first three quarters of 2014, announcing its gross power generation of 8,084,353.5 MWh, representing a year-on-year decrease of 1.6%.

NOVEMBER

Huaneng Tongliao Wind Power Company Limited entered into its first major wind power user direct power supply agreement with a high energy consumption enterprise in eastern Mongolia, effectively alleviating the passive situation of severe wind power curtailment in the Tongliao region.

DECEMBER

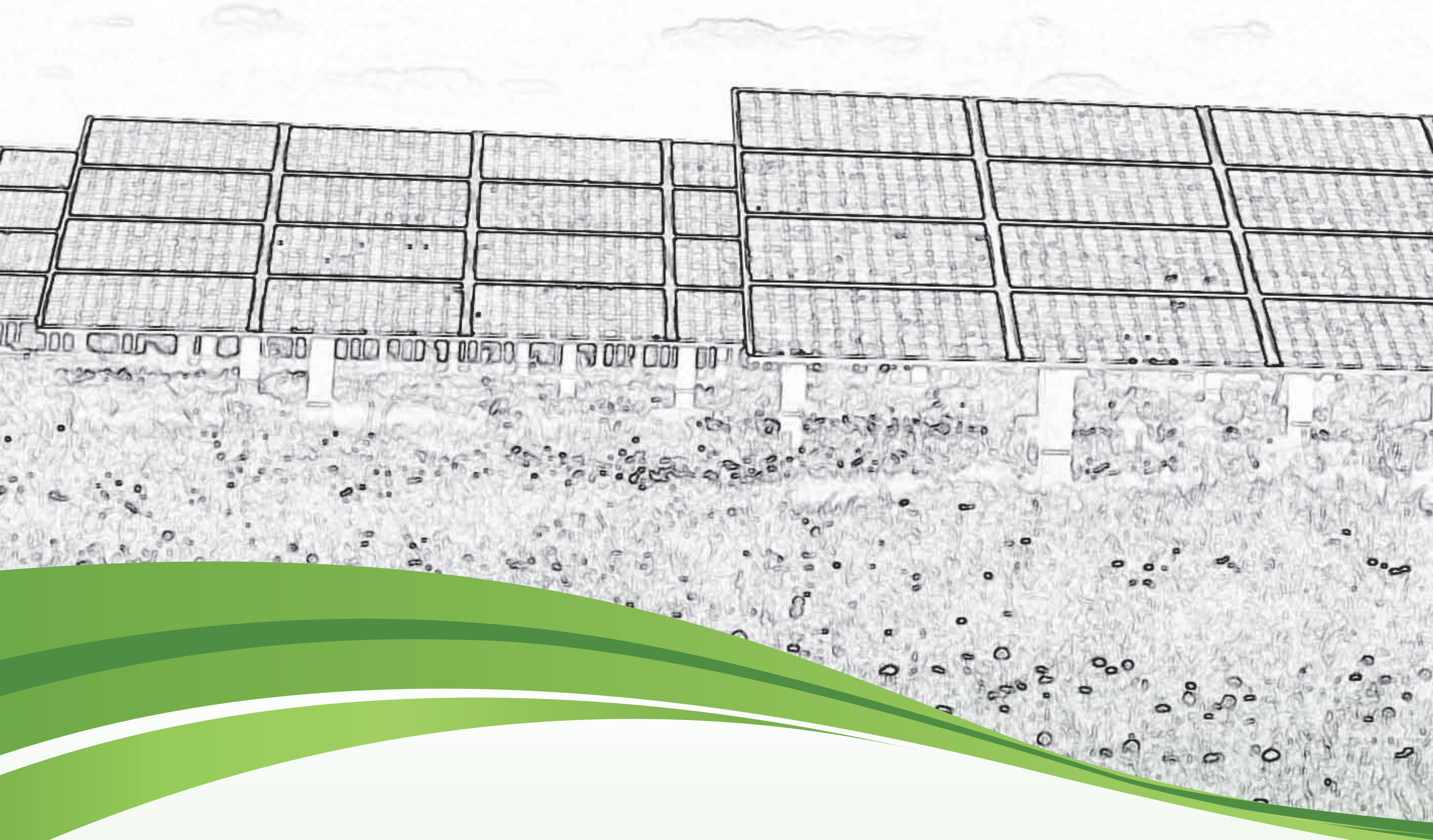
The Company was honoured with the award of Best Listed Company in Investor Relations Management at the 2014 Overseas Summit Forum for Listed China Companies cum China Securities Golden Bauhinia Award Ceremony held in Hong Kong.

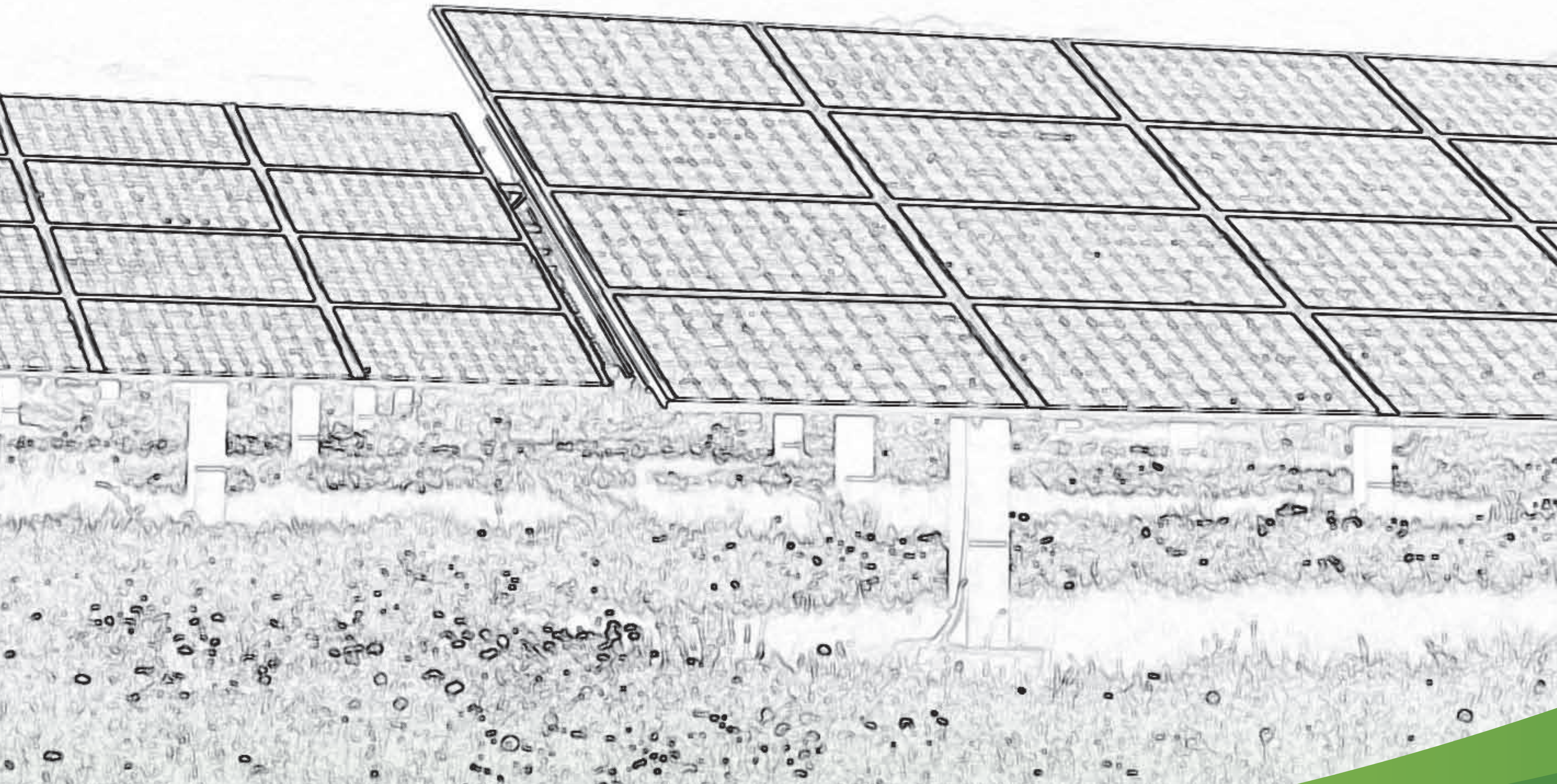
The Company completed its second non-public placing under the general mandate granted by the shareholders' meeting after the listing of its H shares and successfully placed 698,780,832 H shares, after which the total share capital of the Company amounted to 9,727,996,192 shares.

The Company concluded its management experience from the development, construction and operation of the Huaneng Langergou distributed demonstration wind farm with management innovation achievements, namely "Innovative Ideas for Power Projects and Building a New Model for Distributed Wind Power Development", and won the second prize in 2014 Enterprise Management Innovation Achievements Award in the Power Industry and the First Class Award in 2014 Management Innovation Achievements for China Huaneng Group.

The Huaneng Guangdong Nansan Haifeng Wind Power Project, the first coastal 3 MW double-bladed wind power project nationwide developed and operated by Company, went on-grid.

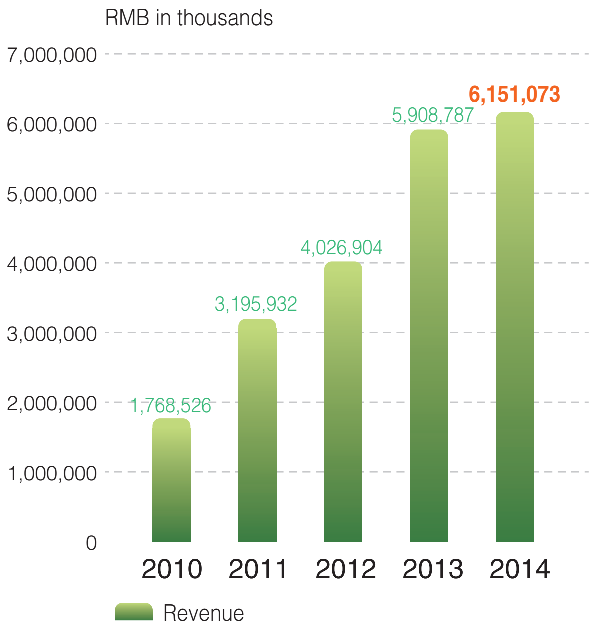
Financial & Operational Summary



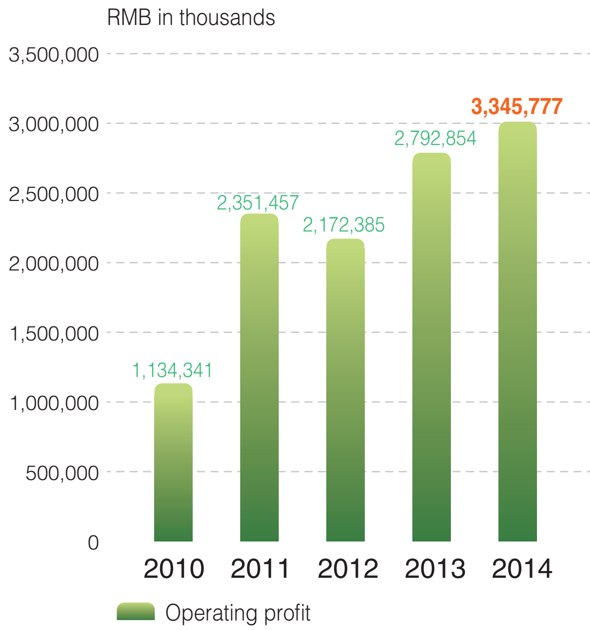


Financial and Operational Summary

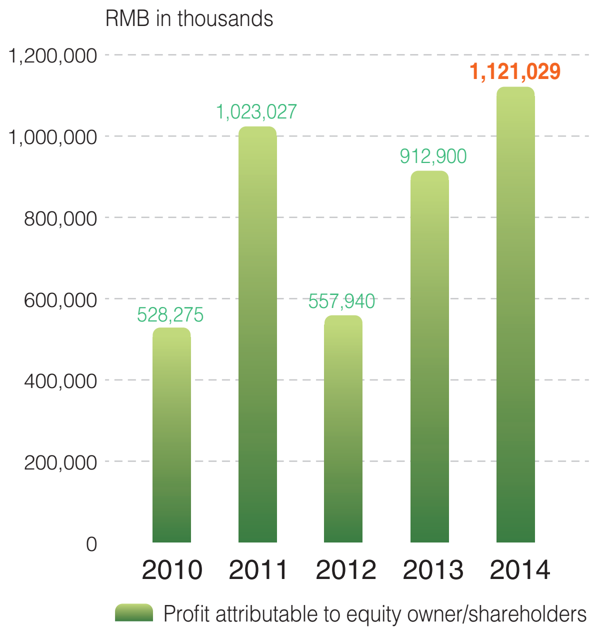
Revenue



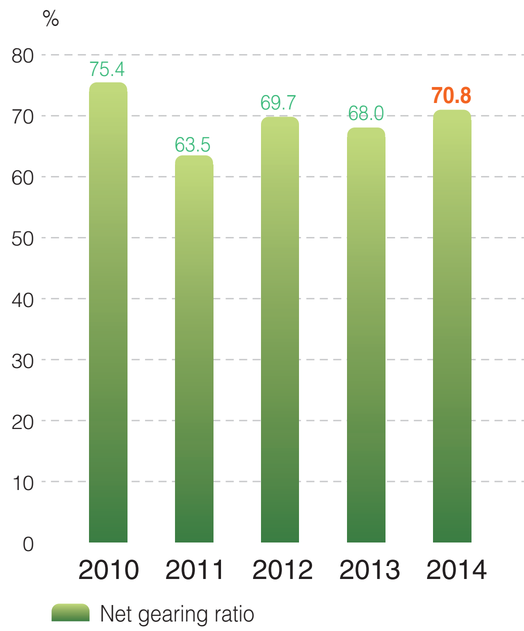
Operating profit



Net profit attributable to equity owner/shareholders



Net gearing ratio[1]

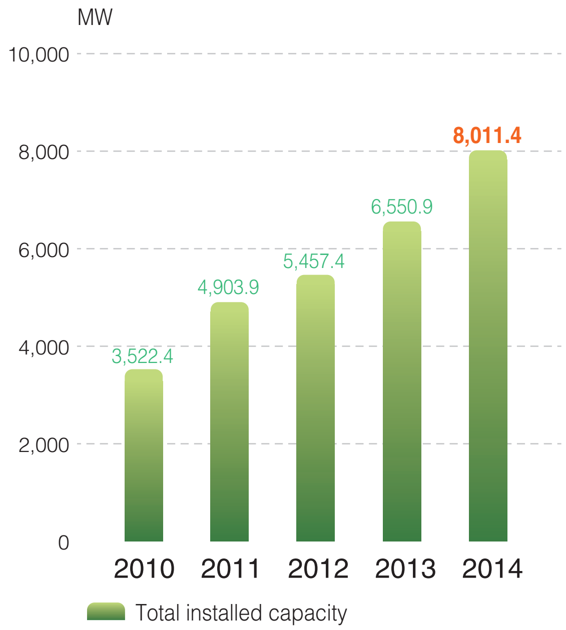


Note:

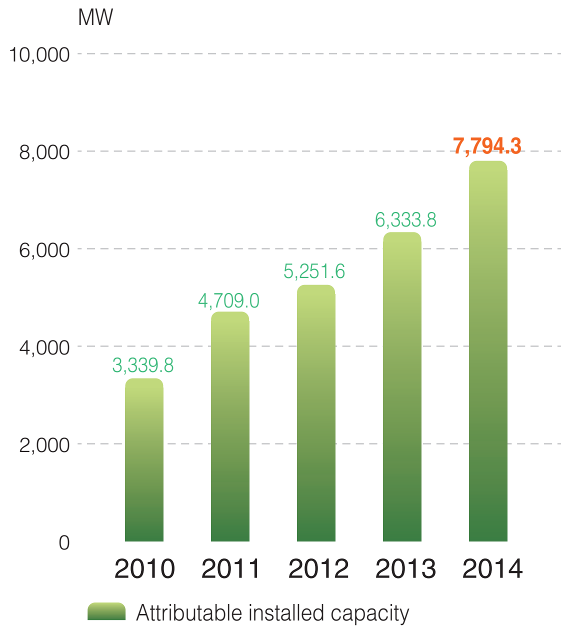
(1) The net gearing ratio is calculated by dividing the net debt (total borrowings and obligations under finance leases minus cash and cash equivalents) by the net debt plus total equity.

Financial and Operational Summary

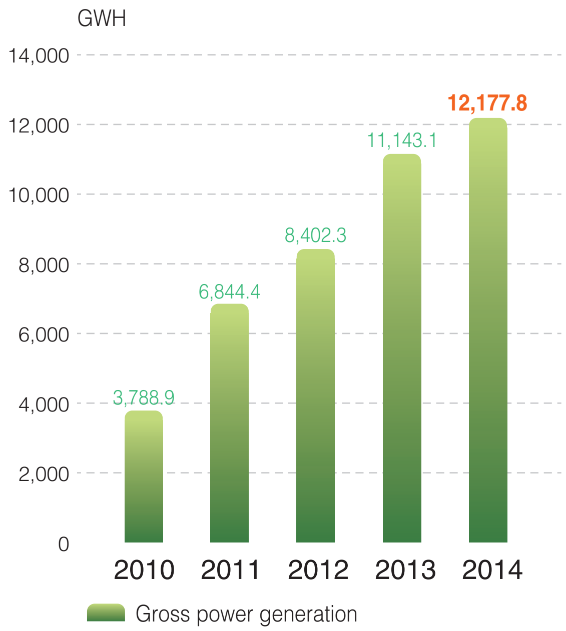
Total installed capacity



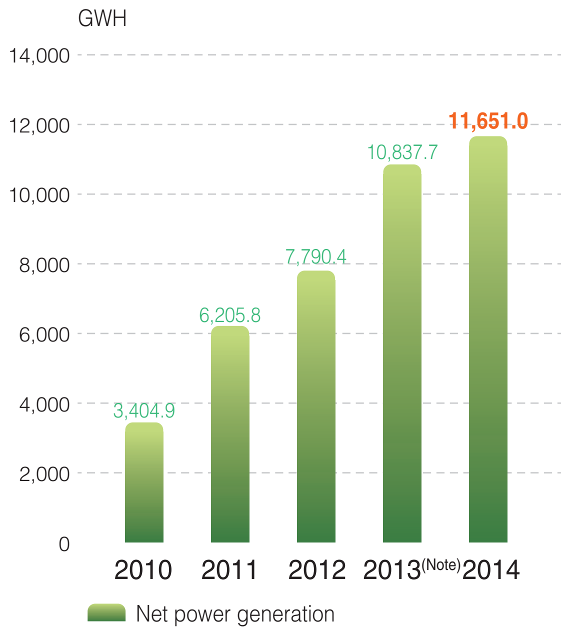
Attributable installed capacity



Gross power generation



Net power generation



Note: As the Company acquired a subsidiary under common control in 2014, the consolidated financial statements and the net power generation of the Group for the period before the acquisition have been restated to include the business results of such subsidiary.

5 YEARS SUMMARY OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2010	2011	2012	2013	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Note*)	***RMB'000***
Revenue	1,768,526	3,195,932	4,026,904	5,908,787	**6,151,073**
Other net income	249,832	682,522	189,542	79,035	**167,651**
Operating expenses	(884,017)	(1,526,997)	(2,044,061)	(3,194,968)	**(2,972,947)**
Operating profit	1,134,341	2,351,457	2,172,385	2,792,854	**3,345,777**
Net profit	609,416	1,106,821	601,084	942,349	**1,146,764**
Net profit attributable to:					
Equity owners/shareholders	528,275	1,023,027	557,940	912,900	**1,121,029**
Non-controlling interests	81,141	83,794	43,144	29,449	**25,735**
Basic and diluted earnings per share (RMB cents)	9.11	14.06	6.61	10.66	**12.39**

Note: As the Company acquired a subsidiary under common control in 2014, the consolidated financial statements of the Group for the period before the acquisition have been restated to include the business results of such subsidiary.

Financial and Operational Summary

5 YEARS SUMMARY OF CONSOLIDATED BALANCE SHEETS

	At 31 December				
	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000* *(Note)*	**2014** ***RMB'000***
Total non-current assets	30,965,653	41,356,375	44,152,975	50,811,145	**62,966,820**
Total current assets	2,478,973	10,174,321	9,545,946	9,859,871	**11,141,483**
Total assets	33,444,626	51,530,696	53,698,921	60,671,016	**74,108,303**
Total current liabilities	11,311,273	15,898,777	14,881,944	19,344,110	**25,740,898**
Total non-current liabilities	16,014,534	23,472,478	26,125,678	26,466,044	**31,512,204**
Total liabilities	27,325,807	39,371,255	41,007,622	45,810,114	**57,253,102**
NET ASSETS	6,118,819	12,159,441	12,691,299	14,860,902	**16,885,201**
Total equity attributable to equity owners/shareholders of the Company	5,283,886	11,331,519	11,820,042	14,024,769	**16,101,254**
Non-controlling interests	834,933	827,922	871,257	836,133	**783,947**
TOTAL EQUITY	6,118,819	12,159,441	12,691,299	14,860,902	**16,885,201**

Note: As the Company acquired a subsidiary under common control in 2014, the consolidated financial statements of the Group for the period before the acquisition have been restated to include the business results of such subsidiary.

Management Discussion & Analysis

2014 BUSINESS REVIEW

In 2014, with the generally unfavorable wind conditions across the country and slow growth in power consumption, as well as the policy risk associated with onshore wind power tariff reduction, the management and all the staff of the Company made concerted efforts, worked diligently and continued to focus on economic efficiency as its core and to adopt the main themes of "enhancing quality and efficiency" and "optimizing power structure and business layout" for proactively coping with the policy risk associated with wind power tariff reduction. Accordingly, the Company made remarkable success in adjusting its business layout, scaled new heights in management standards, improved operating results steadily and reaped new achievements in various aspects of work.

1. **Production safety remained stable and equipment management standard improved steadily**
   In 2014, the Company further improved the production safety and supervision system, enhanced the implementation of accountability system and the establishment of the production safety framework, and further regulated the process of production safety management and consolidated the foundation for safety management. The Company carried out remedial measures specifically for equipment by strengthening equipment maintenance and inspection as well as technical supervision so that the overall management standards of equipment remediation and operation improved steadily.

2. **Gross power generation achieved steady growth through reinforced marketing efforts and control over the progress in project construction**
   In 2014, facing with the general unfavourable wind conditions nationwide, the Company accordingly enhanced the marketing approach of existing assets, combining with the characteristics of different time intervals of the year for carrying out a variety of marketing methods, intensively boosted utilisation hours of the Company, actively participated in the transmission of excessive wind power from affluent northeast to north China power grid and direct power supply to major clients, sharply reduced the proportion of grid curtailment through policy marketing and technical marketing. The Company reinforced control over the progress in project construction and achieved an increase in power generation.

Management Discussion and Analysis

During 2014, the gross power generation of the Company reached 12,177,841.1 MWh (representing a year-on-year increase of 9.3%), comprising 11,675,171.9 MWh from wind power generation (representing a year-on-year increase of 4.8%) and 502,669.2 MWh from solar power generation. The power generation by business sector and region during 2014 and 2013 is presented below:

		Gross power generation (MWh)		
Business sector and region		**2014**	2013	Change
Wind power generation		**11,675,171.9**	11,141,875.1	4.8%
Including:	Inner Mongolia	**2,795,683.6**	3,096,665.0	-9.7%
	Liaoning	**2,057,122.2**	2,115,846.7	-2.8%
	Shandong	**1,686,521.0**	1,678,333.0	0.5%
	Yunnan	**1,546,919.3**	1,126,898.3	37.3%
	Shanxi	**1,100,131.1**	888,195.6	23.9%
	Guizhou	**676,062.7**	593,546.0	13.9%
	Guangdong	**477,106.6**	483,626.0	-1.3%
	Hebei	**503,080.6**	523,297.0	-3.9%
	Sichuan	**43,078.2**	–	–
	Xinjiang	**534,315.8**	370,618.1	44.2%
	Jilin	**103,668.8**	108,408.5	-4.4%
	Shanghai	**116,963.2**	129,098.6	-9.4%
	Shaanxi	**34,518.8**	27,342.3	26.2%
Solar power generation		**502,669.2**	1,198.4	41,845.0%
Total		**12,177,841.1**	11,143,073.5	9.3%

The weighted average utilization hours of the Company's wind power projects in 2014 were 1,875 hours, representing a year-on-year decrease of 7.6% from that of 2013. The decrease of utilization hours of wind power was mainly attributed to the unfavorable wind condition nationwide in 2014. The weighted average utilization hours of the Company's solar power projects in 2014 were 1,420 hours. The weighted average utilization hours of the Company by business sector and region in 2014 and 2013 are set out as follows:

		Weighted average utilization hours (hour)		
Business sector and region		**2014**	2013	Change
Weighted average utilization hours of wind power		**1,875**	2,029	-7.6%
Including:	Inner Mongolia	**1,627**	1,810	-10.1%
	Liaoning	**1,730**	1,908	-9.3%
	Shandong	**1,853**	1,972	-6.0%
	Yunnan	**2,923**	2,655	10.1%
	Shanxi	**1,896**	2,252	-15.8%
	Guizhou	**1,594**	2,092	-23.8%
	Guangdong	**1,882**	2,085	-9.7%
	Hebei	**1,853**	1,960	-5.5%
	Sichuan	**2,708**	–	–
	Xinjiang	**2,744**	3,741	-26.7%
	Jilin	**1,841**	2,190	-15.9%
	Shanghai	**1,949**	2,152	-9.4%
	Shaanxi	**1,902**	2,099	-9.4%
Weighted average utilization hours of solar power		**1,420**	–	–

3. Project construction proceeded effectively and the structural layout continuously optimized

In 2014, with maximization of economic efficiency as its principle, the Company coordinated the deployment of construction schedules and equipment resources, strengthened the management of project construction and effectively improved the investment returns of the projects through optimizing project programmes. It strengthened the management and control of project costs to effectively reduce project cost per kilowatt. Meanwhile, the Company promoted refined management during the whole process of project construction, and created refined wind power project construction. Huaneng Eryuan Ma'anshan 228 MW wind farm project (phase 1-5) received the "Quality Project Award in China's Power Industry" for 2014.

