HUANENG POWER INTERNATIONAL INC
Form 20-F
April 16, 2015

HUANENG POWER INTERNATIONAL, INC.

Annual Report On Form 20-F
2014

As filed with the Securities and Exchange Commission on April 16, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 20-F

(Mark One)

¨REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

þANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

OR

¨TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

¨SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transaction period form _____to _____

Commission file number: 1-13314

HUANENG POWER INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

PEOPLE'S REPUBLIC OF CHINA
(Jurisdiction of incorporation or organization)

HUANENG BUILDING
6 FUXINGMENNEI STREET, XICHENG DISTRICT, BEIJING, PEOPLE'S REPUBLIC OF CHINA
(Address of principal executive offices)

Mr. Du Daming
HUANENG BUILDING,
6 FUXINGMENNEI STREET, XICHENG DISTRICT, BEIJING, PEOPLE'S REPUBLIC OF CHINA
Tel: +86 (10) 6322 6999 Fax: +86 (10) 6322 6888
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of each exchange on which registered
American Depositary Shares Each Representing 40 Overseas Listed Shares	New York Stock Exchange
Overseas Listed Shares with Par Value of RMB1.00 Per Share	New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act.

NONE

(Title of Class)

_____

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE

(Title of Class)

_____

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Domestic A Shares with Par Value of RMB1.00 Per Share	10,500,000,000
Overseas Listed Shares with Par Value of RMB1.00 Per Share	3,920,383,440

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes þ No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ¨ No þ

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board þ	Other ¨

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No þ

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)
Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ¨ No ¨

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* Not for trading, but only in connection with the registration of American Depositary Shares

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INTRODUCTION

We maintain our accounts in Renminbi Yuan ("Renminbi" or "RMB"), the lawful currency of the People's Republic of China (the "PRC" or "China"). References herein to "US$" or "U.S. dollars" are to United States Dollars, references to "HK$" are to Hong Kong Dollars, and references to "S$" are to Singapore Dollars. References to ADRs and ADSs are to American Depositary Receipts and American Depositary Shares, respectively. Translations of amounts from Renminbi to U.S. Dollars are solely for the convenience of the reader. Unless otherwise indicated, any translations from Renminbi to U.S. Dollars or from U.S. Dollars to Renminbi were translated at the average rate announced by the People's Bank of China (the "PBOC Rate") on December 31, 2014 of US$1.00 to RMB6.1190. No representation is made that the Renminbi or U.S. Dollar amounts referred to herein could have been or could be converted into U.S. Dollars or Renminbi, as the case may be, at the PBOC Rate or at all.

References to "A Shares" are to common tradable shares issued to domestic shareholders.

References to the "central government" refer to the national government of the PRC and its various ministries, agencies and commissions.

References to the "Company", "we", "our" and "us" include, unless the context requires otherwise, Huaneng Power International, Inc. and the operations of our power plants and our construction projects.

References to "HIPDC" are to Huaneng International Power Development Corporation and, unless the context requires otherwise, include the operations of the Company prior to the formation of the Company on June 30, 1994.

References to "Huaneng Group" are to China Huaneng Group.

References to the "key contracts" refer to coal purchase contracts entered into between the Company and coal suppliers for the amount of coals at the annual national coal purchase conferences attended by, among others, representatives of power companies, coal suppliers and railway authorities. These conferences were coordinated and sponsored by National Development and Reform Commission ("NDRC"). The Company enjoys priority railway transportation services with respect to coal purchased under such contracts. Starting from 2008, NDRC ceased to coordinate the annual national coal purchase conferences. At the end of each year subsequent to 2008, the National Railway Administration (previously, the Ministry of Railways) will promulgate the railway transportation capacity plan for the next year. References to the "key contracts" for the year 2008 and thereafter refer to coal purchase contracts entered into between the Company and coal suppliers under the guidance of such railway transportation capacity plan, which, once confirmed by the National Railway Administration, secures the railway transportation capacity for the coal purchased thereunder. Starting from the beginning of 2013, key contracts were terminated pursuant to a notice issued by the PRC Government in December 2012.

References to "local governments" in the PRC are to governments at all administrative levels below the central government, including provincial governments, governments of municipalities directly under the central government, municipal and city governments, county governments and township governments.

References to "our power plants" are to the power plants that are wholly owned by the Company or to the power plants in which the Company owns majority equity interests.

References to the "PRC Government" include the central government and local governments.

References to "provinces" include provinces, autonomous regions and municipalities directly under the central government. References to "Singapore" are to the Republic of Singapore.

References to the “State Plan” refer to the plans devised and implemented by the PRC Government in relation to the economic and social development of the PRC.

References to “tons” are to metric tons.

Previously, the Overseas Listed Foreign Shares were also referred to as the “Class N Ordinary Shares” or “N Shares”. Since January 21, 1998, the date on which the Overseas Listed Foreign Shares were listed on The Stock Exchange of Hong Kong Limited by way of introduction, the Overseas Listed Foreign Shares have been also referred to as “H Shares”.

GLOSSARY

actual generation	The total amount of electricity generated by a power plant over a given period of time.
auxiliary power	Electricity consumed by a power plant in the course of generation.
availability factor	For any period, the ratio (expressed as a percentage) of a power plant's available hours to the total number of hours in such period.
available hours	For a power plant for any period, the total number of hours in such period less the total number of hours attributable to scheduled maintenance and planned overhauls as well as to forced outages, adjusted for partial capacity outage hours.
capacity factor	The ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of (i) the number of hours in the given period multiplied by (ii) the power plant's installed capacity.
demand	For an integrated power system, the amount of power demanded by consumers of energy at any point in time.
dispatch	The schedule of production for all the generating units on a power system, generally varying from moment to moment to match production with power requirements. As a verb, to dispatch a plant means to direct the plant to operate.
GW	Gigawatt. One million kilowatts.
GWh	Gigawatt-hour. One million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power plants.
installed capacity	The manufacturers' rated power output of a generating unit or a power plant, usually denominated in MW.
kV	Kilovolt. One thousand volts.
kW	Kilowatt. One thousand watts.
kWh	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.
MVA	Million volt-amperes. A unit of measure used to express the capacity of electrical transmission equipment such as transformers.
MW	Megawatt. One million watts. The installed capacity of power plants is generally expressed in MW.

MWh	Megawatt-hour. One thousand kilowatt-hours.
peak load	The maximum demand on a power plant or power system during a specific period of time.
planned generation	An annually determined target gross generation level for each of our operating power plants used as the basis for determining planned output.
total output	The actual amount of electricity sold by a power plant in a particular year, which equals total generation less auxiliary power.
transmission losses	Electric energy that is lost in transmission lines and therefore is unavailable for use.

PART I

ITEM 1 Identity of Directors, Senior Management and Advisers

Not applicable.

ITEM 2 Offer Statistics and Expected Timetable

Not applicable.

ITEM 3 Key Information

A. Selected financial data

Our consolidated balance sheet data as of December 31, 2014 and 2013 and the consolidated income statement and cash flow data for each of the years in the three-year period ended December 31, 2014 are derived from the historical financial statements included herein. Our consolidated balance sheet data as of December 31, 2012, 2011 and 2010 and consolidated income statement and cash flow data for each of the years in the two-year period ended December 31, 2011, are derived from the historical financial statements not included herein. The Selected Financial Data should be read in conjunction with the consolidated financial statements and "Item 5 Operating and Financial Review and Prospects". The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Selected Financial Data may not be indicative of future earnings, cash flows or financial position.