Management Discussion and Analysis

In 2014, the Company's newly installed capacity amounted to 1,460.5 MW, including newly installed wind power projects of 1,305.5 MW and newly installed solar power projects of 155.0 MW. The vast majority of the new wind power projects were located in high economic efficiency regions such as Yunnan, Sichuan, Guizhou, Shanxi and Guangdong. As at 31 December 2014, the Company had a total installed capacity of 8,011.4 MW, representing a year-on-year increase of 22.3%. The percentage of the Company's wind power installed capacity in Inner Mongolia, Liaoning and Jilin, the three conventional areas which were subject to grid curtailment, declined from 57.4% at the end of 2011 to 41.3% at the end of 2014, indicating that the layout of installed capacity was further optimized.

The breakdown of the Company's installed capacity by business sector and region as at 31 December 2014 and 2013 is set out as follows:

		Installed capacity (MW)		
Business sector and region		**As at 31 December 2014**	As at 31 December 2013	Change
Wind power installed capacity		**7,526.4**	6,220.9	21.0%
Including:	Inner Mongolia	**1,766.2**	1,716.2	2.9%
	Liaoning	**1,245.0**	1,197.0	4.0%
	Shandong	**952.7**	892.7	6.7%
	Yunnan	**817.5**	472.5	73.0%
	Shanxi	**694.0**	594.0	16.8%
	Guizhou	**679.5**	480.0	41.6%
	Guangdong	**353.1**	271.6	30.0%
	Hebei	**357.0**	271.5	31.5%
	Sichuan	**246.0**	–	–
	Xinjiang	**198.0**	198.0	0.0%
	Jilin	**99.0**	49.5	100.0%
	Shanghai	**60.0**	60.0	0.0%
	Shaanxi	**58.5**	18.0	225.0%
Solar power installed capacity		**485.0**	330.0	47.0%
Including:	Qinghai	**255.0**	120.0	112.5%
	Gansu	**150.0**	150.0	0.0%
	Ningxia	**30.0**	30.0	0.0%
	Inner Mongolia	**20.0**	20.0	0.0%
	Shanxi	**20.0**	–	–
	Liaoning	**10.0**	10.0	0.0%
Total		**8,011.4**	6,550.9	22.3%

4. **Various breakthroughs in preliminary development with sufficient reserved resources**

In 2014, the Company further stepped up the preliminary development of projects, made various number of breakthroughs and achieved remarkable results. It undertook wind power projects with an aggregate installed capacity of 1,915.0 MW which were included in the fourth batch of national pre-approval wind power plans, most of which were located in regions without grid curtailment and in Tier IV Resources Regions. It also undertook wind power projects with an aggregate installed capacity of 249.5 MW which are located in the second million KW scaled wind power base of Chengde; and a nationwide offshore wind power development and construction programme (2014-2016) with an installed capacity of 600.0 MW.

The Company carried out the preliminary work in full swing in regions with strong power grid, limited grid curtailment, high tariffs and good wind resources, securing approved wind power projects with a total installed capacity of 2,037.5 MW for the year. It also signed up agreements for the development of wind power projects with a capacity of million KW-level in various provinces where the Company did not have presence, like Jiangxi, Hubei, Anhui, Fujian and Henan, to further accumulate reserved resources.

While working on development of wind power projects, the Company stepped up in achieving new approval of photovoltaic projects with a capacity of 253.5 MW as well as the signing of photovoltaic development agreements with a capacity of 1,544.0 MW during the year. This laid a solid foundation for the further development of photovoltaic projects by the Company.

The Company also strengthened cooperation with wind turbine and photovoltaic module manufacturers by signing up resources exploitation or cooperative agreements to accumulate reserved resources.

5. **Coped with policy risk associated with wind power tariff reduction in a proactive and effective manner**

In 2014, the Company closely monitored policy development and industry trends. Faced with the expected wind power tariff reduction and the associated risks, the Company promptly modified its planning, effectively implemented strategic plans and carried out project approval, tendering of equipment and construction projects as well as the preparation and conduct of construction works in a comprehensive and orderly manner so as to capture market opportunities and minimize the possible impact of the wind power tariffs adjustment on the Company, thus laying a solid foundation for the subsequent construction of projects and the optimization of the adjustment on the structural layout of the Company.

6. **New progress in capital markets**

In 2014, under a situation where the reserved resources were limited and the intensifying competition for development, the Company proactively carried out acquisitions. In March 2014, the Company signed an agreement to acquire 100% equity interests in Jinzhou Xiehe Xingda Wind Power Co., Ltd., which increased the wind power capacity of the Company by 48.0 MW in Liaoning region. In addition, the Company completed the acquisition of 100% equity interests in Huaneng Ge'ermu Photovoltaic Power Generation Co., Ltd. ("**Huaneng Ge'ermu**") in April 2014.

In 2014, the Company completed its second private placement after listing by successfully placing 698,780,832 H shares at an issue price of HK$2.5 per share with the net proceeds of approximately HK$1.72 billion (after deduction of the commissions and estimated expenses), which would effectively replenish its working capital, reduce its indebtedness levels and assure financial support to its subsequent development. The proceeds of the private placement were received by the Company on the date of completion, i.e. 23 December 2014. As of 31 December 2014, the proceeds had not yet been used by the Company.

7. **Strengthening financial management to effectively enhance capital management and control capability**

In 2014, the Company further diversified debt financing channels while consolidating the main credit financing channel for effective control of the finance costs so that the growth rate in finance costs for the year was lower than the average rate of growth in installed capacity (excluding the effect of income from disposal of available-for-sale equity securities during 2013), thereby effectively enhanced capital management and control capability.

8. **Technical support strengthened and technology management successively innovated**

In 2014, the Company initially completed the application and implementation of three topics under the National Project 863, building up a large number of technological achievements in various aspects such as offshore wind power design, construction, operation and maintenance and decision-making support. It also proactively carried out applied research on wave energy.

The collaboration with professional scientific institutions on the set-up of a joint workshop for wind resources assessment and the conduct of preparatory work for the set-up of a wind tunnel laboratory provided a scientific basis for the Company on wind resources assessment and project decision-making.

The Company's innovative achievements in the science and technology topics on the "Innovative Ideas for Power Projects and Building a New Model for Distributed Wind Power Development" won the second prize in the Enterprise Management Innovation Achievement Award in the Power Industry for 2014 and the second prize in the National Enterprise Management Innovation Achievement Award, indicating that its technological innovation received industry recognition.

9. **Investor relations management standards scaled new heights**
   The Company always places great emphasis on the management of investor relations, focusing on maintaining good communication with investors and concentrating its efforts on building an efficient communication platform. In the ceremony for the China Securities Golden Bauhinia Awards in 2014, the Company received the award of "Listed Company with the Best Investor Relations Management".

2015 BUSINESS OUTLOOK

The year of 2015 marks a crucial year for the Company to optimize its business layout, adjust its energy structure and carry out transformation and upgrade, as well as a year to prepare for the transition to the "thirteenth five-year plan". Currently, State's fundamental direction for carrying out energy restructuring and vigorously developing low-carbon green energy remains unchanged. The renewable portfolio standard has been submitted to the State Council. The promulgation and implementation of this policy will play a fundamental role in boosting wind power and solar power consumption. The UHV long-distance power transmission channel has been under rapid construction and development, offering a broad outlook for the development of the new energy industry. Meanwhile, the Company is consciously aware that the brewing reform plan for the power sector will definitely make the power market more competitive, and will have a profound impact on the management model and business strategy of power enterprises. The adjustment of the wind power tariff policy will have impact on the development of wind power projects in some areas to a certain extent. The growth rate of power consumption in China will be slower as a result of the overall economic landscape. All of the above factors will bring about more challenges for the future development of the Company.

Faced with opportunities and challenges, the Company will be fully committed, firmly raise awareness about risk, opportunity and innovation, further accelerate restructuring, reform and innovation with a focus on economic efficiency, and strive to improve development quality and efficiency by seeking for new streams of profit growth to achieve synchronized rapid growth in its installed capacity and profitability.

In 2015, the Company will focus on performing the work in the following aspects:

1. **Strengthen resources development to promote a steady enhancement in sustainability**
   The Company will plan ahead for deployment of resources to ensure adequate and effective resources reserves for subsequent projects; proactively carry out the application work for the fifth batch of pre-approval wind power plans; step up the progress of projects in regions with high economic efficiency and implementation of projects in provinces where the Company does not have presence; and further strengthen the preliminary deployment of photovoltaic projects in regions with quality resources and step up the development of photovoltaic projects.

   The Company will assess overseas investment opportunities and explore the development in the international market.

2. **Push for the construction progress in full swing and accelerate the pace of transformation and upgrade**

The Company will strengthen quality control to further improve the quality standard of projects; carry out refined management and control of project construction; and commence project operation in an effective and orderly way to ensure the accomplishment of its "twelfth five-year plan" development goals.

The Company will concentrate its efforts on mitigating risks associated with tariff adjustment, while working on the construction of projects in the regions which will be subject to tariff reduction and in Tier IV Wind Resources Regions.

3. **Persistent to uphold the economic efficiency-focused management philosophy for successive enhancement in profitability**

The Company will enhance the condition and generating capacity of existing operating units, look for new breakthroughs in policy marketing, and reduce successively the proportion of grid curtailment and strive to increase power generation.

The Company will continue to optimize the allocation of funds, further save finance costs and improve the efficiency in the use of funds through direct debt financing and credit financing channels together with a reasonable mix in the maturity of borrowings.

4. **Successively to push forward management innovation to further enhance the Company's competitiveness**

The Company will further push for institutional innovation to create an efficient management model.

It will improve the set-up of its internal risk control system to enhance its responsiveness to risks and emergencies.

It will step up scientific and technological innovation to provide technical support for its scientific development, and continuously improve its competitiveness.

RESULTS OF OPERATIONS AND ANALYSIS

1. **Overview**

In 2014, the Group considerably improved its profitability and achieved net profit of RMB1,146.8 million, representing an increase of RMB204.5 million or 21.7% as compared with RMB942.3 million of the previous year. Net profit attributable to equity shareholders of the Company was RMB1,121.0 million, representing an increase of RMB208.1 million or 22.8% as compared with RMB912.9 million of the previous year.

2. Revenue

In 2014, the Group achieved revenue of RMB6,151.1 million (including service concession construction revenue of RMB33.4 million), representing an increase of RMB242.3 million or 4.1% as compared with RMB5,908.8 million of the previous year, which was mainly due to the increase in sales of electricity. In 2014, wind power sales revenue was RMB5,728.0 million, representing an increase of RMB288.2 million or 5.3% as compared with RMB5,439.8 million of the previous year, which was mainly due to the increase in installed capacity of operational projects, leading to an increase in wind power electricity sold. The Group's wind power weighted average on-grid tariff (tax inclusive) of 2014 was RMB0.598/kWh, which is slightly higher than RMB0.594/kWh (tax inclusive) of the previous year.

3. Other net income

In 2014, the Group achieved other net income of RMB167.7 million, representing an increase of RMB88.7 million or 112.3% as compared with RMB79.0 million of the previous year. The main reason was the increase in government grants and penalty income from suppliers.

4. Operating expenses

In 2014, the Group's operating expenses amounted to RMB2,972.9 million, representing a decrease of RMB222.1 million or 7.0% as compared with RMB3,195.0 million of the previous year, which was primarily due to the decrease in service concession construction costs and other operating expenses.

Depreciation and amortisation: In 2014, the Group's depreciation and amortisation expenses amounted to RMB2,270.3 million, representing an increase of RMB308.5 million or 15.7% as compared with RMB1,961.8 million of the previous year, which was mainly due to the increase in installed capacity of operational projects of power generation projects.

Personnel costs: In 2014, the Group's expenditure on personnel costs was RMB260.1 million, representing an increase of RMB49.2 million or 23.3% over RMB210.9 million of the previous year. The increase was attributable to the increasing number of staff with the expansion in the scale of the Group, and more projects entered into operation.

Administrative expenses and other operating expenses: In 2014, the Group's administrative expenses and other operating expenses amounted to RMB323.0 million, representing a decrease of RMB250.6 million or 43.7% as compared with RMB573.6 million of the previous year. The main reason was that the Group made a provision for impairment loss of RMB233.9 million with regard to Certified Emission Reductions ("**CERs**") receivables and suspended projects in the previous year, while in 2014, two of the suspended projects had resumed construction, and as a result an impairment loss of RMB55.4 million had been reversed. Excluding the factor of impairment loss, administrative expenses and other operating expenses increased by RMB38.7 million over that of the previous year, or an increase of 11.4%, which was mainly due to an increase in related expenses such as technical research and development expenses, operating taxation and lease charges as more projects entered into operation.

5. Operating profit

In 2014, the Group's operating profit was RMB3,345.8 million, representing an increase of RMB552.9 million or 19.8% as compared with RMB2,792.9 million of the previous year.

6. Net finance expenses

In 2014, net finance expenses of the Group amounted to RMB2,111.7 million, representing an increase of RMB331.3 million or 18.6% as compared with RMB1,780.4 million of the previous year. The increase was primarily due to the increase in interest expenses of RMB232.5 million resulting from the increase in total borrowings. Income from disposal of available-for-sale equity securities amounted to RMB150.8 million in the previous year while net foreign exchange losses decreased by RMB57.6 million as compared to the figure of the previous year.

7. Income tax

In 2014, the income tax of the Group amounted to RMB85.7 million, representing an increase of RMB18.6 million or 27.7% as compared with RMB67.1 million of the previous year. The increase was mainly due to an increase in profit before taxation and the differential tax relief enjoyed by operating projects which led to the increase of overall effective tax rate.

8. Liquidity and source of funding

As at 31 December 2014, the current assets of the Group amounted to RMB11,141.5 million, including cash at bank and on hand and restricted deposits of RMB7,788.1 million, trade debtors and bills receivable of RMB3,160.4 million, of which sales of electricity amounted to RMB3,152.7 million, as well as other current assets of RMB193.0 million. Current liabilities amounted to RMB25,740.9 million, comprising RMB17,306.3 million of short-term borrowings (including long-term borrowings and corporate bonds payable due within one year) and RMB7,960.6 million of other payables which primarily consisted of payables for equipment purchased from suppliers, construction payables and retention payables.

As at 31 December 2014, the Group's outstanding borrowings including corporate bonds amounted to RMB44,148.3 million, representing an increase of RMB10,489.7 million as compared with RMB33,658.6 million as at 31 December 2013. As at 31 December 2014, the Group's outstanding borrowings comprised short-term borrowings (including long-term borrowings and corporate bonds payable due within one year) of RMB17,306.3 million and long-term borrowings (including corporate bonds) of RMB26,842.0 million, which were principally denominated in RMB.

9. Capital expenditure

In 2014, the capital expenditure of the Group amounted to approximately RMB15,230.6 million, representing an increase of RMB6,080.6 million or approximately 66.5% as compared with RMB9,150.0 million of 2013, which was primarily due to the expenditure for the construction of wind power projects and solar power projects. The capital expenditure was mainly funded by internal resources, bank borrowings and other financing sources.

10. Net gearing ratio

As at 31 December 2014, the net gearing ratio of the Group, which was calculated by dividing net debt (total borrowings and obligations under finance lease minus cash and cash equivalents) by the sum of net debt and total equity, was 70.8%, representing an increase of 2.8 percentage points as compared with 68.0% as at 31 December 2013.

11. Material investments

The Group did not make any material investments in 2014.

12. Material acquisitions and disposals

The Group completed the acquisition of 100% equity interest in Huaneng Ge'ermu in April 2014.

The Group did not have any material disposals during the year 2014.

13. Pledge of assets

As at 31 December 2014, certain property, plant and machinery of the Group was pledged for bank loans of Huaneng Ge'ermu.

14. Contingent liabilities

Due to significant quality defects of the wind turbines supplied by Sinovel Wind Group Co., Ltd. ("**Sinovel**"), in September 2014 certain subsidiaries of the Company (the "**Plaintiffs**") filed a petition to the court for judgement that the Plaintiffs shall no longer be required to pay to Sinovel the quality assurance deposit amounting to approximately RMB1,132.7 million due to the breach of the contract by Sinovel, for the award of liquidated damages of approximately RMB90.6 million by Sinovel to the Plaintiffs and that all litigation costs associated with the matter be borne by Sinovel. The Company subsequently received counter-claim from Sinovel to pay a compensation of RMB77.5 million due to the delay of payments by the Plaintiffs in relation to wind turbine purchase. The civil action is still in progress. The Directors of the Company are of the opinion that the possibility for the payments for such counter-claim is remote, therefore no provision has been made in respect of this claim.

Except for the above mentioned contingency in respect of a civil action, the Group had no material contingent liabilities as of 31 December 2014.

RISK FACTORS AND RISK MANAGEMENT

1. Risk associated with grid curtailment

The wind power industry in China has been growing rapidly over the past several years. However, given poor construction of auxiliary power grid facilities in some areas together with the priority given to power generation by cogeneration units in the northern part of China during winter, the output form some wind farms is curtailed, and accordingly affects the Company's revenue from electricity sales.

In recent years, the Company continued to optimize project distribution by shifting the focus of project development to regions with good grid access. Moreover, it carried out equipment and technology upgrades in line with power grids, and stepped up marketing in regions subject to grid curtailment to minimize the impact of grid curtailment.

2. Risk associated with tariffs

A stable tariff policy is a foundation for the Company's steady profit growth. Adjustment of the tariff policy is likely to affect the profitability of some of the Company's new wind power projects which will be put into operation in the future, or even cause some of reserved projects no longer qualified for development.

In this regard, the Company will conduct more researches on the tariff policy; with a focus on economic efficiency, and lock up preliminary reserved projects in advance in regions with good resources, high tariffs and good investment income from projects; accelerate the construction of projects in areas with excellent resources; and improve the adjustment of corporate structure to achieve efficiency maximization.

3. Risk associated with climate

Power generation by wind projects depends on local climatic conditions, particularly wind resources conditions, while wind resources are subject to overall climatic change, seasons and geographical location as well. Therefore, the generation capacity of the Company's wind power projects may not be in line with the expectations, thereby affecting the Company's financial position and operating results. Moreover, extreme weather or uncertain climatic factors may affect the progress in the construction of wind power project.

Human Resources

1. SUMMARY OF HUMAN RESOURCES

As at 31 December 2014, the Company had a total of 1,682 full-time employees, among which 187 received postgraduate degrees or above (representing 11.1% of the total number of employees), 1,044 received undergraduate degrees (representing 62.1% of the total number of employees) and 451 received college diplomas or below (representing 26.8% of the total number of employees).

The Company had 8 employees aged above 55 (representing 0.5% of the total number of employees); 358 employees aged between 36 and 55 (representing 21.3% of the total number of employees); 1,316 employees aged 36 or below (representing 78.2% of the total number of employees).

2. EMPLOYEE INCENTIVES

The Company has adopted various incentive mechanisms to attract talents and has established an effective mechanism for staff performance appraisal and management. It has also studied and formulated incentive policies to attract professional technical and management talents in the wind power industry. To cope with development needs, the Company has established a sound performance assessment mechanism based on the position-specific target accountability system, which is conducted by objectively evaluating the performance of staff against all performance targets framed in a sense that incentives and restraints run concurrently. Open promotion is adopted for some mid-level positions, thus creating opportunities for staff development.

3. STAFF TRAINING

To meet the needs for healthy development of the Company and self-development of employees, the Company attaches great importance to the nurturing of its workforce and has been strengthening employee training. With a view to enhancing the professional capability and management skills of employees, the Company organized a wide range of trainings under different levels and categories in 2014 for various personnel ranging from the management to technical employees. The Company provides a four-level orientation and training program to newly-joined staff including management interface cognition, standardized management of power generation system, wind power enterprises basic practice and scientific and refined management of listed companies, and designs training programs based on the professional and specialty backgrounds of individual employees. The Company's subsidiaries organized various professional training and induction training courses delivered by professional lecturers and experienced technical experts; employees took part in various kinds of technical skills competitions and achieved excellent results, through which the professional quality of our existing employees was significantly enhanced. The Company also actively encourages its subsidiaries to carry out on-the-job training, appraisal and certification of skilled personnel so as to improve employees' quality.

4. REMUNERATION POLICY

The Company has fully implemented an annual remuneration system for the management of its subsidiaries with different categories of remuneration mechanisms. The Company scientifically determines employee's remuneration based on the remuneration policy, with an emphasis on the evaluation results of employees in determining performance-based remuneration. It awards its subsidiaries that meet or exceed expectations on task completion or have special contributions. The remuneration policy favours subsidiaries with good performance. The Company cares about frontline staff and staff who work in remote areas or who face difficult living conditions. The Company provides income incentives and links job performance of the management and employees of its subsidiaries with their income. Based on evaluation results, remunerations are adjusted to favour individuals and departments with outstanding contributions, and collaboration among different departments is also taken into account, which cultivates a result, performance and contribution oriented working culture.

Social Responsibility Report

ENVIRONMENTAL PROTECTION RESPONSIBILITY

The Company is dedicated to the investment, construction and operation of renewable energy projects, such as wind power and solar energy projects. With the development and utilization of wind resources and solar resources as its core business, the Company also promotes the synergistic development of other renewable energies. The Company is dedicated to providing clean energy, promoting adjustments to the energy mix, promoting energy conservation and responding proactively to climatic changes both at home and abroad, so as to facilitate efficient use of energy in society, improve the living environment, and achieve the target of sustainable development. The Company performs assessments on environmental sensitivity at the early stages of the deliberation on project development, putting the potential environmental impacts of such projects as an important indicator in evaluating the projects. At the preliminary stage of the project during which project feasibility is studied, the Company strictly complies with relevant national regulations on environmental impact assessment management and evaluates the potential impacts on the ecology, water, noise levels, atmosphere, natural landscape and electro-magnetic radiation generated by the project. The Company puts forward protective measures and environmental monitoring plans, ensuring that environmental protection works are invested in tandem with other works and recognized by relevant national management authorities and social organizations, and achieving a win-win situation for the development of renewable energies and protection of the ecosystem. The Company has been earnestly observing national environmental protection requirements and adhering to green development concepts in the project construction stage, during which the Company emphasizes environmental protection and achieves "three-sync" (simultaneous design, construction and commissioning of environmental protection and water and soil conservation facilities along with the major works) to ensure concordance in project construction and environmental protection. Through closely integrating wind farms with the surroundings, the Company delivers environment-friendly, eco-harmonious and landscaped green projects.

As a renewable energy corporation, the Company diligently fulfilled the responsibility of energy conservation and emission reduction in 2014 by generating green electricity of 12,177,841.1 MWh, equivalent to a reduced emission of approximately 10.97 million tonnes of carbon dioxide. During the year, three voluntary emissions reduction projects were successfully filed with the National Development and Reform Commission.

SAFETY RESPONSIBILITY

Safe production is the basis of the Company's social responsibility. In 2014, the Company heightened awareness of safe production and stuck to the core idea of safe development. It adhered to a style of work with emphasis on high standards, strict requirements, refined management and pragmatism, and thoroughly implemented safety control measures for production and operation activities. Starting with the management of contracted projects, the Company adjusted the standards of safety evaluation and determined that the accountability principles applicable to internal staff should also be extended to personal accidents in contracted projects, and launched the special campaign "Year for Rectification of Contracted Project Safety", the activities of which included thorough on-site investigation and rectification of potential safety hazards, so as to create a harmonious and safe-working environment for the staff of the Company and of the contractors while production and operation activities are being carried out in an orderly manner.

PUBLIC WELFARE

In 2014, the Company actively participated in public welfare activities and proactively shouldered the social responsibility of a state-owned enterprise and a listed company. The Company supported local economic, social and cultural initiatives, and initiated public welfare activities such as providing education funds, alleviating poverty, offering disaster relief and supporting reconstruction, so as to achieve harmonious development of the Company and society. The Company focuses on its missions of green power development and clean energy production by incorporating the concept of social responsibility into its development strategies, production and operation and placing great emphasis on protecting and improving the environment, with a view to creating and establishing a sound image for "Huaneng".

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of Huaneng Renewables Corporation Limited (the "**Company**") hereby presents to the shareholders the corporate governance report for the period between 1 January 2014 and 31 December 2014 (the "**Reporting Period**").

CORPORATE GOVERNANCE PRACTICES

The Company has always placed an emphasis on corporate governance and promotion of innovative management of its corporate system. The Company is committed to maintaining and promoting stringent corporate governance, and considered it as an indispensable part in creating values for shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Company has adopted the Corporate Governance Code (the "**Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Code. During the Reporting Period, except for the following deviation, the Company strictly complied with the principles and code provisions and some of the recommended best practices as set out in the Code. Mr. CAO Peixi (Non-executive Director, Chairman of the Board and chairman of the nomination committee), did not attend the annual general meeting of the Company held on 20 June 2014 due to work commitment. This constitutes a deviation from code provision E.1.2 of the Code which states that the chairman of the Board should attend the annual general meeting.

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

1. BOARD OF DIRECTORS

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

1. Composition of the Board

The Board comprises eleven Directors, including three Non-executive Directors, four Executive Directors, and four Independent Non-executive Directors. The biographical details of the Directors as at the date of this report are set out on page 72 to page 80 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among the Board members. Each Director has sound knowledge, experience and expertise relevant to the business operation and development of the Company. All Directors are aware of their joint and several responsibilities to shareholders.

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

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

Name	Position in the Company	Date of Appointment
CAO Peixi	Chairman of the Board, Non-executive Director	4 August 2010
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	1 November 2011
ZHAO Keyu(2)	Non-executive Director	4 August 2010
Wang Kui(2)	Non-executive Director	12 August 2014
LIN Gang	Executive Director, President	23 February 2012
XIAO Jun	Executive Director	21 June 2013
YU Chunping(3)	Executive Director	21 June 2013
YANG Qing	Executive Director	4 August 2010
HE Yan(3)	Executive Director	12 August 2014
QIN Haiyan	Independent Non-executive Director	6 August 2010
DAI Huizhu	Independent Non-executive Director	6 August 2010
ZHOU Shaopeng	Independent Non-executive Director	6 August 2010
WAN Kam To	Independent Non-executive Director	6 August 2010

Notes:

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

(2) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014. On the same day, Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board. The term of Mr. WANG Kui as a Non-executive Director of the Company to fill a vacancy will last until the holding of the 2014 annual general meeting of the Company. Mr. WANG was nominated as a Non-executive Director of the Company, and his appointment is subject to the approval of the 2014 annual general meeting. If the appointment is approved by the annual general meeting, the Company will enter into a formal service contract with Mr. WANG. For details, please refer to the Company's announcement dated 12 August 2014.

(3) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director of the Company on 12 August 2014, and Mr. HE Yan was appointed as Executive Director of the Company on the same day. The term of Mr. HE Yan as an Executive Director to fill a vacancy will lasts until the holding of the 2014 annual general meeting. Mr. HE was nominated as an Executive Director of the Company, and his appointment is subject to the approval of the 2014 annual general meeting. If the appointment is approved by the annual general meeting, the Company will enter into a formal service contract with Mr. YU. For details, please refer to the Company's announcement dated 12 August 2014.

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

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

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

2. Board Meetings and General Meetings

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

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

During the Reporting Period, four Board meetings and two general meetings were held by the Company. Details of Directors' attendance of Board meetings and general meetings are as follows:

		The Second Session of the Board (four meetings)		General Meetings (two meetings)	
Name	Position in the Company	Number of Meetings Attended/ Held	Attendance Rate	Number of Meetings Attended/ Held	Attendance Rate
CAO Peixi	Chairman of the Board, Non-executive Director	2/4	50% (Additional attendance by proxy: 2)	0/2	0%
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	3/4	75% (Additional attendance by proxy: 1)	1/2	50%
ZHAO Keyu(1)	Non-executive Director	1/2	50% (Additional attendance by proxy: 1)	0/2	0%
WANG Kui(1)	Non-executive Director	1/1	100%	–	–
LIN Gang	Executive Director, President	4/4	100%	2/2	100%

		The Second Session of the Board (four meetings)		General Meetings (two meetings)	
Name	Position in the Company	Number of Meetings Attended/ Held	Attendance Rate	Number of Meetings Attended/ Held	Attendance Rate
XIAO Jun	Executive Director	4/4	100%	2/2	100%
YU Chunping[2]	Executive Director	2/2	100%	2/2	100%
YANG Qing	Executive Director	4/4	100%	2/2	100%
HE Yan[2]	Executive Director	1/1	100%	–	–
QIN Haiyan	Independent Non-executive Director	4/4	100%	1/2	50%
DAI Huizhu	Independent Non-executive Director	3/4	75% (Additional attendance by proxy: 1)	1/2	50%
ZHOU Shaopeng	Independent Non-executive Director	4/4	100%	1/2	50%
WAN Kam To	Independent Non-executive Director	4/4	100%	1/2	50%

Notes:

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014, and two Board meetings were held during his term. On the same day, Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board. One Board meeting was held after the appointment of Mr. WANG as Non-Executive Director until 31 December 2014. For details, please refer to the Company's announcement dated 12 August 2014.

(2) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director on 12 August 2014, and two Board meetings were held during his term. On the same day, Mr. HE Yan was appointed as Executive Director of the Company. One Board meeting was held after the appointment of Mr. HE as Non-Executive Director until 31 December 2014. For details, please refer to the Company's announcement dated 12 August 2014.

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

3. Powers Exercised by the Board and the Management

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

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

4. Chairman and President

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

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

5. Directors' Remuneration

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

6. Appointment and Re-election of Directors

Pursuant to the Articles of Association, Directors shall be elected at general meetings with a term of office of three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. Nomination of new Directors shall first be considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings. Any person appointed by the Board to fill a temporary vacancy on or as an addition to the Board shall hold office until the next following annual general meeting, and shall then be eligible for re-election.

7. Continuing Professional Development of Directors

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

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

Below is the summary of the training received by the Directors for the period between 1 January 2014 and 31 December 2014 based on the records provided by the Directors:

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

Notes:

A: attending briefing and/or seminar

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

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014, and Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board on the same day. For further details, please refer to the announcement of the Company dated 12 August 2014.

(2) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director of the Company on 12 August 2014, and Mr. HE Yan was appointed as Executive Director of the Company on the same day. For further details, please refer to the announcement of the Company dated 12 August 2014.

2. BOARD COMMITTEES

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

Audit Committee

The audit committee consists of three Non-executive Directors, namely Mr. ZHOU Shaopeng (Independent Non-executive Director), Mr. ZHAO Keyu (Non-executive Director)(1) (between 1 January 2014 and 12 August 2014), Mr. WANG Kui (Non-executive Director)(1) (since 12 August 2014) and Mr. WAN Kam To (Independent Non-executive Director). Mr. ZHOU Shaopeng currently serves as the chairman of the audit committee.

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

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

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

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

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

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

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

(1) On 18 March 2014, the audit committee of the second session of the Board held its first meeting in 2014 to review and pass the following resolutions: (1) Resolution regarding the Company's 2013 Annual Financial Report; (2) Resolution regarding the 2013 Annual Results Announcement and 2013 Annual Report; (3) Resolution regarding the Company's 2013 Annual Profit Distribution Plan; (4) Resolution regarding the Company's 2013 Annual Internal Control Report; (5) Resolution regarding the Company's 2013 Annual Internal Audit Report; (6) Resolution regarding the Appointment of Auditor of the Company and Audit Fee for 2014; (7) Resolution regarding the Company's 2013 Annual Connected Transactions Report; and (8) Resolution regarding the Review of the KPMG's Audit Report on the Company's 2013 Annual Financial Statements.

(2) On 12 August 2014, the audit committee of the second session of the Board held its second meeting in 2014 to review and pass the following resolutions: (1) Resolution regarding the Company's 2014 Interim Financial Report; (2) Resolution regarding the Company's 2014 Interim Results Announcement and 2014 Interim Report; and (3) Resolution regarding the Review Opinion from KPMG on the Company's 2014 Interim Financial Report.

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

Note:

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014, and Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board on the same day. For further details, please refer to the announcement of the Company dated 12 August 2014.

Remuneration Committee

During the Reporting Period, the remuneration committee consists of three Directors, namely Mr. QIN Haiyan (Independent Non-executive Director), Mr. LIN Gang (Executive Director) and Ms. DAI Huizhu (Independent Non-executive Director). Mr. QIN Haiyan currently serves as the chairman of the remuneration committee.

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

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

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

On 18 March 2014, the remuneration committee of the second session of the Board held its first meeting in 2014 to consider the remuneration of Directors, supervisors and senior management members of the Company for the year of 2014. All members of the remuneration committee attended the meeting.

Nomination Committee

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

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

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

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

On 12 August 2014, the nomination committee of the second session of the Board held its first meeting in 2014 to consider the Resolution regarding the Nomination of Mr. WANG Kui and Mr. HE Yan as candidates of additional Directors of the Second Session of the Board of the Company.

Mr. ZHOU Shaopeng and Mr. QIN Haiyan attended the meeting. Mr. CAO Peixi did not attend the meeting due to work commitment, and he appointed Mr. ZHOU Shaopeng as his proxy to attend the meeting.

Board Diversity Policy

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

3. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In addition, appropriate insurance coverage for Directors' liability has been arranged against possible legal proceedings to be taken against the Directors.

4. CORPORATE GOVERNANCE FUNCTIONS

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

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

5. COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules to govern securities transactions by its Directors and supervisors. Having made specific enquiry to all Directors and supervisors of the Company, all Directors and supervisors have confirmed that they strictly complied with the required standard set out in the Model Code during the Reporting Period.

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

6. INTERNAL CONTROL

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

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

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

During the Reporting Period, the Board conducted a review of the effectiveness and assessed the internal control systems of the Company and 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 considers that the current internal control system of the Company and its subsidiaries is effective and believes that the qualifications and experience of the staff of the Company's accounting and financial reporting functions, its training programs and budget are adequate.

7. AUDITORS AND REMUNERATION

KPMG and KPMG Huazhen (Special General Partnership) were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2014.

For the year ended 31 December 2014, the fee for audit services was RMB14.40 million. For the year ended 31 December 2014, the fees for non-audit services amounted to RMB3.32 million. The non-audit services mainly involved the review of the Company's 2014 interim results.

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

8. COMMUNICATIONS WITH SHAREHOLDERS

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

In 2014, the Company has further strengthened its efforts in investor relations management by communicating with investors through several channels and by different means of communication, enhancing the daily communication with investors in particular. The Company has maintained smooth communication with investors, which helps in establishing a bridge for effective communication between the Company and the capital market.

- In March and August 2014, the management of the Company carried out 2013 annual results roadshow and 2014 interim results roadshow in Hong Kong respectively, organized two investment analyst meetings, one press conference and scores of "one-on-one" conferences.

- The Company received nearly 75 batches of visits from institutional investors and met over 200 investors during the year.

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

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

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

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

Shareholders may send written enquiries or proposals to the Company's principal place of business in Hong Kong at 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

9. ARTICLES OF ASSOCIATION

During the Reporting Period, no amendments have been made to the Articles of Association.

10. COMPANY SECRETARY

Ms. SONG Yuhong and Ms. MOK Ming Wai were the joint company secretaries of the Company during the period from 1 January 2014 to 10 June 2014, during which Ms. SONG Yuhong was the primary contact person of the Company. On 10 June 2014, Ms. MOK resigned from her position as the joint company secretary of the Company. Since then, Ms. SONG has become the sole company secretary of the Company. For details, please refer to the announcement of the Company dated 12 August 2014. During the Reporting Period, Ms. SONG and Ms. MOK had duly compiled with the relevant training requirement under Rule 3.29 of the Listing Rules, satisfying the requirement of 15 hours per year.

Report of the Board of Directors

The Board hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2014.

PRINCIPAL BUSINESS

The Company is principally engaged in wind power generation. Details of the subsidiaries, an associate and a joint venture of the Company are set out in Notes 17, 18 and 19 to the Financial Statements.

SHARE ISSUE AND LISTING

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

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

On 23 December 2014, the Company completed the placing of an aggregate of 698,780,832 H Shares, representing approximately 7.18% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.67% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares).After the placing, the total number of issued shares of the Company increased from 9,029,215,360 shares to 9,727,996,192 shares. The total number of issued H shares increased from 3,493,904,160 H shares to 4,192,684,992 H shares. As at 31 December 2014, China Huaneng Group, the controlling shareholder of the Company, directly and indirectly held 56.90% of the Company's total issued shares. For further details, please refer to the Company's announcements dated 16 December 2014 and 23 December 2014. The net proceeds from the placing amounted to approximately HK$1,720,613,283 (after deduction of the commissions and estimated expense), which was not yet utilized as at 31 December 2014.

SHARE CAPITAL

As at 31 December 2014, the Company had 9,727,996,192 shares in issue with nominal value of RMB1.00 each. The total issued share capital of the Company was RMB9,727,996,192.

RESULTS

The audited results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income on page 83 to page 84. The financial position of the Group as at 31 December 2014 is set out in the consolidated balance sheet on page 85 to page 86. The consolidated cash flow of Group for the year ended 31 December 2014 is set out in the consolidated cash flow statement on page 91 to page 93.

A discussion and analysis of the Group performance during the year and financial position as at the end of the year and the material factors underlying its results are set out in the Management Discussion and Analysis on page 19 to page 31 of this annual report.

RESERVES

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

PROFIT DISTRIBUTION

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company as of 31 December 2014 are set out in Note 24 to the Financial Statements.

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

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Name	Position in the Company	Date of Appointment
CAO Peixi	Chairman of the Board, Non-executive Director	4 August 2010
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	1 November 2011
ZHAO Keyu(1)	Non-executive Director	4 August 2010
WANG Kui(1)	Non-executive Director	12 August 2014
LIN Gang	Executive Director, President	23 February 2012
XIAO Jun	Executive Director, Vice President	21 June 2013
YU Chunping(2)	Executive Director, Vice President	21 June 2013
YANG Qing	Executive Director, Vice President and Chief Financial Officer	4 August 2010
HE Yan(2)	Executive Director, Vice President	12 August 2014
QIN Haiyan	Independent Non-executive Director	6 August 2010
DAI Huizhu	Independent Non-executive Director	6 August 2010
ZHOU Shaopeng	Independent Non-executive Director	6 August 2010
WAN Kam To	Independent Non-executive Director	6 August 2010
HUANG Jian	Chief Supervisor	1 November 2011
WANG Huanliang	Supervisor	4 August 2010
YU Zewei	Supervisor	27 July 2012
HE Ji	Vice President	19 December 2012
DING Kun	Vice President	29 April 2011
HU Ying(3)	Vice President	29 April 2011
YAN Shusen	Vice President	23 August 2011
SHI Yan(3)	Vice President	12 August 2014
AO Hai(3)	Vice President	12 August 2014
SONG Yuhong	Company Secretary	4 August 2010

Notes:

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014. On the same day, Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board. For details, please refer to the Company's announcement dated 12 August 2014.

(2) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director of the Company on 12 August 2014, and Mr. HE Yan was appointed as Executive Director of the Company on the same day. For details, please refer to the Company's announcement dated 12 August 2014.

(3) Mr. HU Ying resigned from the position of Vice President of the Company on 30 June 2014, and Mr. SHI Yan and Mr. AO Hai were appointed as Vice Presidents of the Company on 12 August 2014.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

REMUNERATION OF DIRECTORS AND SUPERVISORS

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

During the financial year ended 31 December 2014, there was no contract of significance to the Company's business in which the Company or its subsidiaries was a party or in which a Director or supervisor had a material interest, either directly or indirectly, subsisting during the financial year ended 31 December 2014.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2014, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

Name	Position in the Company	Other Interests
CAO Peixi	Chairman of the Board, Non-executive Director	President of Huaneng Group, chairman of Huaneng International Power Development Corporation ("HIPDC"), chairman and an executive director of Huaneng Power International, Inc. ("HPI")
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	Vice president of Huaneng Group, chairman of Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd.
ZHAO Keyu(1)	Non-executive Director	Office chief of Huaneng Group
WANG Kui(1)	Non-executive Director	Chief of planning department of Huaneng Group

Note:

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014, and Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board on the same day. For details, please refer to the Company's announcement dated 12 August 2014.

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

As at 31 December 2014, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong (the "**SFO**")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which have to be recorded in the register under section 352 of the SFO, referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 31 December 2014, to the best knowledge of the Directors, the following persons (other than the Directors, chief executive or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Class of shares	Capacity/Nature of interests	Number of shares held (Shares)	Approximate percentage in the relevant class of shares (%)[2]	Approximate percentage in the total share capital (%)[3]
Controlling shareholder					
China Huaneng Group [1]	Domestic shares	Beneficial owner/ Interest of controlled corporation	5,535,311,200 (Long position)	100%	56.90%
Other substantial shareholders					
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	329,316,800 (Long position)	7.85%	3.39%
FIL Limited	H shares	Investment manager	294,302,000 (Long position)	7.02%	3.03%
Value Partners Group Limited	H shares	Interest of controlled corporation	252,138,000 (Long position)	6.01%	2.59%
GIC Private Limited	H shares	Investment manager	242,442,000 (Long position)	5.78%	2.49%

Notes:

(1) China Huaneng Group is beneficially interested in 5,258,545,640 domestic shares, representing approximately 54.06% of the total share capital of the Company. Huaneng Capital Services Corporation Ltd. ("Huaneng Capital") is interested in 276,765,560 domestic shares, representing approximately 2.85% of the total share capital of the Company. Since Huaneng Capital is a wholly-owned subsidiary of China Huaneng Group, China Huaneng Group is therefore taken to be interested in the domestic shares held by Huaneng Capital, with a total interest of 56.90%. Percentages may not add up to the total due to rounding.

(2) It is calculated on the basis that the Company has issued 5,535,311,200 domestic shares or 4,192,684,992 H shares as at 31 December 2014.

(3) It is calculated on the basis that the Company has issued 9,727,996,192 shares as at 31 December 2014.

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during 2014.

SUBSEQUENT EVENTS

The Company has completed its issuance of the short-term debentures on 12 March 2015. The total issued amount is RMB500 million, with a period from 12 March 2015 to 12 March 2016. The unit par value is RMB100 and the issuing interest rate is 4.6%.

CONNECTED TRANSACTIONS

Major connected transactions of the Company for the year ended 31 December 2014 are as follows:

1. NON-EXEMPT ONE-OFF CONNECTED TRANSACTION

The Company entered into the following non-exempt connected transactions in 2014. The purposes of the Company to enter into such connected transactions were to meet the operational needs of the Company and to get the most favourable terms and conditions from the market for the benefit of the Company. The relevant information regarding the connected transactions was set out in the Company's announcements dated 4 April 2014 and 10 December 2014.

Connected Transaction	**Connected Persons**	**Consideration** *(RMB '000)*
1. Establishment of Huaneng Tiancheng Financial Leasing Co., Ltd. ("**Tiancheng Leasing Company**")	Huaneng Capital Services Corporation Ltd. ("**Huaneng Capital**"), China Hua Neng Group Hong Kong Limited ("**Huaneng Group Hong Kong**"), Huaneng Lancang River Hydropower Co., Ltd. ("**Huaneng Lancang River**")	150,000
2. Carbon Asset Assignment and Entrusted Management Agreement	Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon Asset Management**")	0
3. Carbon Asset Management and Purchase Agreement	Huaneng Carbon Asset Management	199,956.5

(1) **Establishment of Huaneng Tiancheng Financial Leasing Co., Ltd.**

On 4 April 2014, the Company, Huaneng Capital, Huaneng Group Hong Kong and Huaneng Lancang River entered into the Huaneng Tiancheng Financial Leasing Co., Ltd. JV Agreement ("**JV Agreement**") to establish a sino-foreign joint venture, Huaneng Tiancheng Financial Leasing Co., Ltd.. Pursuant to the JV Agreement, the registered capital of Tiancheng Leasing Company shall be RMB1,000,000,000. The Company, Huaneng Capital, Huaneng Group Hong Kong and Huaneng Lancang River shall contribute 15%, 45%, 25% and 15%, respectively, of the registered capital of Tiancheng Leasing Company. The capital contribution of each of the joint venture partners and the terms of the JV Agreement were determined based on arm's length negotiation.

As at the date the Company entered into the JV Agreement, being 4 April 2014, Huaneng Group held an approximately 61.30% equity interest in the Company, including an approximately 58.24% equity interest directly held by Huaneng Group and an approximately 3.07% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. Huaneng Group Hong Kong is a wholly-owned subsidiary of Huaneng Group. Huaneng Lancang River is owned as to 56% by Huaneng Group. As mentioned above, Huaneng Capital, Huaneng Group Hong Kong and Huaneng Lancang River are connected persons of the Company and the transaction contemplated under the JV Agreement constitutes a connected transaction of the Company.

Tiancheng Leasing Company was established on 25 April 2014. The Company contributed RMB150 million as capital to it on 5 May 2014.

(2) **Carbon Asset Assignment and Entrusted Management Agreement**

On 10 December, 2014, the Company, Carbon Resource Management S.A. ("CRM") and Huaneng Carbon Asset Management entered into the Carbon Asset Assignment and Entrusted Management Agreement, which came into effect on the same day. According to the Carbon Asset Assignment and Entrusted Management Agreement, CRM abandons its right to purchase carbon assets produced, and to be produced by the projects under the agreement, and transfers to Huaneng Carbon Asset Management its rights and obligations to purchase carbon assets under Certified Remission Reduction Purchase Agreements for free. As a party to Certified Emission Reductions Purchase Agreements, the Company has agreed to such transfer.

As at the date the Company entered into the Carbon Asset Assignment and Entrusted Management Agreement, being 10 December 2014, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest directly held by Huaneng Group and a 3.07% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. Huaneng Carbon Asset Management has five existing shareholders, all of which are units under Huaneng Group (with Huaneng Capital Services Corporation Ltd. holding 60%, the Company holding 10%, Huaneng

Sichuan Hydropower Co., Ltd. holding 10%, Huaneng Lancang River Hydropower Co., Ltd. holding 10%, and Xi'an Thermal Power Research Institute Co., Ltd. holding 10%). As such, Huaneng Carbon Asset Management is a connected person of the Company and the transaction as contemplated under the Carbon Asset Assignment and Entrusted Management Agreement constitutes a connected transaction of the Company.

(3) Carbon Asset Management and Purchase Agreement

On 10 December, 2014, the Company and Huaneng Carbon Asset Management entered into the Carbon Asset Management and Purchase Agreement, which came into effect on the same day. According to the Carbon Asset Management and Purchase Agreement, (1) Huaneng Carbon Asset Management agrees to purchase all of the carbon assets produced by the projects under the agreement before 2012, for a consideration of RMB199.9565 million; and (2) the Company agrees to engage Huaneng Carbon Asset Management to provide management service in relation to carbon assets produced by the projects under the agreement between 2012 and 2017 for three years ending on 31 December 2017. Huaneng Carbon Asset Management will formulate development and management strategies of carbon assets according to the related domestic and overseas policies, price trends and analyses of demand and supply, and sell carbon assets produced by the projects under the agreement between 2012 and 2017 in domestic and overseas carbon emission reduction markets. After arm's length negotiation taking into account market conditions and the risks associated with the revenue to be generated from selling of carbon assets, upon the successful completion of selling, RMB5/tonnes (to be adjusted by mutual agreements according to carbon market conditions) in the revenue corresponding to each tonne of carbon assets sold shall belong to the Company, while the remaining revenue shall belong to Huaneng Carbon Asset Management. The revenue belonging to Huaneng Carbon Asset Management generated from such transactions shall be used for the repayment its outstanding debt of RMB199.9565 million to the Company, prior to any other uses. After arm's length negotiation taking into account the market conditions and scale of the projects under the agreement, the Company shall pay management fee to Huaneng Carbon Asset Management annually at 2% of the outstanding debt owed by Huaneng Carbon Asset Management as at the last day of the preceding year. The Company shall pay management fee to Huaneng Carbon Asset Management at the second quarter of each year. Therefore, the Company will pay not more than RMB4.00 million as management fee to Huaneng Carbon Asset Management in 2015, and such fee will be reduced yearly in 2016 and 2017.

2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain non-exempt continuing connected transactions during 2014. The table below sets out the annual caps for 2014 and the actual transaction amounts of such connected transactions:

Connected Transaction	Connected Person	Annual Cap for 2014 *(RMB'000)*	Actual Transaction Amount for 2014 *(RMB'000)*
1. Provision of production services to the Company	Huaneng Group	89,200	29,510
2. Provision of insurance services to the Company	Huaneng Group	75,000	44,176
3. Provision of office leasing and related property services to the Company	Huaneng Group	30,320	20,656
4. Provision of production services to Huaneng Group	Huaneng Group	9,000	1,583
5. Provision of deposit services to the Company	China Huaneng Finance Corporation Limited ("**Huaneng Finance**")	2,500,000	2,473,530[Note]
6. Entering into of Domestic Voluntary Emission Reduction Project Development Agreement	Huaneng Carbon Asset Management	6,000	0
7. Provision of financial leasing services to the Company	Tiancheng Leasing Company	900,000 and leasing interest of 50,000	324,786 and no leasing interest

Note:

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

(1) On 25 October 2013, the Company entered into the Connected Transactions Framework Agreement related to a number of other related continuing connected transactions with Huaneng Group for a term of three years commencing on 1 January 2014. Pursuant to the Framework Agreement, (i) the Company will procure production services from Huaneng Group and its subsidiaries and associates (the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB89.20 million, RMB105.70 million and RMB123.70 million, respectively); (ii) the Company will procure insurance services from Huaneng Group and its subsidiaries and associates (the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB75.00 million, RMB90.00 million and RMB105.00 million, respectively); (iii) the Company will lease offices and procure related property services from Huaneng Group and is subsidiaries and associates (the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016, are RMB30.32 million, RMB32.37 million and RMB34.42 million, respectively); and (iv) the Company will offer production services to Huaneng Group and its subsidiaries and associates (the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB9 million, RMB10 million and RMB11 million, respectively.)