	Year Ended December 31,				
	2010	2011	2012	2013	2014
RMB in thousands except per share data	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Consolidated Income Statement Data					
Operating revenue	104,318,120	133,420,769	133,966,659	133,832,875	125,406,855
Tax and levies on operations	(147,641)	(484,019)	(672,040)	(1,043,855)	(932,485)
Operating expenses	(95,541,488)	(124,189,148)	(116,337,679)	(108,677,981)	(99,199,728)
Profit from operations	8,628,991	8,747,602	16,956,940	24,111,039	25,274,642
Interest income	89,026	166,183	175,402	170,723	159,550
Financial expenses, net	(5,194,585)	(7,659,712)	(9,063,875)	(7,693,363)	(7,823,606)
Other investment income	60,013	93,460	187,131	224,908	80,580
Gain/ (Loss) on fair value changes of financial assets/ liabilities	11,851	(727)	(1,171)	(5,701)	42,538
Share of profits less losses of of associates and joint ventures	568,794	703,561	622,358	615,083	1,315,876
Profit before income tax expense	4,164,090	2,050,367	8,876,785	17,422,689	19,049,580
Income tax expense	(842,675)	(868,927)	(2,510,370)	(4,522,671)	(5,487,208)
Net profit	3,321,415	1,181,440	6,366,415	12,900,018	13,562,372
Attributable to:					
Equity holders of the Company	3,347,985	1,180,512	5,512,454	10,426,024	10,757,317
Non-controlling interests	(26,570)	928	853,961	2,473,994	2,805,055

Basic earnings per share	0.28	0.08	0.39	0.74	0.76
Diluted earnings per share	0.28	0.08	0.39	0.74	0.76

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	As of December 31				
RMB in thousands	2010 (RMB)	2011 (RMB)	2012 (RMB)	2013 (RMB)	2014 (RMB)
Consolidated Balance Sheet Data					
Current assets	31,556,149	36,417,338	36,086,261	34,186,911	37,865,284
Property, plant and equipment	155,224,597	177,968,001	177,013,627	181,415,181	188,379,057
Available-for-sale financial assets	2,223,814	2,301,167	3,052,822	3,111,164	4,333,377
Investments in associates and joint ventures	11,973,216	13,588,012	14,596,771	16,678,694	17,626,910
Land use rights and other non-current assets	9,541,540	8,820,722	9,316,455	9,593,252	10,636,352
Power generation license	4,105,518	3,904,056	4,084,506	3,837,169	3,720,959
Deferred income tax assets	672,475	526,399	532,387	652,358	884,274
Goodwill	12,640,904	13,890,179	14,417,543	12,758,031	11,725,555
Total assets	227,938,213	257,415,874	259,100,372	262,232,760	275,171,768
Current liabilities	(83,636,880)	(96,597,620)	(93,594,320)	(98,978,845)	(104,846,121)
Non-current liabilities	(81,875,861)	(101,260,501)	(99,545,710)	(88,060,941)	(85,542,941)
Total liabilities	(165,512,741)	(197,858,121)	(193,140,030)	(187,039,786)	(190,389,062)
Total equity	62,425,472	59,557,753	65,960,342	75,192,974	84,782,706

	Year Ended December 31,				
RMB in thousands except per share data	2010 (RMB)	2011 (RMB)	2012 (RMB)	2013 (RMB)	2014 (RMB)
Consolidated Cash Flow Data					
Purchase of property, plant and equipment	(20,704,224)	(16,673,632)	(15,474,614)	(17,691,382)	(19,858,216)
Net cash provided by operating activities	18,066,724	20,949,155	26,928,082	40,239,429	33,320,067
Net cash used in investing activities	(26,980,538)	(21,664,831)	(15,309,604)	(19,054,250)	(19,470,813)
Net cash provided by / (used in) financing activities	13,063,323	69,648	(9,816,900)	(22,240,088)	(10,894,180)
Other Company Data					
Dividend declared per share	0.20	0.05	0.21	0.38	0.38
Number of ordinary shares (‘000)	14,055,383	14,055,383	14,055,383	14,055,383	14,420,383

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B. Capitalization and indebtedness

Not applicable.

C. Reasons for the offer and use of proceeds

Not applicable.

D. Risk factors

Risks relating to our business and the PRC's power industry

Government regulation of on-grid power tariffs and other aspects of the power industry may adversely affect our business

Similar to electric power companies in other countries, we are subject to governmental and electric grid regulations in virtually all aspects of our operations, including the amount and timing of electricity generations, the setting of on-grid tariffs, the performance of scheduled maintenance, and the compliance with power grid control and dispatch directives as well as environment protection regulations. There can be no assurance that these regulations will not change in the future in a manner which could adversely affect our business.

The on-grid tariffs for our planned output are subject to a review and approval process involving the NDRC and the relevant provincial government. Since April 2001, the PRC Government has been implementing an on-grid tariff-setting mechanism based on the operating terms of power plants as well as the average costs of comparable power plants. Pursuant to the NDRC circular issued in June 2004, the on-grid tariffs for our newly built power generating units commencing operation from June 2004 have been set on the basis of the average cost of comparable units adding tax and reasonable return in the regional grid. Any future reductions in our tariffs, or our inability to raise tariffs (for example, to cover any increased costs we may have to incur) as a result of the new on-grid tariff-setting mechanism, may adversely affect our revenue and profit.

In addition, the PRC Government started a program in 1999 to effect power sales through competitive bidding in some of the provinces where we operate our power plants. The on-grid tariffs for power sold through competitive bidding are generally lower than the pre-approved on-grid tariffs for planned output. In the more recent few years, power sales through competitive bidding only accounted for a small portion of our overall power sales. Nevertheless, the PRC Government is seeking to expand the program. Any increased power sales through competitive bidding may reduce our on-grid tariffs and may adversely affect our revenue and profits.

Furthermore, the PRC Government started in 2009 to promote the practice of direct power purchase by large power end-users. Pursuant to the circular jointly issued by NDRC, the State Electricity Regulatory Commission ("SERC") and China National Energy Administration in June 2009, the direct power purchase price consists of direct transaction price, on-grid dispatch and distribution price and governmental levies and charges, in which the direct transaction price shall be freely determined through negotiation between the power generation company and the large power end-user. The price of direct power purchase shall be subject to the demand in the power market, and may increase due to power supply shortfall. Furthermore, the scale and mode of the transaction are also subject to the structure and level of development of local economy. In terms of power generation companies engaged in direct power purchase, direct power sales constitute a portion of the total power sales, thus affecting the on-grid power sales of the Company. In 2013, the PRC Government continued the reform in the area of direct power purchase by large power end-users. In July 2013, China National Energy Administration issued the Notice on Direct Purchases between Power End-users and Power Generation Companies, which officially implemented the direct purchases programs by large end-users.

Among the provinces where we operate our power plants, seven of them, namely Shanxi, Jiangsu, Henan, Hunan, Guangdong, Fujian, and Gansu, had started the direct purchase program in 2013, and four of them, namely Jiangxi, Yunnan, Hubei and Liaoning, are actively promoting the direct purchase pilot program. In 2014, direct purchase programs by large end-users were also implemented in Zhejiang and Anhui. Although the direct power purchase may act as an alternative channel for our power sales, there is uncertainty as to the effect of the practice of direct power purchase over our operating results.

The on-grid tariff-setting mechanism is evolving with the reforming of the PRC electric power industry. There is no assurance that it will not change in a manner which could adversely affect our business and results of operations. See "Item 4 Information of the Company – B. Business Overview – Pricing Policy".

If our power plants receive less dispatching than planned generation, the power plants will sell less electricity than planned

Our profitability depends, in part, upon each of our power plants generating electricity at a level sufficient to meet or exceed the planned generation, which in turn will be subject to local demand for electric power and dispatching to the grids by the dispatch centers of the local grid companies.

The dispatch of electric power generated by a power plant is controlled by the dispatch center of the applicable grid companies pursuant to a dispatch agreement with us and to governmental dispatch regulations. In each of the markets we operate, we compete against other power plants for power sales. No assurance can be given that the dispatch centers will dispatch the full amount of the planned generation of our power plants. A reduction by the dispatch center in the amount of electric power dispatched relative to a power plant's planned generation could have an adverse effect on the profitability of our operations. However, we have not encountered any such event in the past.

In August 2007, the General Office of the State Council issued a notice, promoting the energy saving electricity dispatch policy, which provides dispatching priority to electricity generated from renewable resources over electricity generated from unrenewable resources. In October 2008, the SERC approved the trial implementation of the policy of energy saving electricity dispatch in certain pilot provinces. In 2013, the PRC Government continued promoting the policy of energy saving electricity dispatch. In 2014, the NDRC issued the Guidelines to Strengthen and Improve Operation and Management of Power Generations in an effort to further improve energy saving, emission reduction and resources allocation. We cannot assure that such implementation will not result in any decrease in the amount of the power dispatched by any of our power plants.

The power industry reform may affect our business

The PRC Government in 2002 announced and started to implement measures to further reform the power industry, with the ultimate goal of creating a more open and fair power market. As part of the reform, five power generation companies, including Huaneng Group, were created or restructured to take over all the power generation assets originally belonging to the State Power Corporation of China. In addition, two grid companies were created to take over the power transmission and distribution assets originally belonging to the State Power Corporation of China. An independent power supervisory commission, the SERC, was created to regulate the power industry. There might be further reforms, and it is uncertain how these reform measures and any further reforms will be implemented and impact our business.

In December 2012, the PRC Government issued a notice to further reform the coal pricing mechanism, which mandated (1) the termination of all key coal purchase contracts between power generation companies and coal suppliers, and the abolition of national guidance of the railway transportation capacity plan, and (2) the cancellation of the dual-track coal pricing system, effective from January 1, 2013. For a detailed discussion of the reform, see "Item 4 Information on the Company – B. Business overview – Pricing policy". There can be no assurance that such coal pricing reform will not adversely affect our results of operation. In 2013, the PRC Government continued the reform in power industry. In July 2013, China National Energy Administration issued the Notice on Direct Purchases between Power End-users and Power Generation Companies, which officially implemented the direct purchases programs by large end-users. On March 15, 2015, the Opinions of CPC Central Committee and State Council Regarding Further Deepening Reform of the Electricity System was released, according to which the reform will be focused and directed to orderly liberalize the tariff of the competitive markets other than electricity transmission and distribution, gradually allow investment from private investors in power distribution and selling businesses, consistently open the power generation market other than those for non-profit purpose or under regulation, push for independent and regulated operation of the parties involved in electricity transactions, continue the study of regional power grid construction and the transmission and distribution system suitable for China, further strengthen government regulations for enhanced power coordination and planning, and further improve safe and efficient operation of electricity and reliable power supply. These reforms will have a profound impact on the business models of power generation enterprises and may intensify the competition which may adversely affect our business.

We are effectively controlled by Huaneng Group and HIPDC, whose interests may differ from those of our other shareholders

Huaneng Group, directly or indirectly holds 14.87% of our total outstanding shares, and HIPDC directly holds 35.14% of our total outstanding shares. As Huaneng Group is HIPDC's parent company, they may exert effective control over us acting in concert. Their interests may sometimes conflict with those of our other minority shareholders. There is no assurance that Huaneng Group and HIPDC will always vote their shares, or direct the directors nominated by them to act in a way that will benefit our other minority shareholders.

Disruption in coal supply and its transportation as well as increase in coal price may adversely affect the normal operation of our power plants

A substantial majority of our power plants are fueled by coal. Prior to 2013, we obtained coal for our power plants through a combination of purchases pursuant to the key contracts and purchases in the open market. Starting from 2013, the NDRC no longer issues inter-provincial guidance of the railway transportation capacity plan and all key coal purchase contracts between power generation companies and coal suppliers were terminated. The coal price will be determined based on free negotiation between power companies and coal suppliers, and the amount of coal supply will be determined based on free negotiation between power companies and railway authorities, which increases the uncertainty of the coal supply and the coal price and may adversely affect our operations. To date, we have not experienced shutdowns or reduced electricity generation caused by inadequate coal supply or transportation services, but there can be no assurance that, in the event of national coal supply shortfalls, our operations will not be adversely affected.

In addition, our results of operations are sensitive to the fluctuation of coal price. In 2014, coal prices experienced significant decrease due to the supply over demand for coal as a result of excessive production capacities, soft economic growth in China, increasingly strict policies on environment protection, and the increased volume of electricity generated through hydropower and the use of ultra-high-voltage grid. After a marked drop during the first half of 2014, coal prices rose slightly during the second half of the year following implementation of a series of policies by the government to improve the financial conditions of coal producers. For example, during 2014, the Bohai-Rim Steam Coal Price Index ("BSPI") decreased from RMB631/ton in the beginning to RMB528/ton at the end of June, and further dropped to RMB478/ton at the end of August, before rising to RMB525/ton at the end of December. By strengthening our cooperation with key domestic coal mines, and increasing the volume of coal purchased through annual contract arrangements and imported coal, we have been able to partially offset the impact of price fluctuation of domestic coals, and our standard unit coal price decreased by more than RMB 50/ton in 2014. However, there is no assurance that coal prices will not increase in the future, and if the price does increase, there is no assurance that we will be able to adjust our power tariff to pass on the increase in the coal price to our customers. Although the government has established a coal-electricity price linkage mechanism to allow power generation companies to increase their power tariffs to cope with the increase in the coal price, the implementation of the mechanism involves significant uncertainties. For a detailed discussion of the coal-electricity price linkage mechanism, see "Item 4 Information on the Company – B. Business overview – Pricing policy".

Power plant development, acquisition and construction are a complex and time-consuming process, the delay of which may negatively affect the implementation of our growth strategy

We develop, construct, manage and operate large power plants. Our success depends upon our ability to secure all required PRC Government approvals, power sales and dispatch agreements, construction contracts, fuel supply and transportation and electricity transmission arrangements. Delay or failure to secure any of these could increase cost or delay or prevent commercial operation of the affected power plant. Although each of our power plants in operation and the power plants under construction received all required PRC Government approvals in a timely fashion, no assurances can be given that all the future projects will receive approvals in a timely fashion or at all. In addition, due to national policies and related regulations promoting environment-friendly energy, the approval requirements and procedures for thermal power plant are becoming increasingly stringent, which may negatively affect the approval process of our new projects and therefore negatively affect the implementation of our growth strategy.

We have generally acted as, and intend to continue to act as, the general contractor for the construction of our power plants. As with any major infrastructure construction effort, the construction of a power plant involves many risks, including shortages of equipment, material and labor, labor disturbances, accidents, inclement weather, unforeseen engineering, environmental, geological, delays and other problems and unanticipated cost increases, any of which could give rise to delays or cost overruns. Construction delays may result in loss of revenues. Failure to complete construction according to specifications may result in liabilities, decrease power plant efficiency, increase operating costs and reduce earnings. Although the construction of each of our power plants was completed on or ahead of schedule and within its budget, no assurance can be given that construction of future projects will be completed on schedule or within budget.