Pursuant to the Connected Transactions Framework Agreement, the pricing terms with respect to the purchase of production services by the Company from Huaneng Group and its subsidiaries and associates will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates, but in any event at terms and prices no less favourable than those offered to the Company by an independent third party for the same or similar type of services in the PRC. The pricing terms with respect to the purchase of insurance by the Company from Huaneng Group and its subsidiaries and associates will be agreed following arm's length negotiations between the relevant parties with reference to the guidelines from time to time promulgated by the China Insurance Regulatory Commission, but in any event at terms and prices no less favourable than those offered to the Company by an independent third party for the same or similar type of insurance services in the PRC. The rental expenses and the pricing terms with respect to the leasing of office buildings and purchase of related property services by the Company from Huaneng Group and its subsidiaries and associates will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates, but in any event at terms and prices no less favourable than those offered to the Company by an independent third party for the same or similar leases of office buildings and related property services in the PRC. The pricing terms with respect to the sale of production services by the Company to Huaneng Group and its subsidiaries and associates will be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates, but in any event at terms and prices no less favourable than those offered to the Company by an independent third party for the same or similar type of services in the PRC.

As at the date the Company entered into the Connected Transactions Framework Agreement, being 25 October 2013, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest directly held by Huaneng Group and a 3.07% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. As such, Huaneng Group is a connected person of the Company and the Connected Transactions Framework Agreement and the transactions between the Company and Huaneng Group constitute continuing connected transactions pursuant to the Listing Rules. For more information on the continuing connected transactions, please refer to the Company's announcement dated 25 October 2013.

The actual transaction amounts of the above four continuing connected transactions in 2014 are RMB29.510 million, RMB44.176 million, RMB20.656 million and RMB1.583 million respectively, which are within the annual caps disclosed in the announcement of the Company dated 25 October 2013.

(2) On 30 December 2013, the Company entered into the Deposit and Loan Services Framework Agreement with Huaneng Finance for a term commencing on 1 January 2014 and expiring on 31 December 2016. Pursuant to the Deposit and Loan Services Framework Agreement, the following transactions will be entered into: (i) placing deposits by the Company with Huaneng Finance; and (ii) provision of loan advancement by Huaneng Finance to the Company.

Pursuant to the Deposit and Loan Services Framework Agreement, the terms and pricing arrangements with respect to the deposit transactions are negotiated on arm's length, and will be fixed within the margin of official deposit interest rates published by the People's Bank of China from time to time. Huaneng Finance shall provide deposit interest on commercial terms that are based on arm's length negotiations and no less favourable than those offered by independent third parties for similar services to the Company in the PRC.

As at the date the Company entered into the Deposit and Loan Services Framework Agreement, being 30 December 2013, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest directly held by Huaneng Group and a 3.07% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. Huaneng Group currently holds a 51.00% equity interest in Huaneng Finance. As such, Huaneng Finance is an associate of Huaneng Group and a connected person of the Company, and the new Deposit and Loan Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Under the Deposit and Loan Services Framework Agreement, the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB2.5 billion respectively. The actual transaction amount of the continuing connected transactions in 2014 is RMB2,473.530 million, which is within the annual cap disclosed in the announcement dated 20 January 2014.

For details of the transactions, please refer to the Company's announcements dated 25 October 2013 and 30 December 2013, and the Company's circular dated 20 January 2014.

(3) On 30 June 2014, the Company entered into the Domestic Voluntary Emission Reduction Project Development Agreement with Huaneng Carbon Asset Management. The Domestic Voluntary Emission Reduction Project Development Agreement is effective for a term commencing from 30 June 2014 to 31 December 2016. Under the Domestic Voluntary Emission Reduction Project Development Agreement, the Company will provide Huaneng Carbon Asset Management with information on the domestic voluntary emission reduction project, and entrust Huaneng Carbon Asset Management to proceed with project development. Huaneng Carbon Asset Management will accept the entrustment from Huaneng Group and the Company and use a specified funding from Huaneng Group to develop the above voluntary emission reduction project.

Pursuant to the Domestic Voluntary Emission Reduction Project Development Agreement, if the relevant reduction emission project is registered successfully, the Company will enter into another agreement with either Huaneng Group or Huaneng Carbon Asset Management pursuant to the terms of the Domestic Voluntary Emission Reduction Project Development Agreement to deal with the allocation arrangements on the principle that project revenue will be allocated to the special accounts opened or designated by the Company and Huaneng Group (or Huaneng Carbon Asset Management) for receiving revenue from emission reduction units in accordance with the tiered proportions set out below:

CCER market price (per tonne)	**Proportion allocated to Huaneng Group**	**Proportion allocated to the Company**
Lower than RMB3	70%	30%
RMB3 (inclusive) to RMB5	60%	40%
RMB5 (inclusive) to RMB8	50%	50%
RMB8 (inclusive) to RMB10	40%	60%
RMB10 or above	30%	70%

If the project does not produce emission reduction units due to failure in the registration or the obtaining of certification, the Company is not required to pay any fees to the account of Huaneng Group or the special account for emission reduction units.

Under the Domestic Voluntary Emission Reduction Project Development Agreement, each of the proposed annual caps for 2014, 2015 and 2016 are RMB6 million. The Company is not required to pay any fees for the first certification or before the first certification. However, upon successful registration of the project, it is required to pay in advance for the certification fees for the second or subsequent certifications (consultation fees for project supervision after the second or subsequent certification will be negotiated by both parties separately and determined after signing of the certification service agreement) and deduct the same before allocating project revenue. The proposed annual caps, consideration and payment arrangements were negotiated on arm's length terms, taking into account the prevailing market conditions. The pricing policy of the Domestic Voluntary Emission Reduction Project Development Agreement was reflected in the tiered proportions and the Company's share of the revenue from emission reduction units following the obtaining of different stage(s) of emission reductions certification. Such pricing policy was based on arm's length negotiation taking into account the risks associated with the development of domestic voluntary emission reduction projects and the risks associated with the revenue to be generated from selling of the CCER units.

As at the date the Company entered into the Domestic Voluntary Emission Reduction Project Development Agreement, being 30 June 2014, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest directly held by Huaneng Group and a 3.07% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. Huaneng Carbon Asset Management has five existing shareholders, all of which are units under Huaneng Group (with Huaneng Capital Services Corporation Ltd. holding 60%, the Company holding 10%, Huaneng Sichuan Hydropower Co., Ltd. holding 10%, Huaneng Lancang River Hydropower Co., Ltd. holding 10%, and Xi'an Thermal Power Research Institute Co., Ltd. holding 10%). As such, Huaneng Carbon Asset Management is a connected person of the Company and the transaction as contemplated under the Domestic Voluntary Emission Reduction Project Development Agreement constitutes a continuing connected transaction of the Company.

The actual transaction amount of the continuing connected transactions in 2014 is nil, which is within the annual cap disclosed in the Company's announcement dated 3 June 2014.

(4) On 12 August 2014, the Company entered into the Strategic Cooperation Agreement with Tiancheng Leasing Company. The Strategic Cooperation Agreement is effective for a term commencing from 12 August 2014 to 31 December 2016. Under the Strategic Cooperation Agreement, Tiancheng Leasing Company will provide the Company with financial leasing services.

The Directors and senior management of the Company will monitor closely and review regularly the financial leasing transactions contemplated under the Strategic Cooperation Agreement. The Company will adopt a series of risk management arrangements, and endeavour to maintain, in relation to the financial leasing transactions, the independence of the Company; the fairness of the amount of each financial lease(s); the fairness of the terms of the transactions; and the right of the Company to obtain financial lease service from independent third parties other than Tiancheng Leasing Company. The Lease Interest will be determined by the parties on a just and fair basis, taking into account the market conditions and referring to the benchmark lending rates for term loans promulgated by People's Bank of China from time to time, and will be no less favourable than those offered to the Company by domestic independent third parties for provision of similar service. Handling fee, if any, will be charged on terms no less favourable than those offered by independent third parties to the Company and its subsidiaries, by Tiancheng Leasing Company and payable by the Company and its subsidiaries when financial leasing agreement under the Strategic Cooperation Agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other domestic major financial institutions in the PRC in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by People's Bank of China for this kind of services from time to time, and will be set out in the relevant written finance lease(s). The rate of the Lease Interest will be determined at the inception of each financial leasing agreement under the Strategic Cooperation Agreement. In the event that People's Bank of China adjusts the annual RMB benchmark lending rate for term loan during the subsistence of the relevant financial leasing agreement, there will corresponding adjustment(s) to the interest rate. The transaction amount shall be payable in arrears on a quarterly or yearly basis or such other intervals as the parties may agree.

Under the Strategic Cooperation Agreement and the Company's announcements dated 12 August 2014 and 15 September 2014, each of the proposed annual caps for 2014, 2015 and 2016 are RMB900 million respectively. The annual caps of leasing interest are RMB50.00 million, RMB85.00 million and RMB150 million.

As at the date the Company entered into the Strategic Cooperation Agreement, being 12 August 2014, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest held directly by Huaneng Group and a 3.07% equity interest held through Huaneng Capital Services Corporation Ltd., a wholly-owned subsidiary of Huaneng Group. Tiancheng Leasing Company has four existing shareholders, all of which are units under Huaneng Group (with the Company holding 15%, Huaneng Capital Services Corporation Ltd. holding 45%, China Hua Neng Group Hong Kong Limited holding 25%, and Huaneng Lancang River Hydropower Co., Ltd. holding 15%). As such, Tiancheng Leasing Company is a connected person of the Company and the transaction contemplated under the Strategic Cooperation Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

The actual transaction amount of the continuing connected transaction in 2014 is RMB324.786 million with no leasing interest, which is within the annual cap disclosed in the Company's announcement dated 12 August 2014 and 15 September 2015.

The Independent Non-executive Directors have reviewed each of the above continuing connected transactions and confirmed that such transactions have been:

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

(2) conducted on normal commercial terms or better terms; and

(3) conducted according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged KPMG, its external auditor, to report on the Company's abovementioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor Letter on Continuing Connected Transactions under the 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.56 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 2014 that fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules were disclosed in Note 33(a) to the financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, purchase from the Group's five largest suppliers as defined under the Listing Rules in aggregate contributed less than 30% of the Group's total purchase of goods and services for the year.

For the year ended 31 December 2014, sales to the Group five largest customers in aggregate contributed 69.1% of the Group's total sales for the year, among which, sales to the largest customer contributed 17.2% of the Group's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors, associates of Directors and any shareholders of the Company (who to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

REMUNERATION POLICIES

As at 31 December 2014, the Company had 1,682 full-time employees. Remuneration of employees of the Company will be determined based on the complexity involved with the positions and the responsibilities to be performed by the employees, as well as with reference to work performance. The remuneration of Directors, supervisors and senior management of the Company includes the following components:

(1) Basic salary and allowance (excluding the allowance of independent Directors)

Basic salary will be determined based on evaluation and factor analysis of a particular position with reference to relevant salaries in the market. The Company and its subsidiaries contribute housing fund and other social insurance for its employees in accordance with relevant regulations. All these account for approximately 34% of the total remuneration.

(2) Bonus

Bonus will be determined based on the performance of Directors, supervisors and senior management, which accounts for approximately 52% of the total remuneration.

(3) Pension contribution

All Directors, supervisors and senior management are entitled to the pension plan maintained by the Company, including basic pension insurance and enterprise annuity. Pension contribution accounts for approximately 8% of the total remuneration.

The Company will pay an annual service fee of RMB140,000 (before tax) to each independent Director, and will reimburse reasonable expenses (including travel and office expenses) incurred by independent Directors in connection with their attendance of Board meetings, shareholders' meetings and performance of their responsibilities in accordance with the Company Law and Articles of Association. The Company provides no other benefit to the independent Directors.

During the Reporting Period, the Company's senior management positions included President, Vice-President, Chief Financial Officer and Secretary to the Board, and their remunerations ranged from approximately RMB290,000 to RMB940,000 (before tax).

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has always placed an emphasis on corporate governance and promotion of innovative management of its corporate governance system. The Company is committed to maintaining and promoting stringent corporate governance, and considered it as an indispensable part in creating values for shareholders. The principle of the Company's corporate governance is to promote effective internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Company has complied with the Corporate Governance Code (the "**Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company periodically reviews its corporate governance practices to ensure continuous compliance with the Code. During the Reporting Period, except for the following deviation, the Company strictly complied with the principles and code provisions and some of the recommended best practices as set out in the Code. Mr. CAO Peixi (non-executive Director, chairman of the Board and chairman of the nomination committee) did not attend the annual general meeting of the Company held on 20 June 2014 due to work commitments. This constitutes a deviation from code provision E.1.2 of the Code, which states that the chairman of the Board should attend the annual general meeting.

PUBLIC FLOAT

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

MATERIAL LITIGATION

Twelve subsidiaries of the Company including Huaneng Fuxin Wind Power Co., Ltd. (華能阜新風力發電有限責任公司) (collectively, the "**Plaintiffs**") filed an action with the Beijing No. 1 Intermediate People's Court (having jurisdiction over the case) (the "**Court**") of the People's Republic of China against Sinovel Wind Group Co., Ltd. (華鋭風電科技(集團)股份有限公司) (the "**Defendant**"), and on 25 September 2014, the Court agreed to hear the case. Below is a summary of the cause of action for the case:

1. The Plaintiffs have been purchasing wind turbine generation units from the Defendant since 2007. The Defendant is responsible for the packaging fee of the wind turbine generation units and provision of technical services such as on-site installation supervision and commissioning as well as technical trainings. The Plaintiffs paid the contract price which ought to be payable to the Defendant according to the terms of the contract. However, there are quality assurance deposit related amounts totalling approximately RMB1,132.7 million that have not been paid by the Plaintiffs to the Defendant due to serious quality defects in the equipment supplied by the Defendant.

2. To address the quality issue in relation to the equipment supplied by the Defendant, the Plaintiffs and the Defendant entered into a Supplemental Agreement on Rectification and Subsequent Withdrawal of Quality Assurance relating to the Wind Turbine Generation Units Supply Contract《風電發電機組供貨合同之整改及後續退出質保事宜補充協議》(the "**Supplemental Agreement**") on 22 August 2013. It was agreed in the Supplemental Agreement that the Defendant shall complete the rectification by 31 December 2013, and upon passing the assessment following the completion of the rectification, the Plaintiffs will pay quality assurance deposit related amounts to the Defendant. If the Defendant fails to pass the assessment as agreed or fails to complete the rectification by 31 December 2013, the Plaintiffs are no longer required to make any further payments to the Defendant under the original supply contract and shall remain entitled to all the remedies and rights available under the user agreement and the original supply contract. However, after signing of the Supplemental Agreement, the Defendant failed to perform its rectification obligation under the Supplemental Agreement.

3. On 1 April 2014, the Plaintiffs and the Defendant entered into a Supplemental Agreement to the Supplemental Agreement on Rectification and Subsequent Withdrawal of Quality Assurance relating to the Wind Turbine Generation Units Supply Contract (《風電發電機組供貨合同之整改及後續退出質保事宜補充協議之補充協議》), which provides that the Defendant shall complete the rectification by 30 June 2014, and that if the Defendant fails to pass the assessment as agreed or fails to complete the rectification by 30 June 2014 or fails to deliver the products which ought to be delivered by the Defendant by 30 June 2014, the Plaintiffs are no longer required to make any further payments to the Defendant under the original supply contract and shall remain entitled to all the remedies and rights available under the user agreement and the original supply contract.

4. Notwithstanding the execution of the above two supplemental agreements, the Defendant still has not completed the rectification as agreed. As a result, the Plaintiffs requested the Court to confirm that the Defendant was in breach of contract and the Plaintiffs shall no longer be required to pay to the Defendant the quality assurance deposit related amounts totalling approximately RMB1,132.7 million, and to make an order for the award of liquidated damages of approximately RMB90.562 million to be paid by the Defendant to the Plaintiffs, and for all litigation costs to be borne by the Defendant.

The Company subsequently received counter-claim from Sinovel to pay a compensation of RMB77.5 million due to the delay of payments by the Plaintiffs in relation to wind turbine purchase. The civil action is still in progress. The Directors of the Company are of the opinion that the possibility for the payments for such counter-claim is remote, therefore no provision has been made in respect of this claim.

For details, please refer to the announcement of the Company dated 29 September 2014.

Save for the above legal proceedings, as far as the Directors are aware, no other material litigation or claims are pending or threatened against the Company.

AUDIT COMMITTEE

The 2014 annual results and the financial statements for the year ended 31 December 2014 of the Group prepared in accordance with IFRSs have been reviewed by the audit committee of the Company.

AUDITORS

KPMG and KPMG Huazhen (SGP) were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2014. KPMG has audited the accompanying financial statements, which were prepared in accordance with International Financial Reporting Standards. The Company has retained KPMG and KPMG Huazhen (SGP) (Previously "KPMG Huazhen") since the date of its listing. A resolution for the reappointment of KPMG and KPMG Huazhen (SGP) as the international and domestic auditors of the Company for the year ending 31 December 2015 will be proposed at the forthcoming annual general meeting of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2014 annual general meeting is proposed to be held in June 2015. Details of the resolutions to be considered and approved and the date of the annual general meeting will be set out in the notice of 2014 annual general meeting to be issued by the Company in due course.

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

Beijing, the PRC, 17 March 2015

Report of the Supervisory Committee

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

In 2014, all members of the Supervisory Committee strictly complied with relevant laws and regulations and the Articles of Association and earnestly performed their duties to protect the interest of the shareholders and the benefit of the Company. The relevant implementation procedures were in compliance with relevant laws and regulations and the Articles of Association. Set out below is a summary of the major tasks performed by the Supervisory Committee in the Reporting Period.

MEETINGS CONVENED BY THE SUPERVISORY COMMITTEE

In accordance with applicable laws and regulations, the Articles of Association and the practical needs of the Company's development, the Supervisory Committee convened two meetings and completed the following tasks in 2014:

1. At the third meeting of the second session of the Supervisory Committee held on 18 March 2014, the proposals on the work report of the Supervisory Committee for 2013, profit distribution plan for 2013, annual final financial report for 2013, preparation of the annual results announcement and annual report for 2013, and financial budget report for 2014 were considered and approved.

2. At the fourth meeting of the second session of the Supervisory Committee held on 12 August 2014, the proposals on the interim results announcement and interim report of the Company for 2014 and the interim financial report of the Company for 2014 were considered and approved.

WORK OF THE SUPERVISORY COMMITTEE

In 2014, the Supervisory Committee mainly carried out the following tasks:

Monitoring Company's Operation

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

Examining the Company's Financial Condition

During the Reporting Period, the Supervisory Committee carefully examined and reviewed the relevant financial information and the auditors' reports of the Company. The Supervisory Committee is of the opinion that the preparation of the Company's financial statements complies with the International Financial Reporting Standards and is not aware of any irregularities. Having duly reviewed the 2014 annual financial report and relevant information to be submitted by the Board to the general meeting of shareholders, and as audited by the independent auditors with an unqualified opinion, the Supervisory Committee is of the opinion that the annual report reflects the financial condition and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

Monitoring the Company's Information Disclosure

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

Chief Supervisor
HUANG Jian

Beijing, the PRC, 17 March 2015

Biographies of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

CAO Peixi (曹培璽), aged 59, is the Chairman of the Board of the Company, the President of Huaneng Group, the Chairman of HIPDC, and the Chairman of HPI. Mr. Cao was appointed as a Non-executive Director of the Company in August 2010 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Cao has successively served as deputy general manager and general manager of Shandong Qingdao Power Plant (山東青島發電廠), assistant head of Shandong Power Bureau (山東電力局), deputy head (Vice President) of Shandong Power Industry Bureau (Company) (山東電力工業局(公司)), Chairman and President of Shandong Power Group Corporation (山東電力集團公司), Vice President and President of China Huadian Corporation(中國華電集團公司) and Chairman of HPI. Mr. Cao graduated from Shandong University, majoring in electrical engineering. He also graduated from Party School of the Central Committee of C.P.C. with a master's degree in engineering. Mr. Cao is a researcher-level senior engineer.

ZHANG Tingke (張廷克), aged 58, is the Vice Chairman of the Board of the Company, a Vice President of Huaneng Group, and Chairman of the board of directors of Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd. (山東石島灣核電有限公司). Mr. Zhang was appointed as a Non-executive Director of the Company in November 2011 and was reelected as a Non-executive Director of the Company in June 2013. Mr. Zhang has served successively as deputy chief of the Planning Department, deputy head (Vice President) of Henan Power Bureau (河南省電力局), head of Preparation Office of Yuzhou Power Plant (禹州電廠), Chairman of Huaneng International Trade-Economics Co., Ltd. (華能國際經濟貿易有限責任公司), Vice President of HIPDC, Chairman of Huaneng IT Industry Holding Co., Ltd. (華能信息產業控股有限公司), Chairman of Sichuan Huaneng Hydropower Development Co., Ltd. (四川華能水電開發有限責任公司), and Chairman of Huaneng Lancang River Hydropower Co., Ltd. (華能瀾滄江水電有限責任公司). Mr. Zhang graduated from Tsinghua University majoring in power system and automation. He also graduated from China Europe International Business School with an MBA degree. Mr. Zhang is a senior engineer.

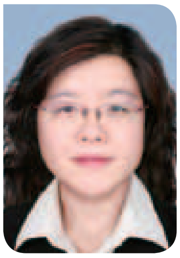
Biographies of Directors, Supervisors and Senior Management

WANG Kui (王葵), aged 48, is a Non-executive Director of the Company and the chief of the Planning and Development Department of Huaneng Group. He was appointed as a Non-executive Director of the Company on 12 August 2014. Mr. Wang has served successively as deputy chief of Planning Division of Comprehensive Planning Department, deputy chief (in charge of work) and chief of Planning Division of Planning and Development Department of China Huaneng Group, deputy head of Preparation Team of the Founding of Xinjiang Energy Development Co., Ltd., Vice President of Huaneng Xinjiang Energy Development Co., Ltd., member of the Standing Committee of the CPC Committee and vice governor (assigned to aid Xinjiang) of Kizilsu Kirghiz Autonomous Prefecture, Vice President and President of Huaneng Shanxi Branch. He graduated from Beijing Institute of Economics with a bachelor's degree in quantitative economics. Mr. Wang is a senior engineer.

EXECUTIVE DIRECTORS

LIN Gang (林剛), aged 50, is an Executive Director and the President of the Company. Mr. Lin joined the Company in February 2012 and was appointed as an Executive Director of the Company. He was re-elected as a Non-executive Director of the Company in June 2013. Mr. Lin has served successively as deputy chief of Engineering Division of Engineering Department of HPI, assistant to general manager and deputy general manager of Huaneng Beijing Branch (Beijing Thermal Power Plant) (華能北京分公司(北京熱電廠)), deputy manager of General Planning Department, deputy manager (in charge of the department) of Marketing and Sales Department of Huaneng Power International, Inc. (HPI), President of Huaneng Northeast Branch (華能東北電力分公司) and concurrently director of Heilongjiang Office, manager of Marketing and Sales Department of HPI, assistant to President of HPI, and Vice President of HPI. Mr. Lin graduated from North China Electric Power University, specializing in thermal power, and holds a master degree in science. He also graduated from Peking University with an EMBA degree. Mr. Lin is a professor-level senior engineer.

XIAO Jun (肖俊), aged 52, is an Executive Director and a Vice President of the Company. Mr. Xiao joined the Company in April 2013 and was appointed as an Executive Director of the Company in June 2013. Mr. Xiao has served successively as deputy chief of Planning Division of Strategic Department of Ministry of Power Industry (電力工業部), deputy chief of the Planning Division of Strategic Investment Department of State Power Company (國家電力公司), deputy chief (in charge of work), chief of the Strategic Investment Division of Power Department of the State Economic and Trade Commission, deputy manager of Planning and Development Department, deputy manager of (in charge of work) and head of International Cooperation Department of China Huaneng Group. Mr. Xiao graduated from Wuhan University of Hydraulic and Electrical Engineering with a bachelor degree majoring in electric power system and automation. He also graduated from Tsinghua University with a MBA degree and the National University of Singapore with a MPA degree. Mr. Xiao is a senior engineer.



YANG Qing (楊青), aged 46, is an Executive Director, Vice President and Chief Financial Officer of the Company. Ms. Yang joined the Company in May 2002. She was appointed as an Executive Director of the Company in August 2010 and was re-appointed as an Executive Director of the Company in June 2013. Ms. Yang has served successively as deputy chief of the Financial Department of Huaneng Group, chief of the First Financial Department of Huaneng Group, deputy chief accountant cum manager and deputy chief accountant of the Financial Department of Huaneng New Energy Environment Industrial Co., Ltd., Vice President and chief accountant of HNEIC. Ms. Yang graduated from the accounting department of Central University of Finance & Economics, majoring in foreign financial accounting, and subsequently obtained a master's degree in economics from the School of Finance of Renmin University of China. Ms. Yang is a senior accountant.

HE Yan (何焱), aged 50, is an Executive Director and Vice President of the Company. Mr. He joined the Company in May 2002. He was appointed as an Executive Director of the Company in August 2010, and retired as an Executive Director of the Company on 21 June 2013. He was re-appointed as an Executive Director of the Company on 12 August 2014. Mr. He has served successively as manager of First Business Department of Huaneng Construction Consultation Co., Ltd. (華能工程諮詢公司), deputy manager of Assets Operation Department of Huaneng Comprehensive Industrial Co., Ltd. (華能綜合產業公司), manager of New Energy Department and manager of Construction and Engineering Department of Huaneng New Energy Environment Industrial Co., Ltd., and Vice President of HNEIC. He graduated from Wuhan University, majoring in logic, and was a postgraduate student with a master's degree. He subsequently obtained an MBA degree from University of California. Mr. He is a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

QIN Haiyan (秦海岩), aged 45, is an Independent Non-executive Director of the Company, the director of China General Certification Center (北京鑒衡認證中心), the secretary-general of the Wind Power Committee of China Renewable Energy Society (中國可再生能源學會風能專業委員會), and standing director of China Renewable Energy Society,. He is also the deputy head of the Climatic Resources Application Research Committee of China Meteorological Society (中國氣象學會氣候資源應用研究委員會), Vice-Chairman of the Renewable Energy Committee of China Association of Resources Comprehensive Utilization (中國資源綜合利用協會可再生能源專業委員會) and member of the Technical Committee of National Wind Power Machinery Standardization (全國風力機械標準化技術委員會). Mr. Qin was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Qin has led over 20 research projects in the area of renewable energies. For example, he was the person-in-charge for the "Analysis of the Development Potential of China's Offshore Wind Power", and the person-in-charge for the "Establishment of Certification for Wind Turbines", a project sponsored by the PRC government, World Bank and the Global Environment Facility. He graduated from Shanghai Jiao Tong University with a bachelor's degree in engineering. He also obtained an MBA degree from Renmin University of China.