In addition, from time to time, we may acquire existing power plants from HIPDC, Huaneng Group or other parties. The timing and the likelihood of the consummation of any such acquisitions will depend, among other things, on our ability to obtain financing and relevant PRC Government approvals and to negotiate relevant agreements for terms acceptable to us.

Substantial capital is required for investing in or acquiring new power plants and failure to obtain capital on reasonable commercial terms will increase our finance cost and cause delay in our expansion plans

An important component of our growth strategy is to develop new power plants and acquire operating power plants and related development rights from HIPDC, Huaneng Group or other companies on commercially reasonable terms. Our ability to arrange financing and the cost of such financing depend on numerous factors, including general economic and capital market conditions, credit availability from banks or other lenders, investor confidence in us and the continued success of our power plants. Although we have not been materially affected by inflation in the past, there is no assurance that we would not be affected in the future. In 2014 the PBOC maintained the prudence and continuity of its monetary policies by moderate and timely adjustments with the focus towards generally consistent and structurally improved policy implementations. The consecutively lowered lending interest rates in November 2014 and February 2015 means that China's monetary policies will be liberalized and it is expected by the market that money supply will be more abundant than that in 2013. The domestic capital market is generally balanced and liberalization of interest rates is expected to accelerate. The interest bearing debts of the Company are mostly denominated in RMB. The interest rates applicable to existing RMB loan contracts will be adjusted from time to time in accordance with the adjustment of benchmark lending interest rates published by the PBOC, and the interest rates applicable to new RMB loan contracts will be determined based on the benchmark lending interest rates published by the PBOC. The change of the benchmark lending interest rates published by the PBOC will have direct impact on the borrowing costs of the Company. As a result, we may not be able to carry out our expansion plans due to the failure to obtain financing or increased financing costs. Furthermore, although we have historically been able to obtain financing on terms acceptable to us, there can be no assurance that financing for future power plant developments and acquisitions will be available on terms acceptable to us or, in the event of an equity offering, that such offering will not result in substantial dilution to existing shareholders.

Operation of power plants involves many risks and we may not have enough insurance to cover the economic losses if any of our power plants' ordinary operation is interrupted

The operation of power plants involves many risks and hazards, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, labor disturbances, natural disasters, environmental hazards and industrial accidents. The occurrence of material operational problems, including but not limited to the above events, may adversely affect the profitability of a power plant.

Our power plants in the PRC currently maintain insurance coverage that is typical in the electric power industry in the PRC and in amounts that we believe to be adequate. Such insurance, however, may not provide adequate coverage in certain circumstances. In particular, in accordance with industry practice in the PRC, our power plants in the PRC do not generally maintain business interruption insurance, or any third party liability insurance other than that included in construction all-risks insurance or erection all-risks insurance to cover claims in respect of bodily injury or property or environment damage arising from accidents on our property or relating to our operation. Although each of our power plants has a good record of safe operation, there is no assurance that the afore-mentioned accidents will not occur in the future.

If the PRC Government adopts new and stricter environmental laws and additional capital expenditure is required for complying with such laws, the operation of our power plants may be adversely affected and we may be required to make more investment in compliance with these environmental laws

Most of our power plants, being coal-fired power plants, discharge pollutants into the environment. We are subject to central and local government environmental protection laws and regulations, which currently impose base-level discharge fees for various polluting substances and graduated schedules of fees for the discharge of waste substances. The amounts of discharge fees are determined by the local environmental protection authority based on the periodic inspection of the type and volume of pollution discharges. In addition, such environmental protection laws and regulations also set up the goal for the overall control on the discharge volume of key polluting substances. These laws and regulations impose fines for violations of laws, regulations or decrees and provide for the possible closure by the central government or local government of any power plant which fails to comply with orders requiring it to cease or cure certain activities causing environmental damage. In 2007, the PRC Government issued additional policies on discharge of polluting substances and on desulphurization for coal-fired generating units. Certain provinces have raised the rates of waste disposal fees since 2008. In 2012, the new and more stringent standards on discharge of polluting substances by thermal power plants promulgated by the PRC Government in 2011 came into effect, which also require newly commenced thermal power plants to equip all units with denitrification facilities and all existing thermal power plants to be modified with denitrification facilities equipped on all units by the end of 2015. In September 2013, the State Council issued the Air Pollution Prevention Action Plan, which sets higher anti−pollution standards. Local governments promulgated relevant local regulations, many of which set even more stringent standards. As of July 1, 2014, the new pollutants emission standards for coal-fired generating plants and dust emission standards in key regions came into effect. In September 2014, the NDRC, the Ministry of Environmental Protection and the National Energy Administration jointly issued the 2014-2020 Action Plans for Energy Saving, Emission Reduction and Renovation of Coal-fired Generation Units, imposing stricter requirements for efficient and clean development of coal-fired generating plants. Such stringent standards, together with the increase in the discharge fees, will result in the increases in the environmental protection expenditure and operating costs of power plants and may have adverse impact on our operating results.

We attach great importance to the environmental related matters of our existing power plants and our power plants under construction. We have implemented a system that is designed to control pollution caused by our power plants, including the establishment of an environmental protection office at each power plant, adoption of relevant control and evaluation procedures and the installation of certain pollution control equipment. We believe our environmental protection systems and facilities for the power plants are adequate for us to comply with applicable central government and local government environmental protection laws and regulations. However, the PRC Government may impose new, stricter laws and regulations on environmental protection, which may adversely affect our operations.

The PRC is a party to the Framework Convention on Climate Change (“Climate Change Convention”), which is intended to limit or capture emissions of “greenhouse” gases, such as carbon dioxide. Ceilings on such emissions could limit the production of electricity from fossil fuels, particularly coal, or increase the costs of such production. At

present, ceilings on the emissions of “greenhouse” gases have not been assigned to developing countries under the Climate Change Convention. Therefore, the Climate Change Convention would not have a major effect on us in the short term because the PRC as a developing country is not obligated to reduce its emissions of “greenhouse” gases at present, and the PRC Government has not adopted relevant control standards and policies. If the PRC were to agree to such ceilings, or otherwise reduce its reliance on coal-fired power plants, our business prospects could be adversely affected. In addition, pilot carbon emission trading programs have been conducted in certain regions and are expected to be gradually implemented throughout China. This may also adversely affect our business and financial prospects in the future.

Our business benefits from certain PRC Government tax incentives. Expiration of, or changes to, the incentives could adversely affect our operating results

Prior to January 1, 2008, according to the relevant income tax law, domestic enterprises were, in general, subject to statutory income tax of 33% (30% enterprise income tax and 3% local income tax). If these enterprises are located in certain specified locations or cities, or are specifically approved by State Administration of Taxation, a lower tax rate would be applied. Effective from January 1, 1999, in accordance with the practice notes on the PRC income tax laws applicable to foreign invested enterprises investing in energy and transportation infrastructure businesses, a reduced enterprise income tax rate of 15% (after the approval of State Administration of Taxation) was applicable across the country. We applied this rule to all of our wholly owned operating power plants after obtaining the approval of State Administration of Taxation. In addition, certain power plants were exempted from enterprise income tax for two years starting from the first profit-making year, after offsetting all tax losses carried forward from the previous years (at most of five years), followed by a 50% reduction of the applicable tax rate for the next three years. The statutory income tax was assessed individually based on each of their results of operations.