Biographies of Directors, Supervisors and Senior Management

DAI Huizhu (戴慧珠), aged 76, is an Independent Non-executive Director of the Company, and the senior consultant, professor and Supervisor of Doctorate Students of Renewable Energy Department of China Electric Power Research Institute (中國電力科學研究院新能源研究所). Ms. Dai was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Ms. Dai held various positions at Northeast Institute of Electric Power Engineering (東北電力學院), including assistant lecturer, lecturer, associate professor, professor, head of Research Section of Electrical Engineering Fundamentals and deputy head of Electric Power Research Institute. She also held various positions at China Electric Power Research Institute, including, among others, head of New Energy Power Generation Laboratory, head of Graduate Department and chief engineer of Rural Electrification Research Department. Ms. Dai has conducted in-depth studies in the renewable energy and directed many research projects. She was the person-in-charge and participated in the drafting of "Research Report on Electric Power System" as part of the Evaluation of Renewable Energies, a project sponsored by the PRC government, World Bank and Global Environment Facility. Ms. Dai has led many award-winning research projects in wind power area. Ms. Dai has also published a number of research papers within and outside China. Ms. Dai graduated from Tsinghua University majored in electrical engineering.

ZHOU Shaopeng (周紹朋), aged 68, is an Independent Non-executive Director of the Company, a professor at Chinese Academy of Governance (國家行政學院). Mr. Zhou was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Zhou has served as an assistant researcher, associate researcher, researcher and Supervisor of Doctorate Students of Industrial Economics Institute of Chinese Academy of Social Sciences (中國社會科學院工業經濟研究所). Mr. Zhou was the author or co-author of over 30 academic books and research reports. He has also published over 300 research papers. Mr. Zhou graduated from Beijing Mechanical Institute (北京機械學院) majored in Industrial Economics and graduated from Chinese Academy of Social Sciences with a master's degree in economics. He also obtained a doctorate degree in economics from the Chinese Academy of Social Sciences.

WAN Kam To (尹錦滔), aged 62, is an Independent Non-executive Director of the Company. In addition, he serves as an independent non-executive director at China Resources Land Limited (Hong Kong Stock Exchange: 1109), Dalian Port (PDA) Company Limited (Hong Kong Stock Exchange: 2880, Shanghai Stock Exchange: 601880), Fairwood Holdings Limited (Hong Kong Stock Exchange: 0052), KFM Kingdom Holdings Limited (Hong Kong Stock Exchange: 3816), Shanghai Pharmaceutical Holding Co., Ltd. (Hong Kong Stock Exchange: 2607, Shanghai Stock Exchange: 601607), S. Culture International Holdings Limited (Hong Kong Stock Exchange: 1255), Kerry Logistics Network Limited (Hong Kong Stock Exchange: 0636), Harbin Bank Co., Ltd. (Hong Kong Stock Exchange: 6138) and Target Insurance (Holdings) Limited (Hong Kong Stock Exchange: 6161) and a fellow of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wan was appointed as an Independent Non-executive Director of the Company in August 2010. Mr. Wan has served as a partner of PricewaterhouseCoopers, an independent director of Mindray Medical International Limited (New York Stock Exchange: MR) and RDA Microelectronics, Inc. (NASDAQ: RDA) and an independent non-executive director of Real Gold Mining Limited (Hong Kong Stock Exchange: 0246) and Greater China Professional Services Limited (Hong Kong Stock Exchange: 8193). He graduated from Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) with a Higher Diploma in accountancy.

SUPERVISORS

HUANG Jian (黃堅), aged 52, is a supervisor of the Company, a Non-executive Director of HPI, the Assistant to President of Huaneng Group and concurrently the Chairman of Huaneng Capital Services Co., Ltd. (華能資本服務有限公司), Chairman of Huaneng Hainan Power Ltd. and the Chairman of Huaneng Carbon Assets Management Company. Mr. Huang was appointed as a supervisor of the Company in November 2011 and was re-appointed as a supervisor of the Company in June 2013. Mr. Huang has served successively as the Executive Vice Chairman of Huaneng Capital Services Co., Ltd., deputy chief of Cost and Pricing Office of the Finance Department, chief of Pricing General Office of the Finance Department of HIPDC, chief accountant of Beijing Branch and deputy manager of the Finance Department of HIPDC. He also served as the deputy chief accountant, chief accountant, Vice President and secretary to the board of directors of HPI, and deputy chief economist and director of Budgeting and Comprehensive Planning Department of Huaneng Group. Mr. Huang graduated from the accounting department of Institute of Fiscal Science of the Ministry of Finance, with a master's degree in economics. He is a senior accountant.

Biographies of Directors, Supervisors and Senior Management

WANG Huanliang (王煥良), aged 56, is a supervisor of the Company and the head of Audit Department of Huaneng Group. Mr. Wang was appointed as a supervisor of the Company in August 2010 and was re-appointed as a supervisor of the Company in June 2013. Mr. Wang has held various positions at Power Planning and Design Institute of Ministry of Water Resources and Electrical Power (水電部電力規劃設計院), including, among others, accountant, section chief and deputy chief of Finance Section. He also held various positions at Huaneng Group, including, among others, deputy manager of the Finance Department, deputy chief and chief of the Operation Finance Division of the Finance Department. He has served as Vice Chairman and President of BeihaiXinli Industrial Co., Ltd. (北海新力實業股份有限公司), head of Beihai Port Management Bureau (北海港務局), and Vice President and chief accountant of Huaneng Energy & Communications Holding Co., Ltd. (華能能源交通產業控股有限公司). Mr. Wang graduated from Correspondence School of Renmin University of China. He also graduated from Chinese Academy of Social Sciences with a master's degree in currency and banking. He is a senior accountant.

YU Zewei (于澤衛), aged 53, is a supervisor and head of Discipline Inspection Commission of the Company. Mr. Yu was appointed as a supervisor of the Company in July 2012. Mr. Yu has served successively as deputy manager of Basic Industries and Transportation Department of Huaneng Comprehensive Industrial Co., Ltd. (華能綜合產業公司), senior engineer of Planning Department of Huaneng New Energy Environment Industrial Co., Ltd., manager of Production and Technology Department of HNEIC, manager of Planning Department of the Company, manager of Corporate Culture Deportment of the Company, general manager of Jilin Tongyu Wind Power Brach of HIPDC, general manager of Huaneng Tongyu Xinhua Wind Power Co., Ltd., general manager of Huaneng Keyouzhongqi Wind Power Co., Ltd.. Mr. Yu graduated from Northern Jiaotong University, majoring in material management engineering, with a master's degree in engineering. Mr. Yu is a senior engineer.

SENIOR MANAGEMENT

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

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

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

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

HE Ji (何驥), aged 54, is a Vice President of the Company. Mr. He joined the Company in December 2012. Mr. He has served successively as deputy chief and chief of the Safety Supervision Division of Huaneng Group, chief of the Safety Supervision Division of Safety Supervision and Technology Environmental Protection Department of Huaneng Group, head of Discipline Inspection Commission, Chairman of Labor Union of Huaneng Hebei Corporation (華能河北分公司), Vice President of Huaneng Hebei Corporation. Mr. He obtained a bachelor's degree in power engineering from Tsinghua University. He is a senior engineer.

Biographies of Directors, Supervisors and Senior Management

DING Kun (丁坤), aged 43, is a Vice President of the Company. Mr. Ding joined the Company in October 1998. Mr. Ding has served successively as deputy general manager and chief engineer of Huaneng Dali Hydropower Co., Ltd., general manager of Jilin Tongyu Wind Power Branch of HIPDC, the person-in-charge of HNEIC Inner Mongolia Branch, the preparatory bureau of Wuchuan Wind Power Project and Wulate Middle Banner Wind Power Project, assistant to president and concurrently manager of Construction and Engineering Department of HNEIC, assistant to president and concurrently manager of Construction and Engineering Department of the Company. Mr. Ding obtained a bachelor's degree in engineering from Beijing University of Agricultural Engineering and a master's degree in engineering from Kunming University of Science and Technology. He is a senior engineer.

YAN Shusen (閻樹森), aged 48, is a Vice President of the Company. Mr. Yan joined the Company in August 2011. Mr. Yan has served successively as deputy director of the Policy Research Office of Peking University, deputy head of the Development and Planning Department and concurrently the director of the Undertakings Development and Planning Office of Peking University, a confirmed chief rank investigation and research fellow and concurrently the vice chief of the Youth Cadre Services Division of Cadre Services Bureau I, chief of the Youth Cadre Services Division of Cadre Services Bureau I and chief of the Personnel General Division of Division I of the Personnel Services Bureau under the Central Committee of Communist Party of China ("CCCPC") Organization Department, director of the Office and chief of Division I of the Personnel Services Bureau under the CCCPC Organization Department. Mr. Yan graduated from the politics and administrative management department of Peking University with a doctorate degree, and also held a juris doctor degree. He is an associate research fellow.

SHI Yan (史岩), aged 47, is a Vice President and general counsel of the Company. Mr. Shi joined the Company in June 2014. He has served successively as deputy chief of the legal division under the department of general management of Huaneng Group (in charge of work), deputy director of the legal affairs office and the chief of contract and dispute office in the enterprise management and legal affairs department. Mr. Shi graduated from Renmin University of China in commercial law. He also of obtained a master degree in law from Peking University. He is a senior economist.

AO Hai (敖海), aged 42, is a Vice President of the Company. Mr. Ao joined the Company in October 2006. He has served successively as deputy manager, manager and production safety department manager of Electrical Branch Company of Fuxin Power Plant, engineering manager, assistant to general manager, deputy manager, deputy manager(in charge of work), general manager, manager of science and technology department, manager of safety production department, manager of construction department and assistant to president of Huaneng Fuxin Wind Power Co., Ltd. Mr. Ao obtained a bachelor degree from Harbin Institute of Technology in power system and its automation. He is an Engineer.

SONG Yuhong (宋育紅), aged 47, is the company secretary and assistant of the President of the Company. Ms. Song joined the Company in April 2002. She has served successively as deputy manager of New Energy Department, deputy manager of the Second Project Department, and manager of the Commerce Department of HNEIC. Ms. Song graduated from Beijing University of Technology with a bachelor's degree in engineering. She also graduated from North China Electric Power University with a master's degree in management. She is a senior engineer.

COMPANY SECRETARY

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

Independent Auditor's Report

KPMG

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

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

We have audited the consolidated financial statements of Huaneng Renewables Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 83 to 185, which comprise the consolidated and company balance sheets as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

17 March 2015

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014
(Expressed in Renminbi ("RMB") unless otherwise stated)

	Note	**2014** **RMB'000**	2013 RMB'000 (restated- Note 35)
Revenue	4	**6,151,073**	5,908,787
Other net income	5	**167,651**	79,035
Operating expenses			
Depreciation and amortisation	7(b)	**(2,270,303)**	(1,961,796)
Service concession construction costs		**(33,394)**	(355,362)
Personnel costs	7(a)	**(260,056)**	(210,899)
Repairs and maintenance		**(86,186)**	(93,284)
Administration expenses		**(187,147)**	(151,403)
Other operating expenses		**(135,861)**	(422,224)
		(2,972,947)	(3,194,968)
Operating profit		**3,345,777**	2,792,854
Finance income		**77,513**	211,391
Finance expenses		**(2,189,199)**	(1,991,751)
Net finance expenses	6	**(2,111,686)**	(1,780,360)
Share of loss of a joint venture and an associate		**(1,677)**	(3,003)
Profit before taxation	7	**1,232,414**	1,009,491
Income tax	8	**(85,650)**	(67,142)
Net profit		**1,146,764**	942,349

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014
(Expressed in Renminbi ("RMB") unless otherwise stated)

	Note	**2014**	2013
		RMB'000	*RMB'000*
			(restated- Note 35)
Other comprehensive income for the year, net of tax	12		
Items that may be reclassified to profit or loss			
Available-for-sale securities: net movement in the fair value reserve		**–**	69,989
Exchange difference on translation of financial statements of a subsidiary outside mainland China		**1,778**	(15,142)
		1,778	54,847
Total comprehensive income for the year		**1,148,542**	997,196
Net profit attributable to:			
Equity shareholders of the Company		**1,121,029**	912,900
Non-controlling interests		**25,735**	29,449
Net profit		**1,146,764**	942,349
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,122,807**	967,747
Non-controlling interests		**25,735**	29,449
Total comprehensive income for the year		**1,148,542**	997,196
Basic and diluted earnings per share (RMB cents)	13	**12.39**	10.66

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	**2014** **RMB'000**	2013 *RMB'000* *(restated-Note 35)*
Non-current assets			
Property, plant and equipment	14	**57,873,350**	46,299,971
Lease prepayments	15	**157,170**	137,909
Intangible assets	16	**696,207**	702,992
Interest in an associate	18	**31,446**	–
Interest in a joint venture	19	**80,586**	82,097
Other non-current assets	20	**4,153,212**	3,582,561
Deferred tax assets	27(b)	**4,849**	5,615
Total non-current assets		**62,996,820**	50,811,145
Current assets			
Inventories		**13,130**	4,466
Trade debtors and bills receivable	21	**3,160,350**	3,008,863
Prepayments and other current assets	22	**176,421**	403,603
Tax recoverable	27(a)	**3,526**	3,143
Restricted deposits		**1,595**	170,163
Cash at bank and on hand	23	**7,786,461**	6,269,633
Total current assets		**11,141,483**	9,859,871
Current liabilities			
Borrowings	24	**17,306,317**	10,445,910
Obligations under finance leases	25	**434,040**	386,104
Other payables	26	**7,960,599**	8,480,259
Tax payable	27(a)	**39,942**	31,837
Total current liabilities		**25,740,898**	19,344,110
Net current liabilities		**(14,599,415)**	(9,484,239)
Total assets less current liabilities		**48,397,405**	41,326,906

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	**2014** **RMB'000**	2013 *RMB'000* *(restated-Note 35)*
Non-current liabilities			
Borrowings	24	**26,842,020**	23,212,652
Obligations under finance leases	25	**2,768,888**	1,883,210
Retention payables		**1,634,382**	1,086,388
Deferred income	28	**247,596**	264,949
Deferred tax liabilities	27(b)	**19,318**	18,805
Total non-current liabilities		**31,512,204**	26,466,004
NET ASSETS		**16,885,201**	14,860,902
CAPITAL AND RESERVES	29		
Share capital		**9,727,996**	9,029,215
Reserves		**6,373,258**	4,995,554
Total equity attributable to equity shareholders of the Company		**16,101,254**	14,024,769
Non-controlling interests		**783,947**	836,133
TOTAL EQUITY		**16,885,201**	14,860,902

Approved and authorised for issue by the board of directors on 17 March 2015.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 94 to 185 form part of these financial statements.

Balance Sheet

At 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	14	**393,156**	404,104
Intangible assets		**1,118**	415
Investments in subsidiaries	17	**11,814,281**	8,916,050
Investment in an associate	18	**32,367**	–
Investment in a joint venture	19	**85,100**	85,100
Other non-current assets	20	**14,206,169**	14,278,986
Total non-current assets		**26,532,191**	23,684,655
Current assets			
Trade debtors and bills receivable	21	**100**	200
Prepayments and other current assets	22	**14,154,674**	12,066,920
Restricted deposits		**–**	165,132
Cash at bank and on hand	23	**4,946,479**	3,708,933
Total current assets		**19,101,253**	15,941,185
Current liabilities			
Borrowings	24	**16,247,413**	9,632,320
Obligations under finance leases	25	**192,685**	181,587
Other payables	26	**805,188**	1,205,044
Tax payable		**3,418**	3,418
Total current liabilities		**17,248,704**	11,022,369
Net current assets		**1,852,549**	4,918,816
Total assets less current liabilities		**28,384,740**	28,603,471

The notes on pages 94 to 185 form part of these financial statements.

Balance Sheet

At 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	**2014** **RMB'000**	2013 RMB'000
Non-current liabilities			
Borrowings	24	**14,858,675**	16,188,313
Obligations under finance leases	25	**248,679**	441,364
Deferred income	28	**550**	890
Total non-current liabilities		**15,107,904**	16,630,567
NET ASSETS		**13,276,836**	11,972,904
CAPITAL AND RESERVES	29		
Share capital		**9,727,996**	9,029,215
Reserves		**3,548,840**	2,943,689
TOTAL EQUITY		**13,276,836**	11,972,904

Approved and authorised for issue by the board of directors on 17 March 2015.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	Share capital RMB'000 ((Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory surplus reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Fair value reserve RMB'000 (Note 29(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to the equity shareholders of the Company								
Balance at 1 January 2013 (as previously reported)		8,446,898	1,366,477	24,078	(213)	(69,989)	2,052,791	11,820,042	871,257	12,691,299
Effect on acquisition of a subsidiary under common control	35	–	139,266	–	–	–	26,068	165,334	–	165,334
Balance at 1 January 2013 (as restated)		8,446,898	1,505,743	24,078	(213)	(69,989)	2,078,859	11,985,376	871,257	12,856,633
Changes in equity for 2013:										
Net profit (as restated)		–	–	–	–	–	912,900	912,900	29,449	942,349
Other comprehensive income (as restated)		–	–	–	(15,142)	69,989	–	54,847	–	54,847
Total comprehensive income (as restated)		–	–	–	(15,142)	69,989	912,900	967,747	29,449	997,196
Issuance of new shares, netting of issuance expenses		582,317	646,876	–	–	–	–	1,229,193	–	1,229,193
Transfer to reserve fund		–	–	83,873	–	–	(83,873)	–	–	–
Capital contributions from then shareholder to a subsidiary acquired under common control		–	17,551	–	–	–	–	17,551	–	17,551
Dividends by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(60,506)	(60,506)
Dividends to equity shareholders of the Company		–	–	–	–	–	(126,703)	(126,703)	–	(126,703)
Dividends to then shareholder by a subsidiary acquired under common control		–	–	–	–	–	(44,222)	(44,222)	–	(44,222)
Acquisition of non-controlling interests		–	(4,173)	–	–	–	–	(4,173)	(4,067)	(8,240)
Balance at 31 December 2013 (as restated)		9,029,215	2,165,997	107,951	(15,355)	–	2,736,961	14,024,769	836,133	14,860,902

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

		Attributable to the equity shareholders of the Company								
	Note	Share capital RMB'000 ((Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory surplus reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Fair value reserve RMB'000 (Note 29(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014 (as previously reported)		9,029,215	2,009,180	107,951	(15,355)	–	2,729,818	13,860,809	836,133	14,696,942
Effect on acquisition of a subsidiary under common control	35	–	156,817	–	–	–	7,143	163,960	–	163,960
Balance at 1 January 2014 (as restated)		9,029,215	2,165,997	107,951	(15,355)	–	2,736,961	14,024,769	836,133	14,860,902
Changes in equity for 2014:										
Net profit		–	–	–	–	–	1,121,029	1,121,029	25,735	1,146,764
Other comprehensive income		–	–	–	1,778	–	–	1,778	–	1,778
Total comprehensive income		–	–	–	1,778	–	1,121,029	1,122,807	25,735	1,148,542
Issuance of new shares, netting of issuance expenses	29(c)	698,781	658,821	–	–	–	–	1,357,602	–	1,357,602
Transfer to reserve fund		–	–	16,763	–	–	(16,763)	–	–	–
Dividends by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(40,812)	(40,812)
Dividends to equity shareholders of the Company	29(b)	–	–	–	–	–	(180,584)	(180,584)	–	(180,584)
Acquisition of a subsidiary under common control	35	–	(223,340)	–	–	–	–	(223,340)	–	(223,340)
Cease control of a subsidiary	18	–	–	–	–	–	–	–	(37,109)	(37,109)
Balance at 31 December 2014		9,727,996	2,601,478	124,714	(13,577)	–	3,660,643	16,101,254	783,947	16,885,201

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

	2014	2013
	RMB'000	*RMB'000 (restated- Note 35)*
Cash flows from operating activities		
Net profit	**1,146,764**	942,349
Adjustments for:		
Depreciation	**2,237,472**	1,940,448
Amortisation	**32,831**	21,348
Amortisation of deferred income	**(15,812)**	(16,396)
Provision for impairment loss on property, plant and equipment	**–**	95,783
Provision for impairment loss on Certified Emission Reductions ("**CERs**") receivables	**–**	138,127
Reversal of impairment loss on property, plant and equipment	**(55,439)**	–
Interest expenses on financial liabilities	**2,143,297**	1,910,753
Foreign exchange differences, net	**(14,249)**	77,317
Interest income on financial assets	**(55,473)**	(50,841)
Dividend income	**(7,700)**	(9,093)
Share of loss of a joint venture and an associate	**1,677**	3,003
Gain on disposal of available-for-sale equity securities	**–**	(150,754)
Net loss on disposal of property, plant and equipment	**98**	200
Income tax	**85,650**	67,142
Others	**13,459**	(3,851)
Changes in working capital:		
Increase in inventories	**(8,664)**	(396)
(Increase) / decrease in trade debtors and bills receivable	**(420,205)**	200,405
Decrease in prepayments and other current assets	**252,034**	92,530
Increase in other payables	**866,037**	823,375
Cash generated from operations	**6,201,777**	6,081,449
PRC income tax paid	**(76,649)**	(67,750)
Net cash from operating activities	**6,125,128**	6,013,699

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

	2014	2013
	RMB'000	*RMB'000*
		(restated-
		Note 35)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	**(13,393,976)**	(7,326,804)
Payments for acquisition of subsidiaries, net of cash acquired	**(361,070)**	(1,977)
Payments for acquisition of unquoted equity investment	**(150,000)**	(10,000)
Government grant received	**–**	17,517
Proceeds from disposal of property, plant and equipment	**538**	3
Proceeds from disposal of available-for-sale equity securities	**–**	524,525
Dividends received	**7,700**	9,078
Interest received	**58,951**	58,460
Time deposits	**545,600**	(247,081)
Restricted deposits	**168,568**	38,816
Others	**164,664**	134,874
Net cash used in investing activities	**(12,961,025)**	(6,802,589)

The notes on pages 94 to 185 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

	Note	**2014**	2013
	Note	***RMB'000***	*RMB'000 (restated- Note 35)*
Cash flows from financing activities			
Net proceeds from issuance of shares		**1,358,252**	1,245,613
Proceeds from borrowings		**29,726,496**	13,539,000
Repayment of borrowings		**(19,237,864)**	(10,703,650)
Dividends paid by subsidiaries to non-controlling equity owners		**(32,432)**	(94,687)
Dividends paid to equity shareholders of the Company		**(180,584)**	(170,925)
Interest paid		**(2,227,822)**	(1,890,117)
Payment of finance lease obligations		**(506,399)**	(502,990)
Others		**(11,030)**	(680)
Net cash from financing activities		**8,888,617**	1,421,564
Net increase in cash and cash equivalents		**2,052,720**	632,674
Cash and cash equivalents at 1 January		**4,322,198**	3,769,497
Effect of foreign exchange rate changes		**9,708**	(79,973)
Cash and cash equivalents at 31 December	23	**6,384,626**	4,322,198

Note:

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

The notes on pages 94 to 185 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huaneng Renewables Corporation Limited (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 5 August 2010 as a joint stock company with limited liability. The Company and its subsidiaries (the "**Group**") are mainly engaged in wind power and solar power generation and sale 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 ("**IASs**") and interpretations issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKSE**"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and the Group's interest in an associate and a joint venture.

As at and for the year ended 31 December 2014, a portion of the Group's funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 31 December 2014, the Group has net current liabilities of approximately RMB14.6 billion. Taking into consideration of the expected operating cash flows of the Group and the undrawn available banking facilities, the Group are expected to refinance and/or restructure certain short-term borrowings into long-term borrowings and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared the consolidated financial statements on a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company, of these, the following development are relevant to the Group's consolidated financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- IFRIC 21, *Levies*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's financial statements as the Company and its subsidiaries do not qualify to be investment entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have any material impact on the Group's financial statements.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's financial statements as the guidance is consistent with the Group's existing accounting policies.

(d) Functional and presentation currency

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

(e) Subsidiaries and non-controlling interests

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities 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(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Associates and joint ventures

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Associates and joint ventures (continued)

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

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

(g) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, 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 each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(u)(iv) and (v).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(h) Business combinations under common control

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

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

(i) Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

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

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

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

– Buildings and structures	8-30 years
– Generators and related equipment	5-30 years
– Motor vehicles	9 years
– Furniture, fixtures and others	5-8 years

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

(j) Intangible assets

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

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

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

– Concession assets	25 years
– Software and others	3 – 5 years

Both the period and method of amortisation are reviewed annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

(iii) Operating lease charges

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

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

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 amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

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

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

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

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

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

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

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

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

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

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

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)

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

(ii) Impairment of other assets

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

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets; and
- investments in subsidiaries, associates and joint ventures in the Company's balance sheet.

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

– *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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

(m) Inventories

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

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

(n) Trade and other receivables

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

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 amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

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

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

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 realise the asset and settle the liability simultaneously; or

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

– the same taxable entity; or

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

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Financial guarantees issued (continued)

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

(ii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Sale of electricity

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

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 revenue that represents the sales of electricity is recognised in the period in accordance with note 2(u)(i).

(iii) Rendering of services

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

(iv) Dividends

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

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

(vi) Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(vii) CERs income

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

– the counterparties have committed to purchase the CERs;

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

– relevant electricity has been generated.

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

(v) Translation of foreign currencies

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

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

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Borrowing costs

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

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

(x) Non-current assets held for sale

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Recoverability of receivables in relation to carbon credits

The Group reviews its receivables in relation to carbon credits on a periodic basis to assess impairment and to determine the amount of impairment loss if the receivables were considered to be impaired. These allowances reflect the difference between the carrying amount of the receivables and the present value of estimated future cash flows. Factors affecting this estimate mainly include the external environment in relation to carbon market, the credit status, financial conditions and reputation of the debtors, history of payments by the debtors (e.g. payment delinquency or default) and the enforceability of the underlying contracts. Any change in circumstances including the Group's business in relation to carbon credits development and the external environment would affect the carrying amounts of the receivables.

(b) Impairment losses for other bad and doubtful debts

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

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

(c) Impairment losses of non-current assets

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

(d) Recognition of deferred tax assets

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

(e) Depreciation

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

(f) Income tax

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

Notes to the Financial Statements

For the year ended 31 December 2014
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4 REVENUE

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

	2014	2013
	RMB'000	*RMB'000*
		(restated-
		Note 35)
Sales of electricity	**6,114,168**	5,551,083
Service concession construction revenue *(note (ii))*	**33,394**	355,362
Others	**3,511**	2,342
	6,151,073	5,908,787

Notes:

(i) Sales of electricity were mainly generated by the wind power plants of the Group. The Group has a single reportable operating segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented. Revenue from the PRC government controlled power grid companies amounted to RMB6,114,168,000 for the year ended 31 December 2014 (2013 (as restated): RMB5,551,083,000).

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

5 OTHER NET INCOME

	2014	2013
	RMB'000	*RMB'000*
		(restated-
		Note 35)
Government grants	**115,060**	78,782
Penalty income from suppliers *(note (i))*	**44,439**	–
Net loss on disposal of property, plant and equipment	**(98)**	(200)
Others	**8,250**	453
	167,651	79,035

5 OTHER NET INCOME (CONTINUED)

Note:

(i) Penalty income from suppliers mainly represented compensations from third party wind turbine suppliers or constructors for revenue losses incurred due to certain spare parts of wind turbines not running stably at the early stage of the operation for certain wind power plants in 2014.

6 FINANCE INCOME AND EXPENSES

	2014	2013
	RMB'000	*RMB'000*
		(restated- Note 35)
Interest income on financial assets	**55,473**	50,841
Foreign exchange gains	**14,340**	703
Gain on disposal of available-for-sale equity securities	**–**	150,754
Dividend income	**7,700**	9,093
Finance income	**77,513**	211,391
Interest on bank and other borrowings wholly repayable within five years	**844,196**	630,981
Interest on other loans and finance charges on obligations under finance leases	**1,569,454**	1,423,121
Less: interest expenses capitalised into property, plant and equipment and intangible assets *(note (i))*	**270,353**	143,348
	2,143,297	1,910,754
Foreign exchange losses	**34,562**	78,510
Bank charges and others	**11,340**	2,487
Finance expenses	**2,189,199**	1,991,751
Net finance expenses recognised in profit or loss	**(2,111,686)**	(1,780,360)

Note:

(i) The borrowing costs have been capitalised at rates of 5.59% to 6.85% for the year ended 31 December 2014 (2013: 5.36% to 6.55%).

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7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2014	2013
	RMB'000	*RMB'000*
		(restated-
		Note 35)
Salaries, wages and other benefits	**231,995**	186,248
Contributions to defined contribution retirement plan	**28,061**	24,651
	260,056	210,899

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "**Schemes**") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 15% to 21% of the salaries of the employees. The local government authorities are responsible for the pension obligations to retired employees. In addition, the Group and its staff participate in a retirement plan managed by China Huaneng Group ("**Huaneng Group**") to supplement the above-mentioned Schemes and the Group makes contributions to the retirement plan at 5% of the salaries of the employees. The Group has no other material obligation to make payments in respect of pension benefits other than the annual contributions described above.

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	2014	2013
	RMB'000	*RMB'000 (restated- Note 35)*
Amortisation		
– lease prepayments	**3,958**	2,868
– intangible assets	**28,873**	18,480
Depreciation		
– property, plant and equipment	**2,237,472**	1,940,448
Impairment losses (reversed)/recognised in other operating expenses		
– trade debtors and bills receivable *(Note 21(b))*	**–**	14,063
– prepayments and other current assets *(Note 22)*	**–**	124,064
– property, plant and equipment *(Note 14(iii))*	**(55,439)**	95,783
Auditors' remuneration		
– audit services	**14,400**	11,900
– other services	**3,320**	3,600
Operating lease charges		
– hire of properties	**22,497**	20,145
Cost of inventories	**38,604**	42,700

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For the year ended 31 December 2014
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8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Provision for the year		
– PRC *(note (i) and Note 27(a))*	**89,104**	75,422
– Hong Kong profits tax *(note (ii))*	**–**	–
Over-provision in respect of prior years *(Note 27(a))*	**(4,733)**	(9,562)
	84,371	65,860
Deferred tax		
Origination and reversal of temporary differences *(Note 27(b))*	**1,279**	1,282
	85,650	67,142

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2014 and 2013.

(ii) Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group incorporated in Hong Kong in 2011, is subject to Hong Kong profits tax which is calculated at 16.5% of its estimated assessable profit for the year. The subsidiary had no assessable profit for 2014 and 2013.

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

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

	2014	2013
	RMB'000	*RMB'000*
		(restated-Note 35)
Profit before taxation	**1,232,414**	1,009,491
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**308,104**	252,373
Tax effect of non-deductible expenses	**7,534**	37,756
Tax effect of non-taxable income	**(2,388)**	(40,128)
Tax effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(305,791)**	(275,159)
Tax effect of temporary differences utilised while not recognised in prior years	**(13,860)**	–
Tax effect of temporary differences not recognised	**–**	23,946
Tax effect of unused tax losses not recognised	**110,678**	103,425
Tax effect of tax losses utilised while not recognised in prior years	**(11,745)**	(23,701)
Over-provision in respect of prior years *(note 27(a))*	**(4,733)**	(9,562)
Others	**(2,149)**	(1,808)
Income tax	**85,650**	67,142

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

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

Note:

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

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

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

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' and Supervisors' fees	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	2014 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Cao Peixi (Chairman)	–	–	–	–	–
Mr. Zhang Tingke	–	–	–	–	–
Mr. Zhao Keyu (resigned in August 2014)	–	–	–	–	–
Mr. Wang Kui (appointed in August 2014)	–	–	–	–	–
Mr. Lin Gang	–	329	527	86	942
Mr. Xiao Jun	–	329	527	72	928
Ms. Yang Qing	–	287	448	73	808
Mr. He Yan (appointed in August 2014)	–	120	139	31	290
Mr. Yu Chunping (resigned in August 2014)	–	142	281	30	453
Independent non–executive directors					
Mr. Qin Haiyan	140	–	–	–	140
Ms. Dai Huizhu	140	–	–	–	140
Mr. Zhou Shaopeng	140	–	–	–	140
Mr. Wan Kam To	140	–	–	–	140
Supervisors					
Mr. Huang Jian	–	–	–	–	–
Mr. Wang Huanliang	–	–	–	–	–
Mr. Yu Zewei	–	287	448	70	805
	560	1,494	2,370	362	4,786

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9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	Directors' and Supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2013 Total *RMB'000*
Directors					
Mr. Cao Peixi (Chairman)	–	–	–	–	–
Mr. Zhang Tingke	–	–	–	–	–
Mr. Zhao Keyu	–	–	–	–	–
Mr. Lin Gang	–	290	524	82	896
Mr. Xiao Jun (appointed in June 2013)	–	155	182	43	380
Mr. Yu Chunping (appointed in June 2013)	–	142	200	33	375
Ms. Yang Qing	–	264	455	69	788
Mr. He Yan (retired in June 2013)	–	135	155	34	324
Mr. Niu Dongchun (resigned in March 2013)	–	–	–	–	–
Independent non-executive directors					
Mr. Qin Haiyan	140	–	–	–	140
Ms. Dai Huizhu	140	–	–	–	140
Mr. Zhou Shaopeng	140	–	–	–	140
Mr. Wan Kam To	140	–	–	–	140
Supervisors					
Mr. Huang Jian	–	–	–	–	–
Mr. Wang Huanliang	–	–	–	–	–
Mr. Yu Zewei	–	264	397	66	727
	560	1,250	1,913	327	4,050

10 INDIVIDUALS WITH HIGH EMOLUMENTS

Of the five individuals with the highest emoluments, three (2013: two) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other two (2013: three) individuals are as follows:

	2014	2013
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**573**	793
Bonuses	**897**	1,362
Retirement scheme contributions	**146**	208
	1,616	2,363

The emoluments of the two (2013: three) individuals with the highest emoluments are within the following bands:

	2014	2013
HKD 500,001 to HKD 1,000,000	**–**	3
HKD 1,000,001 to HKD 1,500,000	**2**	–

11 NET PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated net profit attributable to equity shareholders of the Company includes a loss of RMB389,326,000 (2013: RMB389,058,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's net profit:

		2014	2013
	Note	***RMB'000***	*RMB'000*
Amount of consolidated loss attributable to equity shareholders dealt with in the Company's financial statements		**(389,326)**	(389,058)
Final dividends from subsidiaries attributable to the profits of the previous financial years, approved during the year		**559,006**	1,230,788
Company's net profit	29(a)	**169,680**	841,730

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

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12 OTHER COMPREHENSIVE INCOME

	2014	2013
	RMB'000	*RMB'000*
Items that may be reclassified to profit or loss:		
Available-for-sale equity securities:		
Changes in fair value recognised during the year	**–**	228,011
Reclassification to profit or loss upon disposal	**–**	(158,022)
Tax expense	**–**	–
Net movement in the fair value reserve	**–**	69,989
Exchange difference on translation of financial statements of a subsidiary outside mainland China		
– Before and net of tax amount	**1,778**	(15,142)
Other comprehensive income	**1,778**	54,847

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to the equity shareholders of the Company for the year ended 31 December 2014 of RMB1,121,029,000 (2013 (as restated in Note 35): RMB912,900,000) and the weighted average number of shares in issue during the year ended 31 December 2014 of 9,044,531,000 (2013: 8,561,766,000 shares).

The weighted average number of shares for the year ended 31 December 2014 reflects the issuance of 698,780,832 shares in December 2014 in connection with the Company's placing of new H shares (see Note 29(c)). The weighted average number of shares in issue is set out below:

	2014	2013
	Thousands shares	*Thousands shares*
Issued ordinary shares at 1 January	**9,029,215**	8,446,898
Effect of new shares issued	**15,316**	114,868
	9,044,531	8,561,766

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

14 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2013 (as previously reported)	3,054,507	35,941,649	137,971	53,319	4,445,893	43,633,339
Effect on acquisition of a subsidiary under common control *(Note 35)*	63,050	676,853	2,500	242	–	742,645
At 1 January 2013 (as restated)	3,117,557	36,618,502	140,471	53,561	4,445,893	44,375,984
Additions (as restated)	–	11,806	38,132	14,321	7,665,782	7,730,041
Transfer from construction in progress (as restated)	341,513	3,156,532	–	–	(3,498,045)	–
Acquisition of subsidiaries	–	–	362	15	44,497	44,874
Disposals	–	–	(1,782)	–	–	(1,782)
Reclassification	58,632	(58,873)	–	241	–	–
Others	(9,874)	2,364	–	278	–	(7,232)
At 31 December 2013 (as restated)	3,507,828	39,730,331	177,183	68,416	8,658,127	52,141,885
At 1 January 2014 (as restated)	**3,507,828**	**39,730,331**	**177,183**	**68,416**	**8,658,127**	**52,141,885**
Additions	**8,999**	**22,056**	**37,074**	**14,706**	**13,744,205**	**13,827,040**
Transfer from construction in progress	**972,127**	**7,948,356**	**–**	**–**	**(8,920,483)**	**–**
Disposals	**–**	**(474)**	**(1,988)**	**–**	**–**	**(2,462)**
Reclassification	**42,474**	**(42,474)**	**–**	**–**	**–**	**–**
Cease control of a subsidiary *(Note 18)*	**–**	**–**	**(1,060)**	**(219)**	**(60,814)**	**(62,093)**
At 31 December 2014	**4,531,428**	**47,657,795**	**211,209**	**82,903**	**13,421,035**	**65,904,370**

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14 PROPERTY, PLANT AND EQUIPMENT(CONTINUED)

(a) The Group (continued)

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2013 (as previously reported)	213,257	3,492,182	49,263	19,568	–	3,774,270
Effect on acquisition of a subsidiary under common control *(Note 35)*	1,316	22,620	606	85	–	24,627
At 1 January 2013 (as restated)	214,573	3,514,802	49,869	19,653	–	3,798,897
Depreciation charge for the year (as restated)	118,165	1,803,685	18,281	8,481	–	1,948,612
Impairment losses *(note (iii))*	–	–	–	–	95,783	95,783
Written back on disposal	–	–	(1,409)	–	–	(1,409)
Acquisition of subsidiaries	–	–	29	2	–	31
At 31 December 2013 (as restated)	332,738	5,318,487	66,770	28,136	95,783	5,841,914
At 1 January 2014 (as restated)	**332,738**	**5,318,487**	**66,770**	**28,136**	**95,783**	**5,841,914**
Depreciation charge for the year	**141,368**	**2,072,923**	**20,320**	**11,743**	**–**	**2,246,354**
Impairment losses reversed *(note (iii))*	**–**	**–**	**–**	**–**	**(55,439)**	**(55,439)**
Written back on disposal	**–**	**(107)**	**(1,497)**	**–**	**–**	**(1,604)**
Cease control of a subsidiary *(Note 18)*	**–**	**–**	**(134)**	**(71)**	**–**	**(205)**
At 31 December 2014	**474,106**	**7,391,303**	**85,459**	**39,808**	**40,344**	**8,031,020**
Net book value:						
At 31 December 2013 (as restated)	3,175,090	34,411,844	110,413	40,280	8,562,344	46,299,971
At 31 December 2014	**4,057,322**	**40,266,492**	**125,750**	**43,095**	**13,380,691**	**57,873,350**

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 2013	–	5,582	8,304	13,434	354,715	382,035
Additions	–	–	624	1,435	327,236	329,295
Transfer to subsidiaries	–	–	–	–	(293,830)	(293,830)
Disposals	–	–	(605)	–	–	(605)
At 31 December 2013	–	5,582	8,323	14,869	388,121	416,895
At 1 January 2014	**–**	**5,582**	**8,323**	**14,869**	**388,121**	**416,895**
Additions	**–**	**–**	**740**	**1,085**	**19,343**	**21,168**
Transfer to subsidiaries	**–**	**–**	**–**	**–**	**(28,645)**	**(28,645)**
Disposals	**–**	**–**	**(952)**	**–**	**–**	**(952)**
At 31 December 2014	**–**	**5,582**	**8,111**	**15,954**	**378,819**	**408,466**
Accumulated depreciation and impairment losses:						
At 1 January 2013	–	1,881	3,400	4,805	–	10,086
Depreciation charge for the year	–	198	640	2,463	–	3,301
Written back on disposal	–	–	(596)	–	–	(596)
At 31 December 2013	–	2,079	3,444	7,268	–	12,791
At 1 January 2014	**–**	**2,079**	**3,444**	**7,268**	**–**	**12,791**
Depreciation charge for the year	**–**	**198**	**759**	**2,498**	**–**	**3,455**
Written back on disposal	**–**	**–**	**(936)**	**–**	**–**	**(936)**
At 31 December 2014	**–**	**2,277**	**3,267**	**9,766**	**–**	**15,310**
Net book value:						
At 31 December 2013	–	3,503	4,879	7,601	388,121	404,104
At 31 December 2014	**–**	**3,305**	**4,844**	**6,188**	**378,819**	**393,156**

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

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

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

Certain properties and equipment of the Group with an aggregate net book value of RMB3,690,677,000 as at 31 December 2014 (2013: RMB2,525,958,000), are accounted for as finance leases (of which RMB 949,221,000 are finance leases pursuant to sales and leaseback transactions (2013: RMB1,007,674,000)), with lease periods of 60 to 120 months.

Certain properties and equipment held under finance leases with an aggregate net book value of RMB1,808,701,000 as at 31 December 2014 (2013: RMB545,908,000), are pledged by the future electricity revenue of relevant wind power projects of the Group.

(iii) During the year ended 31 December 2013, the Group wrote down the carrying amounts of certain construction projects in progress by RMB95,783,000 because of the estimated delay of construction. During the year ended 31 December 2014, two of the suspended projects have been approved to resume construction and as a result an impairment loss of RMB55,439,000 have been reversed. The recoverable amounts of these projects have been estimated based on their value in use. The impairment losses reversed or recognised have been included in other operating expenses.

(iv) As at 31 December 2014, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

(v) As at 31 December 2014, certain property, plant and equipment with net book value of RMB442,659,000 (31 December 2013: RMB460,966,000) have been pledged as securities for the loans and borrowings granted to a subsidiary of the Company.

15 LEASE PREPAYMENTS

The Group

	2014	2013
	RMB'000	*RMB'000*
Cost:		
At 1 January	**149,452**	130,268
Additions	**23,219**	19,184
At 31 December	**172,671**	149,452
Accumulated amortisation:		
At 1 January	**11,543**	8,643
Amortisation for the year	**3,958**	2,900
At 31 December	**15,501**	11,543
Net book value:	**157,170**	137,909

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

As at 31 December 2014, the Group is in the process of applying for registration of the ownership certificates for certain of its land use right. The directors are of the opinion that the Group is entitled to lawfully occupy or use these land.

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16 INTANGIBLE ASSETS

The Group

	Concession assets RMB'000	Software and others RMB'000	Total RMB'000
Cost:			
At 1 January 2013	427,780	3,722	431,502
Additions	356,167	1,829	357,996
At 31 December 2013	783,947	5,551	789,498
At 1 January 2014	**783,947**	**5,551**	**789,498**
Additions	**17,454**	**4,920**	**22,374**
At 31 December 2014	**801,401**	**10,471**	**811,872**
Accumulated amortisation:			
At 1 January 2013	66,283	1,708	67,991
Charge for the year	17,791	724	18,515
At 31 December 2013	84,074	2,432	86,506
At 1 January 2014	**84,074**	**2,432**	**86,506**
Charge for the year	**27,809**	**1,350**	**29,159**
At 31 December 2014	**111,883**	**3,782**	**115,665**
Net book value:			
At 31 December 2013	699,873	3,119	702,992
At 31 December 2014	**689,518**	**6,689**	**696,207**

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

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

17 INVESTMENTS IN SUBSIDIARIES

The Company

	2014 *RMB'000*	2013 *RMB'000*
Unlisted investments, at cost	**11,814,281**	8,916,050

As at 31 December 2014, the subsidiaries of the Company, all of which are unlisted limited liability companies, were listed as follows:

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
1	Huaneng Shantou Nan'ao Wind Power Company Limited 華能汕頭南澳風力發電有限公司 *(note (ii))*	the PRC	RMB 23,000,000	60%	Wind power generation
2	Huaneng Shantou Wind Power Company Limited 華能汕頭風力發電有限公司 *(note (ii))*	the PRC	RMB 194,190,000	50%	Wind power generation
3	HNEEP-CLP Changdao Wind Power Co., Ltd 華能中電長島風力發電有限公司 *(note (ii))*	the PRC	RMB 99,072,000	55%	Wind power generation
4	HNNE-CLP Weihai Wind Power Company Limited 華能中電威海風力發電有限公司 *(note (ii))*	the PRC	RMB 253,240,000	55%	Wind power generation
5	Huaneng Rongcheng Wind Power Company Limited 華能榮成風力發電有限公司	the PRC	RMB 60,000,000	100%	Wind power generation
6	Huaneng Shouguang Wind Power Company Limited 華能壽光風力發電有限公司	the PRC	RMB 186,730,000	55%	Wind power generation
7	Huaneng Changyi Wind Power Company Limited 華能昌邑風力發電有限公司	the PRC	RMB 196,500,000	100%	Wind power generation
8	Huaneng Weifang Binhai Wind Power Company Limited 華能濰坊濱海風力發電有限公司	the PRC	RMB 129,000,000	100%	Wind power generation
9	Huaneng Lijin Wind Power Company Limited 華能利津風力發電有限公司	the PRC	RMB 85,000,000	100%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
10	Huaneng Dongying Hekou Wind Power Company Limited 華能東營河口風力發電有限公司	the PRC	RMB347,060,000	100%	Wind power generation
11	Huaneng Laoting Wind Power Company Limited 華能樂亭風力發電有限公司 *(note (ii))*	the PRC	RMB185,280,000	55%	Wind power generation
12	Huaneng Chengde Wind Power Company Limited 華能承德風力發電有限公司	the PRC	RMB318,000,000	100%	Wind power generation
13	Huaneng Hong Kong Electric Dali Wind Power Company Limited 華能港燈大理風力發電有限公司 *(note (ii))*	the PRC	RMB150,690,000	100%	Wind power generation
14	Huaneng Eryuan Wind Power Company Limited 華能洱源風力發電有限公司	the PRC	RMB240,000,000	100%	Wind power generation
15	Huaneng Fuxin Wind Powe Company Limited 華能阜新風力發電有限責任公司	the PRC	RMB1,378,750,000	100%	Wind power and Solar power generation
16	Huaneng Panjin Wind Power Company Limited 華能盤錦風力發電有限公司	the PRC	RMB172,336,120	53%	Wind power generation
17	Huaneng Jinzhou Wind Power Company Limited 華能錦州風力發電有限公司	the PRC	RMB10,000,000	100%	Wind power generation
18	Huaneng Tongliao Wind Power Company Limited 華能通遼風力發電有限公司	the PRC	RMB1,374,554,000	100%	Wind power generation and relevant services
19	Huaneng Hulunbuir Wind Power Company Limited 華能呼倫貝爾風力發電有限公司 *(note (ii))*	the PRC	RMB100,000,000	51%	Wind power generation
20	Huaneng Baotou Wind Power Company Limited 華能包頭風力發電有限公司	the PRC	RMB204,790,700	100%	Wind power generation