On March 16, 2007, the Enterprise Income Tax Law of PRC, or the New Enterprise Income Tax Law, was enacted, and became effective on January 1, 2008. The New Enterprise Income Tax Law imposes a uniform income tax rate of 25% for domestic enterprises and foreign invested enterprises. Therefore, our power plants subject to a 33% income tax rate prior to January 1, 2008 are subject to a lower tax rate of 25% starting on January 1, 2008. With regard to our power plants entitled to a reduced enterprise income tax rate of 15% prior to January 1, 2008, their effective tax rate gradually increased to 25% within a five-year transition period commencing on January 1, 2008. Accordingly, the effective tax rate of our wholly owned power plants has increased over time. In addition, although our power plants entitled to tax exemption and reduction under the income tax laws and regulations that are effective prior to the New Enterprise Income Tax Law will continue to enjoy such preferential treatments until the expiration of the same, newly established power plants will not be able to benefit from such tax incentives, unless they can satisfy specific qualifications, if any, provided by then effective laws and regulations on preferential tax treatment.

The increase of applicable income tax rate and elimination of the preferential tax treatment with regard to certain of our power plants may adversely affect our financial condition and results of operations. Moreover, our historical operating results may not be indicative of our operating results for future periods as a result of the expiration of the tax benefits currently available to us.

In addition, according to the New Enterprise Income Tax Law and its implementation rules, any dividends derived from the distributable profits accumulated from January 1, 2008 and paid to the shareholders who are non-resident enterprises in the PRC will be subject to the PRC withholding tax at the rate of 10%. The withholding tax will be exempted if such dividends are derived from the distributable profits accumulated before January 1, 2008. Under a notice issued by the State Administration of Taxation of the PRC on November 6, 2008, we are required to withhold PRC income tax at the rate of 10% on annual dividends paid for 2008 and later years payable to our H Share investors who are non-resident enterprises.

Fluctuations in exchange rates could have an adverse effect on our results of operations and your investment

As a power producer operating mainly in China, we collect most of our revenues in Renminbi and have to convert Renminbi into foreign currencies to (i) repay some of our borrowings which are denominated in foreign currencies, (ii) purchase foreign made equipment and parts for repairs and maintenance, (iii) purchase fuel from overseas suppliers, and (iv) pay out dividend to our overseas shareholders.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China’s political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. On July 21, 2005, the PRC government introduced a floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of foreign currencies. Renminbi appreciated by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. On June 19, 2010, the PBOC decided to further promote the reform of the Renminbi exchange rate formation mechanism, and improve the flexibility of Renminbi exchange rate. Since June 2010, Renminbi has regained steady appreciation against the U.S. dollar, which was reversed by slight depreciation of Renminbi against the U.S. dollar at the turn to and early 2014. On March 15, 2014, the PBOC announced to further widen Remninbi’s daily trading band against U.S. dollar from 1% to 2% on either side of the daily reference rate, allowing for greater fluctuations of the exchange rate. However, it is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC Government to further liberalize its currency policy, which could result in further fluctuations in the value of the Renminbi against the U.S. dollar. However, there is no assurance that there will not be a devaluation of Renminbi in the future. If there is such devaluation, our debt servicing cost will increase and the return to our overseas investors

may decrease.

Our revenues from SinoSing Power Pte. Ltd. ("SinoSing Power") and its subsidiaries are collected in Singapore dollars. However, commencing from 2008, the operating results of SinoSing Power and its subsidiaries were consolidated into our financial statements, which use Renminbi as the presentation currency. As a result, we are exposed to foreign exchange fluctuations between Renminbi and the Singapore dollar. Appreciation of Renminbi against the Singapore dollar may cause a foreign exchange loss upon conversion of SinoSing Power and its subsidiaries' operating results denominated in Singapore dollars into Renminbi, which may have adverse impact on our operation results.

The audit report included in this annual report is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection

Auditors of companies that are registered with the U.S. Securities and Exchange Commission and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because we have substantial operations within the People's Republic of China and the PCAOB is currently unable to conduct inspections of the work of our auditors as it relates to those operations without the approval of the Chinese authorities, our auditor's work related to our operations in China is not currently inspected by the PCAOB. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission ("CSRC") and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

This lack of PCAOB inspections of audit work performed in China prevents the PCAOB from regularly evaluating audit work of any auditors that was performed in China including that performed by our auditors. As a result, investors may be deprived of the full benefits of PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

The Chinese member firm of the KPMG network, of which our independent registered public accounting firm is also a member, may be temporarily suspended from practicing before the SEC. If a delay in completion of our audit process occurs as a result, we could be unable to timely file certain reports with the SEC, which may lead to the delisting of our stock

On January 22, 2014, Judge Cameron Elliot, an SEC administrative law judge, issued an initial decision suspending the Chinese member firms of the "Big Four" accounting firms, including KPMG network, from, among other things, practicing before the SEC for six months. In February 2014, the initial decision was appealed. While under appeal and in February 2015, the Chinese member firms of "Big Four" accounting firms reached a settlement with the SEC. As part of the settlement, each of the Chinese member firms of "Big Four" accounting firms agreed to settlement terms that include a censure; undertakings to make a payment to the SEC; procedures and undertakings as to future requests for documents by the US SEC; and possible additional proceedings and remedies should those undertakings not be adhered to.

Our independent registered public accounting firm currently relies on the Chinese member firm of the KPMG network for assistance in completing the audit work associated with our operations in China. If the settlement terms are not adhered to, Chinese member firms of "Big Four" accounting firms may be suspended from practicing before the SEC which could in turn delay the timely filing of our financial statements with the SEC. In addition, it could be difficult for us to timely identify and engage another qualified independent auditor. A delinquency in our filings with the SEC may result in NYSE initiating delisting procedures, which could adversely harm our reputation and have other material adverse effects on our overall growth and prospect.

Forward-looking information may prove inaccurate

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "anticipate," "believe," "estimate," "expect," "going forward" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statement. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. We do not intend to update these forward-looking statements.

There can be no assurance that we will not be passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, which could subject United States investors in the ADSs or our H shares to significant adverse United States income tax consequences.

We will be a "passive foreign investment company," or "PFIC," if, in the case of any particular taxable year, either (a) 75% or more of our gross income for such year consists of certain types of "passive" income or (b) 50% or more of the average quarterly value of our assets (as determined on the basis of fair market value) during such year produce or are held for the production of passive income (the "asset test"). For United States federal income tax purposes, and based upon our current and expected income and assets, we do not presently expect to be a PFIC for the current taxable year or the foreseeable future.

While we do not expect to become a PFIC, because the value of our assets for purposes of the asset test may be determined by reference to the market price of the ADSs, fluctuations in the market price of the ADSs may cause us to become a PFIC for the current or subsequent taxable years. The determination of whether we will be or become a PFIC will also depend, in part, on the composition of our income and assets. Under circumstances where we determine not to deploy significant amounts of cash for active purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

If we are a PFIC in any taxable year, a U.S. holder (as defined in “Item 10. Additional Information—E. Taxation—United States federal income tax considerations”) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or H shares and on the receipt of distributions on the ADSs or H shares to the extent such gain or distribution is treated as an “excess distribution” under the United States federal income tax rules and such holders may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. holder holds the ADSs or our H shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. holder holds the ADSs or our H shares. For more information see “Item 10. Additional Information—E. Taxation—Passive Foreign Investment Company Considerations.”

Risks relating to doing business in the PRC

China's economic, political and social conditions as well as government policies could significantly affect our business

As of December 31, 2014, the majority of our business, assets and operations are located in China. The economy of China differs from the economies of most developed countries in many respects, including government involvement, control of foreign exchange, and allocation of resources.

The economy of China has been transitioning from a planned economy to a more market-oriented economy. After multiple years of strenuous and sustained economic restructuring reforms, China has become a leading player in the global economy and a major contributing force to the economic revival and growth worldwide. The PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the economy of China and a higher level of autonomy for the private sector. Some of these measures will benefit the overall economy of China, but may have a negative effect on us for a short term. For example, our operating results and financial condition may be adversely affected by changes in taxation, changes in power tariff for our power plants, changes in the usage and costs of State-controlled transportation services, and changes in State policies affecting the power industry.

Interpretation of PRC laws and regulations involves significant uncertainties

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited value as precedents.

We are subject to certain PRC regulations governing PRC companies that are listed overseas. These regulations contain certain provisions that are required to be included in the articles of association of these PRC companies and are intended to regulate the internal affairs of these companies. The PRC regulatory agencies are intensifying their efforts to protect interests of shareholders. We are listed in three exchanges. Given that each exchange and jurisdiction has different rules for shareholder protection, it is our policy to adopt the strictest standards of these listing rules. Some of these standards are incorporated in our articles of association and bylaws with the view to providing most protection for the interests of our shareholders.

Risks relating to our operations in Singapore

Our operations in Singapore are subject to a number of risks, including, among others, risks relating to electricity pricing, dispatching, fuel supply, project development, capital expenditure, environmental regulations, government policies, and Singapore's economic, political and social conditions. Any of these risks could materially and adversely affect our business, prospects, financial condition and results of operations.

Fluctuation in demand and intensified competition may adversely affect Tuas Power's business and results of operations.

Our operations in Singapore depend on market demand and are subject to competition. Overall power system demand grew by more than 3% in 2014 over 2013. The future growth is highly dependent on sustained recovery in the Singapore and global economies. The liberalization of Singapore's power market and the further deregulation of its power industry have resulted in more intense competition among the power generation companies in Singapore. Tuas Power Group, or Tuas Power, one of our wholly owned business units, is one of the three largest power generation companies in Singapore. If Tuas Power is unable to compete successfully against other power generation companies in Singapore, its business, prospects, financial condition and results of operations may be adversely affected. Existing incumbents, including Tuas Power Generation Pte Ltd ("TPG"), and new entrants have embarked on repowering and

new-build capacities in line with the planned development of Singapore's first Liquefied Natural Gas ("LNG") Regasification Terminal. At the end of 2014, 2,000MW of new gas-fired generating capacity using LNG were competing in the Singapore market. Another 400MW of new capacity is under construction and is expected to come online before the end of the next year.

Following the introduction of LNG into the Singapore Market and the additional generating capacities facilitated by the Energy Market Authortiy's (the "EMA") LNG Vesting Scheme, the electricity market has turned from a gas-constrained market in the last few years to one that is oversupplied. This is expected to have negative impact on prices until the excess capacity is absorbed by increase in demand.

TP Utilities Pte Ltd ("TPU"), an entity in Tuas Power Group, sells utilities, such as steam, industrial water and demineralized water to industrial customers for their direct consumption. The timing for those potential investors to site their premises is uncertain due to economic situations. The demand of the utilities by these customers may vary as well. Therefore, it is necessary for TPU to understand the customers' demand and timing to arrive at a demand projection. The facilities will be developed in stages and/or in modules to provide sufficient capacity matching the demand. Customers are required to pay minimum capacity payment charges to mitigate the demand risk.

Regulatory changes of the vesting regime in Singapore could expose Tuas Power to electricity price volatility and adversely affect its business and results of operations

Tuas Power derives its revenue mainly from sale of electricity to the National Electricity Market of Singapore (the "NEMS") through a bidding process and vesting contracts under which a significant portion of power sales is predetermined by the EMA. The vesting contract regime in Singapore is targeted at mitigation of market power in the wholesale electricity spot market. The regime achieves this objective by assigning a quantity of vesting contracts to generating companies, thereby limiting their incentives to exercise whatever level of market power they may possess. Vesting contracts are a form of bilateral contract imposed/vested on the major power generation companies in Singapore. Vesting contract price is set by the EMA, which is Singapore's power market regulator. Vesting contract price is set at the long run marginal cost of the most efficient base-loaded technology plant employed in Singapore and is reviewed every two years. On a quarterly basis, the EMA allows for the vesting contract price to be adjusted to account for inflation and changes in fuel prices. Such a mechanism helps protect the profit margins of the power generating companies in the Singapore market, such as Tuas Power, to a large degree. The quantity of each power generation company's capacity reserved for vesting contracts depends on the proportion of such power generation company's capacity to the total capacity in the NEMS system. The contract quantity and price are recalculated every three months. For the period from January 1, 2014 to December 31, 2014, power sold through vesting contracts represented approximately 42% of Tuas Power's total power sold. As an important governmental policy in Singapore's power market, vesting contracts may continue as long as the EMA considers that high market concentration persists and that power generation companies may potentially exercise their market power. The biennial review carried out in 2014 saw a phased reduction of vesting contract levels over a two-year period from an immediate level of 30% for first half 2015 and 25% for second half 2015 before lowing to 20% for 2016.

The fuel cost of Tuas Power is exposed to volatility of international fuel price and foreign currency risk

The fuel for Tuas Power consists of natural gas, coal, biomass, fuel oil and diesel oil. Since the procurement price of natural gas is closely linked to oil price and the procurement price of coal and biomass is linked to a coal index, the fuel cost of Tuas Power is exposed to the volatility of international oil and coal prices. In addition, the commitments for the purchase of fuel are denominated in U.S. dollars, which further exposes Tuas Power to foreign currency risk. Any increase in fuel price and/or appreciation of the U.S. dollar against the Singapore dollar will translate into an increase in fuel cost for Tuas Power. Part of this increase can be passed through electricity sale contracts and utilities sale contracts, while fuel and foreign exchange hedging strategies done appropriately will mitigate the impact of such increase. No assurance can be given that such increase will not adversely affect results of its operation. Tuas Power is highly dependent upon the import of gas via pipelines from Indonesia. Any disruption of such supply would impact the normal operation of Tuas Power significantly. This risk has been mitigated through Tuas Power's contract to buy LNG for its incremental needs, although there is no assurance that, in the event of fuel supply shortfall, Tuas Power's operations will not be adversely affected.

ITEM 4 Information on the Company

A. History and development of the Company

Our legal and commercial name is Huaneng Power International, Inc. Our head office is at Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, People's Republic of China and our telephone number is (8610) 63226999. We were established in June 1994 as a company limited by shares organized under the laws of the People's Republic of China.

On April 19, 2006, we carried out the reform to convert all non-tradable domestic shares to tradable domestic shares. According to the reform plan, Huaneng Group and HIPDC offered three shares to each holder of A Shares for every

ten shares held by them. The total number of shares offered in connection with the reform was 150,000,000 shares. As a result, all non-tradable domestic shares were permitted to be listed on the stock exchange for trading with certain selling restrictions. The period of selling restrictions is sixty months for the non-tradable shares held by Huaneng Group and HIPDC, and one year for most non-tradable shares held by others starting from April 19, 2006. All such selling restrictions were released by April 19, 2011. The reform did not affect the rights of shareholders of our overseas listed foreign shares.

In 2010, we increased our share capital through non-public issuances of new shares, including A shares and H shares. With the approval from shareholders and relevant PRC governmental authorities, we were authorized to issue (i) not exceeding 1,500 million new A shares by way of placement to not more than 10 designated investors including Huaneng Group, which would subscribe for no more than 500 million new A shares, and (ii) no more than 500 million new H Shares to China Hua Neng Hong Kong Company Limited ("Hua Neng HK"). On December 23, 2010, we completed the non-public issuance of 1,500 million new A shares (ordinary shares with a par value of RMB1 per share) to 10 designated investors, including Huaneng Group, at the issuance price of RMB5.57 per share. The shares subscribed by Huaneng Group are subject to a lock-up period of 36 months, and the shares subscribed by other designated investors are subject to a lock-up period of 12 months. On December 28, 2010, we completed the placement of 500 million H shares (ordinary shares with a par value of RMB1 per share) to Hua Neng HK at the subscription price of HK$4.73 per share. On November 13, 2014, we issued a total of 365 million H Shares to nine placees, at an issue price of HK$8.60 per share. After these non-public issuances, we have a total share capital of approximately 14.42 billion shares.