(Expressed in RMB unless otherwise stated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
21	Huaneng Huhhot Wind Power Company Limited 華能呼和浩特風力發電有限公司	the PRC	RMB294,241,300	100%	Wind power and solar power generation
22	Huaneng Keyouzhongqi Wind Power Company Limited 華能科右中旗風力發電有限公司	the PRC	RMB337,488,000	100%	Wind power generation
23	Huaneng Yangjiang Wind Power Company Limited 華能陽江風力發電有限公司	the PRC	RMB80,000,000	100%	Wind power generation
24	Huaneng Jimo Wind Power Company Limited 華能即墨風力發電有限公司	the PRC	RMB72,000,000	100%	Wind power generation
25	Huaneng Tongyu Xinhua Wind Power Company Limited 華能通榆新華風力發電有限公司	the PRC	RMB152,000,000	100%	Wind power generation
26	Huaneng Xinjiang Santanghu Wind Power Company Limited 華能新疆三塘湖風力發電有限責任公司	the PRC	RMB222,500,000	100%	Wind power generation
27	Huaneng Weining Wind Power Company Limited 華能威寧風力發電有限公司	the PRC	RMB140,000,000	100%	Wind power generation
28	Huaneng Ningwu Wind Power Company Limited 華能寧武風力發電有限公司	the PRC	RMB163,000,000	100%	Wind power generation
29	Huaneng New Energy Shanghai Power Company Limited 華能新能源上海發電有限公司	the PRC	RMB110,500,000	100%	Wind power generation
30	Huaneng Tieling Wind Power Company Limited 華能鐵嶺風力發電有限公司	the PRC	RMB155,500,000	75%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
31	Huaneng Yuanping Wind Power Company Limited 華能原平風力發電有限公司	the PRC	RMB96,658,000	100%	Wind power generation
32	Huaneng Tianzhen Wind Power Company Limited 華能天鎮風力發電有限公司	the PRC	RMB125,310,000	100%	Wind power generation
33	Huaneng Pianguan Wind Power Company Limited 華能偏關風力發電有限公司	the PRC	RMB160,200,000	100%	Wind power generation
34	Huaneng Hezhang Wind Power Company Limited 華能赫章風力發電有限公司	the PRC	RMB272,500,000	100%	Wind power generation
35	Huaneng Tieling Daxing Wind Power Company Limited 華能鐵嶺大興風力發電有限公司	the PRC	RMB163,960,000	75%	Wind power generation
36	Huaneng Baicheng Wind Power Company Limited 華能白城風力發電有限公司	the PRC	RMB92,850,000	100%	Wind power generation
37	Huaneng Yantai Wind Power Company Limited 華能煙臺風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
38	Huaneng Dali Wind Power Company Limited 華能大理風力發電有限公司	the PRC	RMB210,000,000	100%	Wind power generation
39	Huaneng Weifang Wind Power Company Limited 華能濰坊風力發電有限公司	the PRC	RMB213,955,500	100%	Wind power generation
40	Huaneng Gaizhou Wind Power Company Limited 華能蓋州風力發電有限公司	the PRC	RMB50,000,000	100%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
41	Huaneng Raoping Wind Power Company Limited 華能饒平風力發電有限公司	the PRC	RMB165,830,000	100%	Wind power generation
42	Huaneng Tielingkaiyuan Wind Power Company Limited 華能鐵嶺開原風力發電有限公司	the PRC	RMB31,860,240	75%	Wind power generation
43	Huaneng Dingbian New Energy Power Company Limited 華能定邊新能源發電有限公司	the PRC	RMB66,000,000	100%	Wind power generation
44	Huaneng Chenbaerhuqi Wind Power Company Limited 華能陳巴爾虎旗風力發電有限公司	the PRC	RMB60,000,000	100%	Wind power generation
45	Huaneng Manzhouli Wind Power Company Limited 華能滿洲裡風力發電有限公司	the PRC	RMB75,000,000	100%	Wind power generation
46	Huaneng Zhanjiang Wind Power Company Limited 華能湛江風力發電有限公司	the PRC	RMB89,090,000	100%	Wind power generation
47	Huaneng Xinjiang Qinghe Wind Power Company Limited 華能新疆青河風力發電有限公司	the PRC	RMB75,000,000	100%	Wind power generation
48	Huaneng Nanhua Wind Power Company Limited 華能南華風力發電有限公司	the PRC	RMB64,381,100	100%	Wind power generation
49	Huaneng Zhaojue Wind Power Company Limited 華能昭覺風力發電有限公司	the PRC	RMB245,000,000	100%	Wind power generation
50	Huaneng Renewables (Hong Kong) Limited 華能新能源(香港)有限公司	Hong Kong	100,000 shares	100%	Investment management
51	Huaneng Tangshan Fengnan Wind Power Company Limited 華能唐山豐南風力發電有限公司	the PRC	RMB45,000,000	100%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
52	Huaneng Yunlong Wind Power Company Limited 華能雲龍風力發電有限公司	the PRC	RMB63,000,000	100%	Wind power generation
53	Huaneng Changning Wind Power Company Limited 華能昌寧風力發電有限公司	the PRC	RMB44,363,400	100%	Wind power generation
54	Huaneng Weishan Wind Power Company Limited 華能巍山風力發電有限公司	the PRC	RMB33,000,000	100%	Wind power generation
55	Huaneng Yishui Wind Power Company Limited 華能沂水風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
56	Huaneng Mingyang New Energy Investment Company Limited 華能明陽新能源投資有限公司	the PRC	RMB100,000,000	63%	Wind power generation
57	Huaneng Heqing Wind Power Company Limited 華能鶴慶風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
58	Huaneng Kunming Wind Power Company Limited 華能昆明風力發電有限公司	the PRC	RMB3,000,000	100%	Wind power generation
59	Huaneng Wutai Wind Power Company Limited 華能五台風力發電有限公司	the PRC	RMB15,000,000	100%	Wind power generation
60	Huaneng Huili Wind Power Company Limited 華能會理風力發電有限公司	the PRC	RMB170,000,000	100%	Wind power generation
61	Huaneng Butuo Wind Power Company Limited 華能布拖風力發電有限公司	the PRC	RMB180,000,000	100%	Wind power generation
62	Huaneng Shenchi Wind Power Company Limited 華能神池風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
63	Huaneng Huailai Wind Power Company Limited 華能懷來風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
64	Huaneng Fanshi Wind Power Company Limited 華能繁峙風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
65	Huaneng Gansu Jinchang New Energy Power Company Limited 華能甘肅金昌新能源發電有限公司	the PRC	RMB20,000,000	100%	Wind power and solar power generation
66	Jinchang Century Concord New Energy Company Limited 金昌協合新能源有限公司	the PRC	RMB50,000,000	100%	Solar power generation
67	Yongchang Century Concord Solar Power Company Limited 永昌協合太陽能發電有限公司	the PRC	RMB50,000,000	100%	Solar power generation
68	Huaneng Ningnan Wind Power Company Limited 華能寧南風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
69	Huaneng Qingtongxia New Energy Power Company Limited 華能青銅峽新能源發電有限公司	the PRC	RMB32,000,000	100%	Solar power generation
70	Huaneng Fuchuan Wind Power Company Limited 華能富川風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
71	Huaneng Gonghe Solar Power Company Limited 華能共和光伏發電有限公司	the PRC	RMB200,270,000	100%	Solar power generation
72	Huaneng Shanwei Wind Power Company Limited 華能汕尾風力發電有限公司 *(note (iii))*	the PRC	RMB100,000,000	85%	Wind power generation
73	Huaneng Jiaxing Wind Power Company Limited 華能嘉興風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	85%	Wind power generation
74	Huaneng Yunhe Wind Power Company Limited 華能雲和風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power generation

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company (continued)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
75	Huaneng New Energy Panxian Wind Power Company Limited 華能新能源盤縣風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power generation
76	Huaneng Ge'ermu Photovoltaic Power Generation Company Limited 華能格爾木光伏發電有限公司 *(note 35)*	the PRC	RMB295,111,800	100%	Solar power generation
77	Jinzhou Century Concord Xingda Wind Power Company Limited 錦州協合興達風力發電有限公司	the PRC	RMB5,000,000	100%	Wind power generation
78	Huaneng Chifeng New Energy Company Limited 華能赤峰新能源有限公司 *(note (iii))*	the PRC	RMB516,160,000	100%	Wind power generation
79	Huaneng New Energy Shilin Photovoltaic Power Company Limited 華能新能源石林光伏發電有限公司 *(note (iii))*	the PRC	RMB1,000,000	100%	Solar power generation
80	Huaneng Xiangyun Wind Power Company Limited 華能祥雲風力發電有限公司 *(note (iii))*	the PRC	RMB1,000,000	100%	Wind power generation
81	Huaneng Laiyang Wind Power Company Limited 華能萊陽風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power generation
82	Huaneng Qixia Wind Power Company Limited 華能棲霞風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power generation
83	Huaneng Wulatehouqi New Energy Power Company Limited 華能烏拉特後旗新能源發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power generation
84	Huaneng Zhenglanqi New Energy Power Company Limited 華能正藍旗新能源發電有限公司 *(note (iii))*	the PRC	RMB55,000,000	100%	Wind power generation
85	Huaneng Siziwangqi New Energy Power Company Limited 華能四子王旗新能源發電有限公司 *(note (iii))*	the PRC	RMB38,000,000	100%	Wind power generation

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

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

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

(iii) These companies were newly established in 2014.

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17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Huaneng Shantou Wind Power Company Limited		HNNE-CLP Weihai Wind Power Company Limited		Huaneng Shouguang Wind Power Company Limited		Huaneng Laoting Wind Power Company Limited		Huaneng Hong Kong Electric Dali Wind Power Company Limited	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**50%**	50%	**45%**	45%	**45%**	45%	**45%**	45%	**45%**	45%
Current assets	**28,795**	23,691	**43,553**	44,892	**24,049**	31,748	**25,699**	54,030	**27,713**	31,656
Non-current assets	**403,817**	428,052	**536,967**	573,075	**398,505**	423,221	**390,116**	410,617	**308,677**	325,120
Current liabilities	**(60,380)**	(51,691)	**(113,617)**	(106,288)	**(36,639)**	(36,725)	**(39,024)**	(59,463)	**(27,374)**	(22,395)
Non-current liabilities	**(141,864)**	(169,702)	**(178,571)**	(220,610)	**(190,500)**	(223,500)	**(182,008)**	(202,489)	**(121,884)**	(144,243)
Net assets	**230,368**	230,350	**288,332**	291,069	**195,415**	194,744	**194,783**	202,695	**187,132**	190,138
Carrying amount of NCI	**115,184**	115,175	**129,749**	130,981	**87,937**	87,635	**87,652**	91,213	**84,209**	85,562
Revenue	**73,765**	77,087	**75,045**	80,793	**45,496**	47,483	**40,318**	45,615	**60,487**	58,374
Profit and total comprehensive income for the year	**21,885**	19,346	**18,133**	20,667	**671**	313	**1,872**	6,324	**21,061**	20,971
Profit allocated to NCI	**10,942**	9,673	**8,160**	9,300	**302**	141	**842**	2,846	**9,477**	9,437
Dividends paid to NCI	**12,632**	18,190	**–**	28,147	**–**	17,343	**4,402**	3,357	**10,830**	18,873
Cash flows from operating activities	**56,552**	69,232	**61,517**	104,098	**44,163**	73,457	**34,014**	58,780	**64,127**	56,870
Cash flows from investing activities	**(4,602)**	(5,222)	**(12,325)**	(4,604)	**(1,014)**	(4,241)	**(24,941)**	(4,213)	**(4,626)**	(1,882)
Cash flows from financing activities	**(50,654)**	(73,307)	**(49,555)**	(115,492)	**(47,598)**	(85,374)	**(37,679)**	(36,735)	**(51,393)**	(70,585)

18 INTEREST IN AN ASSOCIATE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**–**	–	**32,367**	–
Share of net assets	**31,446**	–	**–**	–
	31,446	–	**32,367**	–

The investment in an associate represented the 46% equity interests in Shanghai Lingang Offshore Wind Power Company Limited (上海臨港海上風力發電有限公司) ("**Shanghai Lingang**") which has a registered capital of RMB351,810,000, is unlisted, was established in the PRC in 2012 and is mainly engaged in the development of offshore wind power project.

Shanghai Lingang was originally a subsidiary of the Company before 2014 considering that the Company signed concert party agreement with another equity owner with 44% equity interests in Shanghai Lingang, whereby the equity owner agreed to vote the same as the Company. In 2014, the equity owner with 44% equity interests in Shanghai Lingang acquired 10% equity interests from another equity owner and afterwards owns the most equity interest in Shanghai Lingang, meanwhile the Company agreed to terminate the concert party agreement. Accordingly, the Company ceased control over Shanghai Lingang in 2014 and in accordance with the new articles of the associate the Company could exercise significant influence on the associate and therefore accounts for the investment under the equity method.

18 INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the associate is disclosed as below:

	2014
	RMB'000
Current assets	**14,678**
Non-current assets	**74,865**
Current liabilities	**(21,183)**
Non-current liabilities	**–**
Equity	**68,360**
Included in the above assets and liabilities:	
Cash and cash equivalents	**13,942**
Revenue	**–**
Loss for the year	**(1,170)**
Other comprehensive income	**–**
Total comprehensive income	**(1,170)**
Reconciled to the Group's interest in the associate	
Gross amounts of the net assets	**68,360**
The Group's effective interest	**46%**
The Group's share of the net assets	**31,446**
Carrying amount in the consolidated financial statements	**31,446**

19 INTEREST IN A JOINT VENTURE

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted investments, at cost	**–**	–	**85,100**	85,100
Share of net assets	**80,586**	82,097	**–**	–
	80,586	82,097	**85,100**	85,100

19 INTEREST IN A JOINT VENTURE (CONTINUED)

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

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

Summarised financial information of the joint venture is disclosed as below:

	2014	2013
	RMB'000	*RMB'000*
Current assets	**84,396**	86,636
Non-current assets	**106,826**	107,574
Current liabilities	**(50)**	(16)
Non-current liabilities	**(30,000)**	(30,000)
Equity	**161,172**	164,194
Included in the above assets and liabilities:		
Cash and cash equivalents	**12,866**	13,601
Revenue	**–**	–
Loss for the year	**(3,022)**	(6,006)
Other comprehensive income	**–**	–
Total comprehensive income	**(3,022)**	(6,006)
Reconciled to the Group's interest in the joint venture		
Gross amounts of the net assets	**161,172**	164,194
The Group's effective interest	**50%**	50%
The Group's share of the net assets	**80,586**	82,097
Carrying amount in the consolidated financial statements	**80,586**	82,097

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20 OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* *(restated - Note 35)*	***RMB'000***	*RMB'000*
Deductible VAT *(note (i))*	**3,521,658**	3,294,296	**–**	–
Unquoted equity investments in non-listed companies, at cost *(note (ii))*	**381,067**	231,067	**283,675**	133,675
Deposits and advances to third parties *(note (iii))*	**53,777**	57,198	**25,706**	28,989
Loans to subsidiaries *(note (iv))*	**–**	–	**13,700,078**	14,116,322
Long-term receivables due from a fellow subsidiary *(note (v))*	**142,057**	–	**142,057**	–
Other long-term assets *(note (v))*	**54,653**	–	**54,653**	–
	4,153,212	3,582,561	**14,206,169**	14,278,986

Notes:

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

(ii) The following list contains the unquoted equity investments in non-listed entities as of 31 December 2014, all of which are corporate entities and established in the PRC:

	Name of the Company	**Particulars of registered capital** *RMB'000*	**Percentage of attributable equity interest**	**Principal activities**
1	China Huaneng Finance Corporation Ltd. ("**Huaneng Finance**", 中國華能財務有限責任公司)	5,000,000	1%	Financial services
2	Jilin Zhanyu Wind Power Assets Management Co., Ltd. (吉林省瞻榆風電資產經營管理有限公司)	713,800	12.86%	Management of wind power equipment
3	Neimeng Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限責任公司)	1,500,000	6.49%	Hydro-power generation utilizing pumped storage technology
4	Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon**", 華能碳資產經營有限公司)	150,000	10%	Management and investment of carbon assets
5	"Huaneng Tiancheng Financial Leasing Co., Ltd. ("**Huaneng Tiancheng**", 華能天成融資租賃有限公司)	1,000,000	15%	Financial leasing and leasing related services

As at 31 December 2014, the balance of investments in Huaneng Finance, Huaneng Carbon and Huaneng Tiancheng were RMB51,225,000, RMB15,000,000 and RMB150,000,000 respectively (2013: RMB51,225,000, RMB15,000,000 and nil).

20 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

(iii) The deposits and advances to third parties are unsecured and interest free. The balance as at 31 December 2014 of the Group mainly represented deposits with third parties in connection with the finance lease arrangement in the amount of RMB37,444,000 (31 December 2013: RMB37,444,000), which are expected to be repaid at the end of the lease period, and funding support amounting to RMB5,450,000 (31 December 2013: RMB5,450,000), to local grid companies in order to facilitate the construction of the grid network, which the directors of the Company expect it will be recovered in two to three years.

(iv) Loans to subsidiaries were at the rates of 5.40% to 6.55% per annum as at 31 December 2014 (2013: 5.54% to 5.90%). The current portion is recorded in other current assets.

(v) A CERs buyer ("**the CERs buyer**") previously signed a series of CERs purchase agreements ("**original ERPAs**") with the Company and purchased CERs produced by certain projects of the Group ("**The Projects**"). As at 31 December 2013, total amount receivable from the CERs buyer amounting to EUR53,273,000 (equivalent to RMB445,632,000), of which RMB32,077,000 recorded in "Trade debtors and bills receivable" and RMB413,555,000 recorded in "Prepayments and other current assets", with an allowance for doubtful debts of RMB124,064,000 in total provided for, was related to the CERs produced by The Projects before 2012.

According to an agreement signed between the Company, the CERs buyer and Huaneng Carbon on 10 December 2014, the CERs buyer agrees to transfer and Huaneng Carbon agrees to accept all of the CERs buyer's rights to purchase and receive CERs, generated by The Projects of the Group, and assume payment obligation under the original ERPAs. As at 10 December 2014, total receivable from the CERs buyer after deduction of allowance for doubtful debts amounted to equivalently RMB286,871,000. According to another agreement signed between the Company and Huaneng Carbon on 10 December 2014, both parties agree to adjust the original consideration of above mentioned CERs produced by The Projects before 2012 to RMB199,956,500, which is not expected to be settled within one year. Accordingly the Company recorded the receivables from Huaneng Carbon of RMB142,057,000, based on the present value of estimated future cash flows, in other long-term assets.

On 10 December 2014, the Company entered into a Deed of Settlement ("**the Deed**") with the CERs buyer and its parent company. According to the Deed, the CERs buyer and its parent company shall be liable to pay EUR12 million to the Company, which has been received by the Company in late December 2014 amounting to RMB90,161,000. In addition, the CERs buyer and its parent company shall also be liable for certain future carbon projects development, monitoring and verification related costs (the "**project costs**") of the Group up to a maximum aggregate sum of EUR8 million. If the aggregate project costs paid or incurred by or due to the CERs buyer and its parent company as at 30 June 2018 is less than EUR8 million, the CERs buyer and its parent company shall pay in cash to the Company for any shortfall between the aggregate project costs actually paid or incurred and EUR8 million by 15 July 2018. The Company recorded it as other long-term assets at its present value of RMB54,653,000.

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21 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated - Note 35)		
Amounts due from third parties	**3,160,350**	3,022,728	**–**	–
Amounts due from a fellow subsidiary	**–**	198	**–**	–
Amounts due from subsidiaries	**–**	–	**100**	200
	3,160,350	3,022,926	**100**	200
Less: allowance for doubtful debts	**–**	14,063	**–**	–
	3,160,350	3,008,863	**100**	200

(a) Ageing analysis

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated - Note 35)		
Current	**3,160,350**	3,022,926	**100**	200
Past due	**–**	–	**–**	–
	3,160,350	3,022,926	**100**	200
Less: allowance for doubtful debts	**–**	14,063	**–**	–
	3,160,350	3,008,863	**100**	200

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

21 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

(a) Ageing analysis (continued)

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2014, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the grid companies in the past and the tariff premium is funded by the PRC government.

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 21 (i)).

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**14,063**	–	**–**	–
Impairment loss recognised	**–**	14,063	**–**	–
Written off	**(14,063)**	–	**–**	–
At 31 December	**–**	14,063	**–**	–

As at 31 December 2013, the Group's CERs receivables of RMB14,063,000 and other receivables of RMB124,064,000 (see Note 22) were individually determined to be impaired. During the year ended 31 December 2014, the Company reached consensus with CERs buyers on the settlement of CERs receivable, therefore the receivables and corresponding allowance for doubtful debts were written off.

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

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

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22 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated - Note 35)*	***RMB'000***	*RMB'000*
CERs receivable *(note (iii))*	**–**	413,555	**–**	–
Government grant receivable	**5,990**	3,095	**–**	–
Amounts due from subsidiaries *(note (i))*	**–**	–	**13,816,366**	11,516,759
Amounts due from fellow subsidiaries	**5,852**	3,400	**229**	–
Dividends receivable from subsidiaries	**–**	–	**324,181**	497,066
Interest receivable	**1,345**	1,792	**1,132**	1,792
Staff advance	**5,832**	4,980	**536**	158
Deposits *(note (ii))*	**107,732**	81,038	**–**	50,000
Prepayments	**15,151**	2,950	**6,100**	–
Others	**35,337**	17,675	**6,130**	1,145
	177,239	528,485	**14,154,674**	12,066,920
Less: allowance for doubtful debts *(note (iii))*	**818**	124,882	**–**	–
	176,421	403,603	**14,154,674**	12,066,920

Notes:

(i) Amounts due from subsidiaries mainly represented loans to subsidiaries with interests charged at the rates of 5.04% to 6.30% per annum as at 31 December 2014 (2013: 5.34% to 5.90%) and payments made on behalf of subsidiaries for the procurement of property, plant and equipment.

(ii) Deposits mainly represented deposits placed with local authorities for developing wind power and construction. The deposits will be released to the Group during certain development stage or by the completion of the power plants construction.

(iii) The balance of CERs receivable as at 31 December 2013 included receivable from a CERs buyer amounting to RMB413,555,000, with an allowance for doubtful debts amounting to RMB124,064,000 provided for it. As a result of the final settlement agreement achieved in 2014, the allowance is written off (see Note 20(v)).

22 PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**124,882**	818	**–**	–
Impairment loss recognised	**–**	124,064	**–**	–
Uncollectible amounts written off *(note (iii) and Note 21(b))*	**(124,064)**	–	**–**	–
At 31 December	**818**	124,882	**–**	–

23 CASH AT BANK AND ON HAND

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated -Note 35)*	***RMB'000***	*RMB'000*
Cash on hand	**2,270**	1,328	**36**	5
Cash at bank and other financial institutions	**7,784,191**	6,268,305	**4,946,443**	3,708,928
	7,786,461	6,269,633	**4,946,479**	3,708,933
Representing:				
– Cash and cash equivalents	**6,384,626**	4,322,198	**3,544,644**	1,987,628
– Time deposits with original maturity over three months	**1,401,835**	1,947,435	**1,401,835**	1,721,305
	7,786,461	6,269,633	**4,946,479**	3,708,933

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24 BORROWINGS

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated - Note 35)*	***RMB'000***	*RMB'000*
Bank and other loans				
– Secured	**4,676,341**	2,865,058	**1,284,883**	1,529,658
– Unsecured	**24,433,813**	20,406,396	**14,783,022**	13,903,867
Other borrowings *(Note 24(e))*				
– Unsecured	**2,988,183**	1,987,108	**2,988,183**	1,987,108
	32,098,337	25,258,562	**19,056,088**	17,420,633
Less: Current portion of long-term borrowings				
– Bank and other loans	**4,119,362**	2,045,910	**3,060,458**	1,232,320
– Other borrowings	**1,136,955**	–	**1,136,955**	–
	26,842,020	23,212,652	**14,858,675**	16,188,313

As at 31 December 2014, the Group's bank loans guaranteed by Huaneng Group amounted to RMB19,594,000 (2013: RMB20,852,000).

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000 (restated - Note 35)*	***RMB'000***	*RMB'000*
Bank and other loans (unsecured)	**11,850,000**	8,400,000	**11,850,000**	8,400,000
Loan from a fellow subsidiary (unsecured)	**200,000**	–	**200,000**	–
Current portion of long-term borrowings				
– Bank and other loans	**4,119,362**	2,045,910	**3,060,458**	1,232,320
– Other borrowings	**1,136,955**	–	**1,136,955**	–
	17,306,317	10,445,910	**16,247,413**	9,632,320

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24 BORROWINGS (CONTINUED)

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

	The Group		The Company	
	2014	2013 *(restated - Note 35)*	**2014**	2013
Long-term (including current portion)				
Bank and other loans	**1% *(note (i))* 5.40%-7.21%**	1% *(note (i))*, 5.54%-6.80%	**5.40%-6.55%**	5.54%-5.90%
Other borrowings *(Note 24(e))*	**5.14%, 5.31% 5.82%**	5.14%, 5.31%	**5.14%, 5.31% 5.82%**	5.14%, 5.31%
Short-term (excluding current portion of long-term borrowings)				
Bank and other loans	**5.04%-6.30%**	5.34%-5.40%	**5.40%-6.30%**	5.34%-5.40%

Note:

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

24 BORROWINGS (CONTINUED)

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000* *(restated - Note 35)*	***RMB'000***	*RMB'000*
Within 1 year or on demand	**5,256,317**	2,045,910	**4,197,413**	1,232,320
After 1 year but within 2 years	**2,543,653**	5,055,502	**1,296,513**	4,280,375
After 2 years but within 5 years	**10,387,845**	7,450,591	**6,211,623**	4,956,595
After 5 years	**13,910,522**	10,706,559	**7,350,539**	6,951,343
	32,098,337	25,258,562	**19,056,088**	17,420,633

(e) Significant terms of other borrowings:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long-term				
Corporate bonds *(note (i))*	**1,992,216**	1,987,108	**1,992,216**	1,987,108
Other bond *(note (ii))*	**995,967**	–	**995,967**	–

Notes:

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

(ii) On 30 July 2014, the Company issued a three-year unsecured non-public bond of RMB1,000 million at par with a coupon rate of 5.65% per annum. The effective interest rate of the bond is 5.82% per annum.

25 OBLIGATIONS UNDER FINANCE LEASES

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

(a) The Group

	2014		2013	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**434,040**	**601,251**	386,104	507,893
After 1 year but within 2 years	**539,407**	**693,009**	405,187	513,123
After 2 years but within 5 years	**1,430,985**	**1,722,992**	943,521	1,131,560
After 5 years	**798,496**	**891,491**	534,502	576,432
	2,768,888	**3,307,492**	1,883,210	2,221,115
	3,202,928	**3,908,743**	2,269,314	2,729,008
Less: total future interest expense		**705,815**		459,694
Present value of finance lease obligations		**3,202,928**		2,269,314

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25 OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

(b) The Company

	2014		2013	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**192,685**	**210,627**	181,587	210,611
After 1 year but within 2 years	**158,107**	**167,675**	192,274	213,438
After 2 years but within 5 years	**90,572**	**93,587**	249,090	262,524
	248,679	**261,262**	441,364	475,962
	441,364	**471,889**	622,951	686,573
Less: total future interest expense		**30,525**		63,622
Present value of finance lease obligations		**441,364**		622,951

At inception, the lease periods of the finance lease obligation is approximately 5 to 10 years. The principal obligations and interest expenses are to be paid at least annually within the lease period.

26 OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated - Note 35)		
Payables for acquisition of property, plant and equipment and intangible assets	**4,246,702**	4,353,597	**–**	–
Retention payable *(note (i))*	**2,449,238**	2,133,435	**–**	–
Bills payable	**911,825**	1,717,073	**–**	751,568
Dividends payable	**18,428**	10,049	**–**	–
Amounts due to *(note (ii))*				
– subsidiaries	**–**	–	**731,376**	392,156
– fellow subsidiaries	**16,893**	19,207	**3,073**	3,073
Payables for staff related costs	**33,901**	30,045	**5,906**	4,307
Payables for other taxes	**73,506**	46,342	**3,882**	2,726
Interest payable	**118,557**	83,325	**31,399**	22,395
Other accruals and payables	**91,549**	87,186	**29,552**	28,819
	7,960,599	8,480,259	**805,188**	1,205,044

Notes:

(i) Retention payable represents the retention payables due to equipment suppliers and construction contractors which will be settled in accordance with contracted terms during or upon the expiry of the warranty period.

(ii) Amounts due to subsidiaries and fellow subsidiaries 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.

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27 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

The Group

	2014	2013
	RMB'000	*RMB'000*
Net tax payable at 1 January	**28,694**	30,584
Provision for the year *(Note 8(a))*	**89,104**	75,422
Over-provision in respect of prior years *(Note 8(a))*	**(4,733)**	(9,562)
Income tax paid	**(76,649)**	(67,750)
Net tax payable at 31 December	**36,416**	28,694
Representing:		
Tax payable	**39,942**	31,837
Tax recoverable	**(3,526)**	(3,143)
	36,416	28,694

(b) Deferred tax assets and liabilities recognised:

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

The Group

Deferred tax assets arising from:	**Trial operation income**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013	6,159	223	6,382
Charged to profit or loss	(767)	–	(767)
At 31 December 2013	5,392	223	5,615
At 1 January 2014	5,392	223	5,615
Charged to profit or loss	(766)	–	(766)
At 31 December 2014	4,626	223	4,849

27 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (CONTINUED)

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

The Group

Deferred tax liabilities arising from:	Depreciation of fixed assets and amortisation of concession assets *RMB'000*
At 1 January 2013	(18,290)
Charged to profit or loss	(515)
At 31 December 2013	(18,805)
At 1 January 2014	**(18,805)**
Charged to profit or loss	**(513)**
At 31 December 2014	**(19,318)**

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), as at 31 December 2014, the Group did not recognise deferred tax assets on accumulated tax losses and temporary differences mainly related to provision made for impairment of assets under construction of RMB1,510,107,000 (2013: RMB1,114,375,000) and RMB40,344,000 (2013: RMB95,783,000) respectively as the directors considered it is not probable that sufficient future taxable profits will be available to allow the tax losses and temporary differences to be utilised in relevant entities. The tax losses that will expire in the years ending 31 December 2015, 2016, 2017, 2018 and 2019 are RMB119,304,000, RMB173,686,000, RMB360,705,000, RMB413,700,000 and RMB442,712,000 respectively.

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(Expressed in RMB unless otherwise stated)

28 DEFERRED INCOME

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**264,949**	273,297	**890**	650
Additions	**–**	9,589	**–**	1,570
Credited to profit or loss	**(17,353)**	(17,937)	**(340)**	(1,330)
At 31 December	**247,596**	264,949	**550**	890

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

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2013	8,446,898	1,366,475	24,078	191,233	10,028,684
Changes in equity for 2013:					
Total comprehensive income for the year *(Note 11)*	–	–	–	841,730	841,730
Issuance of new shares, netting of issuance expenses	582,317	646,876	–	–	1,229,193
Transfer to reserve fund	–	–	83,873	(83,873)	–
Dividends to equity shareholders of the Company *(Note 29(b))*	–	–	–	(126,703)	(126,703)
At 31 December 2013	9,029,215	2,013,351	107,951	822,387	11,972,904
At 1 January 2014	**9,029,215**	**2,013,351**	**107,951**	**822,387**	**11,972,904**
Changes in equity for 2014:					
Total comprehensive income for the year *(Note 11)*	**–**	**–**	**–**	**169,680**	**169,680**
Issuance of new shares, netting of issuance expenses *(Note 29(c))*	**698,781**	**658,821**	**–**	**–**	**1,357,602**
Transfer to reserve fund	**–**	**–**	**16,763**	**(16,763)**	**–**
Acquisition of a subsidiary under common control *(Note 35)*	**–**	**(42,766)**	**–**	**–**	**(42,766)**
Dividends to equity shareholders of the Company *(Note 29(b))*	**–**	**–**	**–**	**(180,584)**	**(180,584)**
At 31 December 2014	**9,727,996**	**2,629,406**	**124,714**	**794,720**	**13,276,836**

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29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2014	2013
	RMB	*RMB*
Final dividend proposed after the end of the reporting period of RMB0.02 per share (2013: RMB0.02)	**194,559,924**	180,584,307

The directors resolved on 17 March 2015 that RMB0.02 per share is to be distributed to the equity shareholders for 2014, subject to approval of the equity shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the balance sheet date.

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

	2014	2013
	RMB	*RMB*
Final dividend in respect of the financial year ended 31 December 2013, approved during the year, of RMB0.02 per share (year ended 31 December 2012: RMB0.015 per share)	180,584,307	126,703,470

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	The Group and the Company	
	2014	2013
	RMB'000	*RMB'000*
Issued and fully paid		
5,535,311,200 domestic state-owned ordinary shares of RMB1.00 each	**5,535,311**	5,535,311
4,192,684,992 (2013: 3,493,904,160) H shares of RMB1.00 each	**4,192,685**	3,493,904
	9,727,996	9,029,215

On 23 December 2014, the Company issued 698,780,832 H shares with a par value of RMB1.00, at a price of HKD2.50 per H share. The proceeds of RMB698,780,832 representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB658,821,294 (after net of issuance expenses of approximately RMB 21,441,846) were credited to the capital reserve account.

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

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

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

Other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets and cash injected by the promoters upon the establishment of the Company.

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29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(ii) Statutory surplus reserve

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

(iii) Exchange reserve

The Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that have functional currency other than the RMB. The reserve is dealt with in accordance with the accounting policies as set out in note 2(v).

(iv) Fair value reserve

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

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB789,283,000 (2013: RMB822,387,000).

(f) Capital management

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

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management (continued)

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group as at 31 December 2014 is 77% (2013 (as restated): 76%).

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

(a) Credit risk

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

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

Notes to the Financial Statements

For the year ended 31 December 2014
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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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 99.8% of the Group's total trade debtors as at 31 December 2014 (2013 (as restated): 97.9%). For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

(b) Liquidity risk

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

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In order to repay the borrowings due within one year, the Group negotiates banking facilities and utilises operating cash inflows in its subsidiaries. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the year.

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

The Group

	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1-2 years *RMB'000*	2-5 years *RMB'000*	more than 5 years *RMB'000*
31 December 2014						
Long-term borrowings *(Note 24(a))*	**26,842,020**	**35,193,628**	**1,565,116**	**4,006,831**	**13,608,056**	**16,013,625**
Short-term borrowings *(Note 24(b))*	**17,306,317**	**17,840,014**	**17,840,014**	**–**	**–**	**–**
Obligations under finance leases *(Note 25)*	**3,202,928**	**3,908,743**	**601,251**	**693,009**	**1,722,992**	**891,491**
Retention payables	**1,634,382**	**1,634,382**	**–**	**970,246**	**533,028**	**131,108**
Other payables *(Note 26)*	**7,960,599**	**7,960,599**	**7,960,599**	**–**	**–**	**–**
	56,946,246	**66,537,366**	**27,966,980**	**5,670,086**	**15,864,076**	**17,036,224**
31 December 2013						
Long-term borrowings *(Note 24(a))* (restated)	23,212,652	30,113,679	1,322,897	6,301,782	9,945,593	12,543,407
Short-term borrowings *(Note 24(b))* (restated)	10,455,910	10,700,944	10,700,944	–	–	–
Obligations under finance leases *(Note 25)*	2,269,314	2,729,008	507,893	513,123	1,131,560	576,432
Retention payables	1,086,388	1,086,388	–	626,659	416,140	43,589
Other payables *(Note 26)* (restated)	8,480,259	8,480,259	8,480,259	–	–	–
	45,504,523	53,110,278	21,011,993	7,441,564	11,493,293	13,163,428

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

The Company

	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1-2 years *RMB'000*	2-5 years *RMB'000*	more than 5 years *RMB'000*
31 December 2014						
Long-term borrowings *(Note 24(a))*	**14,858,675**	**18,771,603**	**823,677**	**2,052,463**	**7,850,970**	**8,044,493**
Short-term borrowings *(Note 24(b))*	**16,247,413**	**16,739,943**	**16,739,943**	**–**	**–**	**–**
Obligations under finance leases *(Note 25)*	**441,364**	**471,889**	**210,627**	**167,675**	**93,587**	**–**
Other payables *(Note 26)*	**805,188**	**805,188**	**805,188**	**–**	**–**	**–**
	32,352,640	**36,788,623**	**18,579,435**	**2,220,138**	**7,944,557**	**8,044,493**
31 December 2013						
Long-term borrowings *(Note 24(a))*	16,188,313	20,737,276	911,127	5,122,800	6,588,639	8,114,710
Short-term borrowings *(Note 24(b))*	9,632,320	9,855,717	9,855,717	–	–	–
Obligations under finance leases *(Note 25)*	622,951	686,573	210,611	213,438	262,524	–
Other payables *(Note 26)*	1,205,044	1,205,044	1,205,044	–	–	–
	27,648,628	32,484,610	12,182,499	5,336,238	6,851,163	8,114,710

(c) Interest rate risk

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

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2014 and 2013, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The detailed interest rates and maturity information of the Group's and the Company's borrowings are disclosed in Note 24.

The Group

	2014	2013
	RMB'000	*RMB'000*
		(restated -Note 35)
Net fixed rate borrowings:		
Borrowings	**6,207,777**	3,707,960
Less: Bank deposits (including restricted deposits)	**1,401,835**	2,127,598
	4,805,942	1,580,362
Net floating rate borrowings:		
Borrowings	**37,940,560**	29,950,602
Obligations under finance lease	**3,202,928**	2,269,314
Less: Bank deposits (including restricted deposits)	**6,383,951**	4,310,870
	34,759,537	27,909,046
Total net borrowings:	**39,565,479**	29,489,408

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

The Company

	2014	2013
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Borrowings	**6,188,183**	3,687,108
Less: Loans to subsidiaries	**2,783,500**	1,697,000
Bank deposits (including restricted deposits)	**1,401,835**	1,886,437
	2,002,848	103,671
Net floating rate borrowings:		
Borrowings	**24,917,905**	22,133,525
Obligations under finance lease	**441,364**	622,951
Less: Loans to subsidiaries	**21,758,432**	20,890,867
Bank deposits (including restricted deposits)	**3,544,608**	1,987,623
	56,229	(122,014)
Total net borrowings/(deposits) :	**2,059,077**	(18,343)

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB287,209,954 (31 December 2013 (as restated): RMB240,977,908).

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

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk

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

(i) Recognised assets and liabilities

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

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

(ii) Exposure to currency risk

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

The Group

	Exposure to foreign currencies (expressed in RMB)					
	2014			2013		
	HKD	**USD**	**EUR**	HKD	USD	EUR
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**4,551,998**	**1,032**	**1,967**	3,864,121	1,032	1,967
Trade debtors	**–**	**–**	**–**	–	–	63,352
Other receivables	**–**	**–**	**–**	–	–	413,555
Short-term borrowings	**–**	**(1,306)**	**–**	–	(1,301)	–
Tax payable	**–**	**–**	**–**	–	–	–
Long-term borrowings	**–**	**(18,288)**	**–**	–	(19,551)	–
Net exposure	**4,551,998**	**(18,562)**	**1,967**	3,864,121	(19,820)	478,874

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

The Company

	Exposure to foreign currencies (expressed in RMB)					
	2014			2013		
	HKD	**USD**	**EUR**	HKD	USD	EUR
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**4,016,070**	**–**	**1,967**	3,334,602	–	1,967
Other payables	**(2,111)**	**–**	**–**	(2,111)	–	–
Net exposure	**4,013,959**	**–**	**1,967**	3,332,491	–	1,967

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

	Average rate		Reporting date spot rate	
	2014	2013	**2014**	2013
HKD	**0.7876**	0.7986	**0.7889**	0.7862
USD	**6.1080**	6.1912	**6.1190**	6.0969
EUR	**7.9373**	8.3683	**7.4556**	8.4189

A 5% strengthening of RMB against the following currencies as at 31 December 2014 and 2013 would have increased/(decreased) the net profit and retained profit by the amount shown below:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HKD	**(227,450)**	(193,206)	**(200,698)**	(166,625)
USD	**683**	730	**–**	–
EUR	**(98)**	(21,617)	**(98)**	(98)
	(226,865)	(214,093)	**(200,796)**	(166,723)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

A 5% weakening of RMB against the above currencies as at 31 December 2014 and 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2013.

(e) Fair values

(i) Financial assets and liabilities measured at fair value

The IFRS 13, Fair value measurement requires to disclose the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

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

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

As at 31 December 2014 and 31 December 2013, there were no financial instruments of the Group carried at fair value. During the years ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Notes to the Financial Statements

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values(continued)

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost primarily including receivables, payables and borrowings are not materially different from their fair values as at 31 December 2014 and 2013, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

31 COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Contracted for	**9,089,583**	5,674,605	**558,819**	582,682
Authorised but not contracted for	**17,936,421**	11,191,549	**634,780**	1,454,419
	27,026,004	16,866,154	**1,193,599**	2,037,101

(b) At the year end, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**6,139**	3,496	**1,531**	–
After 1 year but within 5 years	**4,145**	2,556	**1,531**	–
	10,284	6,052	**3,062**	–

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

32 CONTINGENT LIABILITIES

(a) Financial guarantees issued

At 31 December 2014, the Company has issued certain guarantees to banks and other financial institutions in respect of bank loans and finance lease arrangement granted to the subsidiaries, amounting to RMB3,305,082,000 (2013: RMB2,132,810,000).

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

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

(c) Contingent liabilities in respect of a civil action

Due to significant quality defects of the wind turbines supplied by Sinovel Wind Group Co., Ltd. ("**Sinovel**"), in September 2014 certain subsidiaries of the Company (the "**Plaintiffs**") filed a petition to the court for judgement that the Plaintiffs shall no longer be required to pay to Sinovel the quality assurance deposit amounting to approximately RMB1,132.7 million due to the breach of the contract by Sinovel, for the award of liquidated damages of approximately RMB90.6 million by Sinovel to the Plaintiffs and that all litigation costs associated with the matter be borne by Sinovel. The Company subsequently received counter-claim from Sinovel to pay a compensation of RMB77.5 million due to the delay of payments by the Plaintiffs in relation to wind turbine purchase. The civil action is still in progress. The directors of the Company are of the opinion that the possibility for the payments for such counter-claim is remote, therefore no provision has been made in respect of this claim.

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

	2014	2013
	RMB'000	*RMB'000* *(restated-Note 35)*
Non-exempted continuing connected transactions		
Service provided to		
China Huaneng R&D Center	**1,583**	–
Service provided by		
Fellow subsidiaries *(note (ii))*	**94,342**	67,804
Net deposit in / (withdrawal from)		
Huaneng Finance	**1,281,500**	(684,631)
Interest income		
Huaneng Finance	**17,329**	18,828
Finance lease from		
Huaneng Tiancheng	**324,786**	–

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	2014 RMB'000	2013 RMB'000 (restated-Note 35)
Other connected transactions		
Service provided by		
China Huaneng R&D Center	–	3,400
Service provided to		
Fellow subsidiaries	131	707
Repayments of loan guaranteed by		
Huaneng Group *(Note 24(a))*	1,258	1,958
Service provided by		
Fellow subsidiaries	2,397	10,188
Increase of investment in		
Fellow subsidiaries *(Note 20 (ii))*	150,000	10,000
Acquisition of non-controlling interests from		
Huaneng Group	–	8,240
Loans received from		
Huaneng Finance	8,150,000	2,300,000
Loans repaid to		
Huaneng Finance	(7,950,000)	(2,300,000)
Interest expense		
Huaneng Finance	15,877	3,097
Working capital (repaid to)/received from		
Huaneng Group	(3,483)	3,483
Working capital provided to		
Fellow subsidiaries	229	–
Huaneng Group	–	159

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For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

Notes:

(i) The related party transactions listed above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on HKSE (the "**Listing Rules**"). The detailed disclosures required by Chapter 14A of the Listing Rules are provided in the "Reports of the Board of Directors" section of the annual report for the year ended 31 December 2014.

(ii) Service provided by fellow subsidiaries mainly comprised property insurance services provided by Alltrust Insurance Company of China Limited (永誠財產保險股份有限公司), technical services and management support services provided by Xi'an Thermal Power Research Institute Co., Ltd. (西安熱工研究院有限公司), property lease services provided by Xinsheng Property Management Co., Ltd. (新升物業管理公司), technological research services provided by China Huaneng R&D Center (華能集團技術創新中心), and tendering agency services provided by Huaneng Tendering Co., Ltd. (華能招標有限公司).

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary, Huaneng Finance, amounted to RMB2,201,043,000 as at 31 December 2014 (2013 (as restated): RMB919,543,000). Details of the other outstanding balances with related parties are set out in Notes 20, 21, 22, 24 and 26.

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

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

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

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

For the years ended 31 December 2014 and 2013, all revenue from the sales of electricity is made to the provincial power grid companies which are government-related entities. As at 31 December 2014 and 2013, substantially all the trade and bills receivable are due from these power grid companies.

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

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

(d) Commitments with related parties

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

	2014	2013
	RMB'000	*RMB'000*
Services to be provided by related parties	**39,834**	14,920

According to the agreement signed between the Company and Huaneng Carbon on 10 December 2014, Huaneng Carbon agrees to purchase the carbon credits produced by The Projects of the Group from year 2012 to 2017 at a price of RMB5 per ton (to be adjusted by mutual agreements according to carbon market conditions). In addition, the Group agrees to engage Huaneng Carbon to provide carbon credits management service for the three years ending 31 December 2017. The annual management fee will be calculated at 2% of outstanding debt owed by Huaneng Carbon to the Group (see Note 20(v)) as at the last day of the preceding year.

Notes to the Financial Statements

For the year ended 31 December 2014
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33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Key management personnel remuneration

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

	2014	2013
	RMB'000	*RMB'000*
Salaries and other emoluments	**3,727**	3,449
Bonus	**4,845**	4,443
Retirement scheme contributions	**763**	739
	9,335	8,631

34 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENTS

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

	2014	2013
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment by means of finance lease	**1,296,150**	–

35 ACQUISITION OF A SUBSIDIARY UNDER COMMON CONTROL

In December 2013, the Company entered into an equity transfer agreement with Huaneng International Power Development Corporation ("**HIPDC**"), a subsidiary of Huaneng Group. Pursuant to the agreement, the Company agreed to acquire 100% of the equity interests in Huaneng Ge'ermu PhotoVoltaic Power Generation Co., Ltd. ("**Huaneng Ge'ermu**") from HIPDC at a cash consideration of RMB356,070,000, which has been paid by the Company in full by 24 April 2014 (the "**acquisition date**").

In accordance with the agreement, the consideration is subject to an adjustment that if Huaneng Ge'ermu is required to pay VAT for its revenue from the renewable energy tariff premium, which was expected to be exempted by the tax bureau in Qinghai Province upon entering into the equity transfer agreement, HIPDC shall refund to the Company part of the consideration. By the end of June 2014, it was confirmed and agreed by both of the Company and HIPDC that Huaneng Ge'ermu could not enjoy the above tax exemption. As a result, part of the consideration paid in the amount of RMB132,730,000 has been refunded by HIPDC pursuant to the equity transfer agreement to the Company, and the final consideration of the acquisition amounts to RMB223,340,000.

As the Company and Huaneng Ge'ermu are under common control of Huaneng Group, the above acquisition has been recorded as a business combination under common control. The assets and liabilities of Huaneng Ge'ermu have been recognised at the carrying amounts recognised previously in Huaneng Group'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.

Recognised amounts of carrying value of identifiable assets acquired and liabilities at the acquisition date are as follows:

	RMB'000
Property, plant and equipment	691,723
Other non-current assets	58,523
Trade debtors and bills receivable	107,367
Prepayments and other current assets	1,213
Cash and cash equivalents	25,784
Other payables	(43,764)
Borrowings	(660,000)
Tax payables	(272)
Net assets	180,574

Notes to the Financial Statements

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

35 ACQUISITION OF A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

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

	The Group (as previously reported)	Huaneng Ge'ermu	Elimination	The Group (as restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Results of operations for the year ended 31 December 2013:				
Operating profit	2,727,318	65,536	–	2,792,854
Net profit	917,052	25,297	–	942,349
Net profit attributable to:				
– Equity shareholders of the Company	887,603	25,297	–	912,900
– Non-controlling interests	29,449	–	–	29,449
Basic and diluted earnings per share (RMB cents)	10.37	0.29	–	10.66
Balance sheet as at 1 January 2014:				
Non-current assets	50,043,901	767,244	–	50,811,145
Current assets	9,754,119	115,750	(9,998)	9,859,871
Current liabilities	19,242,074	112,034	(9,998)	19,344,110
Non-current liabilities	25,859,004	607,000	–	26,466,004
Total equity attributable to the shareholders of the Company	13,860,809	163,960	–	14,024,769
Non-controlling interests	836,133	–	–	836,133

36 PARENT AND ULTIMATE HOLDING COMPANY

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

(Expressed in RMB unless otherwise stated)

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions	1 July 2014
Annual Improvement to IFRSs 2010-2012 cycle	1 July 2014
Annual Improvement to IFRSs 2011-2013 cycle	1 July 2014
Annual Improvement to IFRSs 2012-2014 cycle	1 January 2016
Amendment to IFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendment to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to IAS 27, Equity method in separate financial statements	1 January 2016
Amendments to IAS 1, Disclosure initiative	1 January 2016
IFRS 15, Revenue from contracts with customers	1 January 2017
IFRS 9, Financial instruments (2014)	1 January 2018

Notes to the Financial Statements

For the year ended 31 December 2014
(Expressed in RMB unless otherwise stated)

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

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

In addition, the requirement of Part 9 "Account and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Group's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

38 NON-ADJUSTING SUBSEQUENT EVENT

The Company has completed its issuance of the short-term debentures on 12 March 2015. The total issued amount is RMB500 million, with a period from 12 March 2015 to 12 March 2016. The unit par value is RMB100 and the issuing interest rate is 4.6%.

Corporate Information

REGISTERED OFFICE	10-11th Floor No. 23A Fuxing Road Haidian District, Beijing, the PRC
HEAD OFFICE IN THE PRC	10-11th Floor No. 23A Fuxing Road Haidian District, Beijing, the PRC
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	36th Floor, Tower 2, Times Square 1 Matheson Street Causeway Bay, Hong Kong
COMPANY'S WEBSITE	www.hnr.com.cn
COMPANY SECRETARY	Ms. SONG Yuhong
AUTHORIZED REPRESENTATIVES	Mr. LIN Gang Ms. YANG Qing
NON-EXECUTIVE DIRECTORS	Mr. CAO Peixi (Chairman) Mr. ZHANG Tingke (Vice Chairman) Mr. WANG Kui (Appointed with effect from 12 August 2014) Mr. ZHAO Keyu (Resigned on 12 August 2014)
EXECUTIVE DIRECTORS	Mr. LIN Gang (President) Mr. XIAO Jun Ms. YANG Qing Mr. HE Yan (Appointed with effect from 12 August 2014) Mr. YU Chunping (Resigned on 12 August 2014)
INDEPENDENT NON-EXECUTIVE DIRECTORS	Mr. QIN Haiyan Ms. DAI Huizhu Mr. ZHOU Shaopeng Mr. WAN Kam To
SUPERVISORS	Mr. HUANG Jian Mr. WANG Huanliang Mr. YU Zewei
AUDIT COMMITTEE	Mr. ZHOU Shaopeng (Chairman) Mr. WAN Kam To Mr. WANG Kui (Appointed with effect from 12 August 2014) Mr. Zhao Keyu (Resigned on 12 August 2014)

Corporate Information

NOMINATION COMMITTEE	Mr. CAO Peixi (Chairman) Mr. ZHOU Shaopeng Mr. QIN Haiyan
REMUNERATION COMMITTEE	Mr. QIN Haiyan (Chairman) Ms. DAI Huizhu Mr. LIN Gang
LEGAL ADVISERS	Hong Kong Legal Advisers Herbert Smith Freehills 23/F, Gloucester Tower 15 Queen's Road Central, Hong Kong PRC Legal Advisers DeHeng Law Offices 12/F Tower B, Focus Place 19 Finance Street, Beijing, the PRC
AUDITORS	KPMG Certified Public Accountants 8th Floor, Prince's Building 10 Chater Road Central, Hong Kong KPMG Huazhen (SGP) 8th Floor, Office Tower E2 Oriental Plaza No. 1 East Chang An Avenue Beijing the PRC
H SHARE REGISTRAR	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
PRINCIPAL BANKERS	China Development Bank Corporation No. 29 Fuchengmenwai Street Xicheng District Beijing the PRC China Construction Bank Corporation No. 25 Finance Street Beijing the PRC Industrial and Commercial Bank of China Limited No. 55 Fuxingmennei Street Xicheng District Beijing the PRC

Glossary of Technical Terms

"CERs"	Certified Emission Reductions, which are carbon credits issued by CDM EB for emission reductions achieved by registered CDM projects and verified by a DOE under the Kyoto Protocol
"gross power generation"	total power generated by a power plant in a specific period of time, including auxiliary electricity and electricity generated during the construction and testing period
"GW"	unit of power, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. 1 GWh = 1 million kWh. GWh is typically used as a measure for the annual energy production of large power plants
"installed capacity"	the capacity of power generation units or wind turbines that have been completely assembled or erected in the case of wind power. For wind power, installed capacity includes the capacity of wind turbines in testing period
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"MW"	unit of power, megawatt. 1 MW = 1,000 kW, MW is typically used to measure installed capacity of power plants
"MWh"	unit of energy, megawatt-hour. 1 MWh = 1,000 kWh
"renewable energy"	energy generated from sustainable energy sources that are regenerative or, for all practical purposes, cannot be depleted
"weighted average utilization hours"	the consolidated gross power generation less the electricity generated during the construction and testing period in a specified period divided by the weighted average consolidated operational capacity in the same period

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