On December 31, 2009, we entered into an equity transfer contract with Shandong Electric Power Corporation ("Shandong Power") and Shandong Luneng Development Group Company Limited ("Luneng Development") to acquire various interests and preliminary stage projects in nine entities. As of December 31, 2011, the operating results of all the nine entities were consolidated into ours.

On January 4, 2011, we entered into an equity transfer agreement relating to the acquisition of Fushun Suzihe Hydropower Development Company Limited ("Fushun Suzihe Hydropower") with its existing shareholders, pursuant to which we agreed to acquire the entire equity interest in Fushun Suzihe Hydropower with an aggregate consideration of RMB50 million. Fushun Suzihe Hydropower has a planned hydropower capacity of 37.5 MW (3 x 12.5 MW). In September 2012, unit I of Suzihe Hydropower passed trial run.

On June 29, 2011, we entered into an equity transfer agreement relating to the transfer of Huaneng Jilin Biological Power Generation Limited Company ("Jilin Biological") with Huaneng Jilin Power Generation Co., Ltd. and Huaneng Group, pursuant to which we agreed to transfer the entire equity interest in Jilin Biological with an aggregate consideration of approximately RMB106 million.

On August 9, 2011, we entered into a capital increase agreement with China Huaneng Finance Limited Liability Company ("Huaneng Finance"), pursuant to which we subscribed for its own part of the newly increased registered capital of Huaneng Finance for a consideration of RMB600 million. The equity interest held by us in Huaneng Finance remains unchanged, representing 20% of the equity interests of Huaneng Finance.

On October 25, 2011, we entered into a capital increase agreement with Huaneng Group, GreenGen Co., Ltd. ("GreenGen") and Tianjin Jinneng Investment Company ("Tianjin Jinneng"), pursuant to which our Company made a capital contribution of RMB264 million to the registered capital of Huaneng (Tianjin) Coal Gasification Power Generation Co., Ltd., which was jointly funded by GreenGen and Tianjin Jinneng immediately prior to the capital increase. We hold 35.97% of the equity interests in Coal Gasification Co after the completion of the capital increase.

On January 11, 2013, we entered into an equity transfer agreement with Huaneng Group, pursuant to which we agreed to acquire a 50% interest in China Huaneng Group Fuel Co., Ltd. ("Fuel Company") from Huaneng Group for a consideration of approximately RMB108 million. On the same day, we entered into a capital increase agreement with Huaneng Group and the Fuel Company, pursuant to which we agreed to make a capital injection of RMB1.4 billion into the Fuel Company after the completion of the acquisition.

As resolved at the 2010 annual general meeting held on May 17, 2011, our Company has been given a mandate to apply to the competent authority for a quota of the non-public issuance of debt financing instruments with a principal amount not exceeding RMB10 billion within 12 months from the date of obtaining an approval at the general meeting (to be issued within such period on a rolling basis). On September 8, 2011, we received the approval from the competent authority. On November 7, 2011, we completed the issuance of the first tranche of non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 5 years, a unit face value of RMB100 and an interest rate of 5.74%. On January 5, 2012, we completed the issuance of the second tranche of the non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 3 years, a unit face value of RMB100 and an interest rate of 5.24%. On June 4, 2013, we completed the issuance of the third tranche of non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 3 years and an interest rate of 4.82%.

As resolved at the 2010 Annual General Meeting on May 17, 2011, our Company has been given a mandate to issue one or multiple tranches of financing instruments of RMB-denominated debt instruments of a principal amount up to RMB5 billion in or outside PRC within 12 months from the date of approval at the general meeting. On April 19, 2012, we received an approval regarding the issuance of RMB-denominated debt instruments in Hong Kong in the

sum of RMB5 billion issued by the NDRC, approving our Company to issue the RMB-denominated debt instruments in Hong Kong in an aggregate amount of up to RMB5 billion, with an effective period of one year from the date of approval. On January 30, 2013, our Company and the managers entered into a subscription agreement in relation to the proposed issuance of RMB1.5 billion bonds due 2016 with an interest rate of 3.85% ("RMB Bonds"). The RMB Bonds are listed and traded on the Hong Kong Stock Exchange effective from February 5, 2013.

As resolved at the 2012 annual general meeting on June 19, 2013, our Company has been given a mandate to issue one or more tranches of super short-term notes within the PRC in a principal amount not exceeding RMB30 billion on a rolling basis within 24 months of approval by the general shareholders' meeting. on August 22, September 10 and November 3, 2014, we issued super short-term notes in three installments at principal amount of RMB2 billion, RMB3 billion and RMB3 billion and with nominal annual interest rate of 4.63%, 4.63% and 4.00%, respectively. All these series of notes were denominated in RMB, issued at par value, and would mature in 270 days from issuance.

As resolved at the 2012 annual general meeting on June 19, 2013, our Company has been given a mandate to issue one or more tranches of short-term notes in the PRC in a principal amount not exceeding RMB 15 billion on a rolling basis within 24 months of approval by the general shareholders' meeting. On April 25 and November 14, 2014, we issued unsecured short-term bonds in two installments each at principal amount of RMB5 billion with nominal annual interest rate of 4.90% and 3.98%, respectively. Each of the bonds was denominated in RMB, issued at par value, and would mature in 365 days from issuance.

As resolved at the 2012 annual general meeting held on June 19, 2013, our Company has been given a mandate to issue non-public debt financing instruments in the PRC in a principal amount of not exceeding RMB10 billion within 24 months from the date of obtaining an approval at the general meeting. On July 11, 2014, we issued mid-term notes at principal amount of RMB4 billion with nominal annual interest rate of 5.30%. The notes were denominated in RMB, issued at par value, and would mature in five years from issuance.

As resolved at the second meeting of the 8th session of the board of the Company on October 13, 2014 and adopted at the third extraordinary general meeting of the Company, we entered into the Huaneng Group Interests Transfer Agreement with Huaneng Group, and the HIPDC Interests Transfer Agreement and the Chaohu Power Interests Transfer Agreement with HIPDC. Pursuant to these transfer agreements, we will acquire from Huaneng Group 91.8% interests of Hainan Power, 75% interests of Wuhan Power,

53.45% interests of Suzhou Thermal Power, 97% interests of Dalongtan Hydropower and 100% interests of Hualiangting Hydropower at a total price of RMB7,337,647,400, and acquire from HIPDC 60% interests of Chaohu Power, 100% interests of Ruijin Power, 100% interests of Anyuan Power, 100% interests of Jingmen Thermal Power and 100% interest of Yingcheng Thermal Power Interests at a total price of RMB1,938,178,900. In January, 2015, we have paid 50% of the total price to Huaneng Group and HIPDC pursuant to these transfer agreements. We are still in the process of reviewing the financial information of these newly acquired entities as of the acquisition date.

See "Item 5 Operating and Financial Review and Prospects – Liquidity and Cash Resources" for a description of our principal capital expenditures since the beginning of the last three financial years.

B. Business overview

We are one of the China's largest independent power producers. As of March 31, 2015, we had controlling generating capacity of 78,693MW, and a total generating capacity of 70,736MW on an equity basis.

Operations in China

We are engaged in developing, constructing, operating and managing power plants throughout China. Our domestic power plants are located in 21 provinces, provincial-level municipalities and autonomous regions. We also have a wholly owned power company in Singapore.

In 2014, the Company overcame difficulties posed by the decline in the growth rate of power generation, actively responded to new trends and changes in the power market, and made new progress in various aspects, including power generation, energy saving, emission reduction, project development and capital management. Meanwhile, the Company managed to fulfill the duties of providing sufficient, reliable and green energy to the society.

In 2014, new generating units with a total installed capacity of 3,629 MW were put into operation. In 2014, our total domestic power generation from all operating power plants on a consolidated basis amounted to 294.388 billion kWh, representing a 7.27% decrease from 2013. The annual average utilization hours of our generating units reached 4,572 hours. Our fuel cost per unit of power sold by domestic power plants decreased by 7.96% from the previous year to RMB201.19 per MWh.

We believe our significant capability in the development and construction of power projects, as exemplified in the completion of our projects under construction ahead of schedule, and our experience gained in the successful acquisitions of power assets in recent years will enable us to take full advantage of the opportunities presented in China's power market.

With respect to the acquisition or development of any project, we will consider, among other factors, changes in power market conditions, and adhere to prudent commercial principles in the evaluation of the feasibility of the project. In addition to business development strategies, we will continue to work on our profit enhancement through relentlessly strengthening cost control, especially in respect of fuel costs and construction costs, so as to hedge against fluctuations in fuel price and increase competitiveness in the power market.

Operations in Singapore

Tuas Power, one of our wholly owned business units, operates in Singapore and is engaged in the business of generation, wholesale and retail of power and other relating utilities. Tuas Power is comprised of Tuas Power Ltd ("TPL"), the investment holding company, and seven subsidiaries. Among those subsidiaries, TPG is the electricity generation company that owns 100% of Tuas Power Supply Pte Ltd ("TPS"), which is the retail arm of TPG. Separately,

TPU, a wholly owned subsidiary of TPL is engaged in the business of production and supply of utilities to industrial customers at Tembusu, Jurong Island in Singapore, as well as the generation of electricity dispatched to the electricity wholesale market. The commercial operation of Phase IIA of the coal-biomass fired cogeneration plant commenced operations in June 2014, which provided a timely response to the increased steam demand from customers with electricity output dispatched to the electricity wholesale market. We have consolidated Tuas Power's results of operations since March 2008. The total assets and revenue of Singapore operations represented approximately 11% and 11%, respectively, of our total assets and revenue as of and for the year ended December 31, 2014. In 2014, the power generated by Tuas Power in Singapore accounted for 21.80% of the total power generated in Singapore, representing an increase of 1.17 percentage points from 2013.

Development of power plants

The process of identifying potential sites for power plants, obtaining government approvals, completing construction and commencing commercial operations is usually lengthy. However, because of our significant experience in developing and constructing power plants, we have been able to identify promising power plant projects and to obtain all required PRC Government approvals in a timely manner.

Opportunity identification and feasibility study

We initially identify an area in which additional electric power is needed by determining its existing installed capacity and projected demand for electric power. The initial assessment of a proposed power plant involves a preliminary feasibility study. The feasibility study examines the proposed power plant's land use requirements, access to a power grid, fuel supply arrangements,

availability of water, local requirements for permits and licenses and the ability of potential customers to afford the proposed power tariff. To determine projected demand, factors such as economic growth, population growth and industrial expansion are used. To gauge the expected supply of electricity, the capacities of existing plants and plants under construction or development are studied.

Approval process

Prior to July 2004, any project proposal and supporting documents for new power plants had to first be submitted to the NDRC for approval and then be submitted to the State Council. In July 2004, the State Council of the PRC reformed the fixed asset investment regulatory system in China. Under the new system, new projects in the electric power industry that do not use government funds will no longer be subject to the examination and approval procedure. Instead, they will only be subject to a confirmation and registration process. Coal-fired projects will be subject to confirmation by the NDRC. Wind power projects with installed capacity of 50 MW or above shall be subject to confirmation and registration with the relevant department of the central government, while wind power projects with installed capacity lower than 50 MW shall be subject to confirmation and registration with relevant local government departments. Wind power projects confirmed by local government departments at provincial level shall also be filed with the NDRC and China National Energy Administration.

Joint venture power projects are subject to additional governmental approvals. Approval by Ministry of Commerce is also required when foreign investment is involved.

In January 2007, the Office of the National Energy Leading Group and the NDRC, with the approval of the State Council, jointly issued the opinions to accelerate shutdowns of small coal-fired generating units. Power generation companies are encouraged to close small coal-fired generating units and replace them with newly built large units, and their new projects may be granted priority in the confirmation and registration process on the basis of their proactive implementation of the opinions.

Permits and contracts

In developing a new power plant, we and third parties are required to obtain permits before commencement of the project. Such permits include operating licenses and similar approvals related to plant site, land use, construction, and environment. To encourage the cooperation and support of the local governments of the localities of the power plants, it has been and will be our policy to seek investment in such power plants by the relevant local governments.

Power plant construction

We have generally acted as the general contractor for the construction of our power plants. Equipment procurement and installation, site preparation and civil works are subcontracted to domestic and foreign subcontractors through a competitive bidding process. All of our power plants were completed on or ahead of schedule, enabling certain units to enter service and begin generating income earlier than the estimated in-service date.

Import duties

China’s general import-tariff level has been declining since China acceded to the WTO in November 2001. China’s average import-tariff rate was reduced annually from 15.3% in 2001 to 9.9% in 2005 and 2006. Starting from January 1, 2007, the average import-tariff rate was further reduced to 9.8%. In general, China’s accession to WTO continues to bring its import-tariff to a level consistent with the average level of all other WTO members. Under the relevant PRC laws and regulations, foreign invested enterprises (“FIE”), will be entitled to import duty exemption in respect of self-use imported equipment and raw materials for investment projects that fall into the encouraged category under the

Catalogue for the Guidance of Foreign Investment Industries (the “Catalogue”). Pursuant to the current Catalogue, effective on January 30, 2012, construction and operation of power stations using integrated gasification combined cycle, circulating fluidized bed with a generating capacity of 300MW or above, pressurized fluidized bed combustor with a generating capacity of 100MW or above and other clean combustion technologies belong to the category of encouraged projects. Therefore, all of our construction projects that meet the conditions for encouraged projects under the current catalogue are eligible for import-duty exemption for imported generating units.

Pursuant to the Interim Rules to Promote Structural Adjustment of Industries issued in December 2005 and Guidance Catalogue for Structural Adjustment of Industries effective on June 1, 2011, our power plants construction projects with independent legal person status belonging to an encouraged category of investments are eligible for exemption from import duty and related value-added tax with regard to the imported equipments used in such projects, subject to the approval of the relevant government authorities.

Plant start-up and operation

We have historically operated and intend to continue to operate our power plants. Our power plants have established management structures based on modern management techniques. We select the superintendent for a new power plant from the senior management of our operating plants early in the construction phase of the new plant, invest in the training of operational personnel, adopt management techniques that improve efficiency and structure our plant bonus program to reward efficient and cost-effective operation of the plant in order to ensure the safety, stability and high availability factor of each power plant. Our senior management meets several times a year with the superintendents of the power plants as a group, fostering a team approach to operations, and conducts annual plant performance reviews with the appropriate superintendent, during which opportunities to enhance the power plant’s performance and profitability are evaluated.

After a coal-fired generating unit is constructed, the contractor tests its installation and systems. Following such tests, the contractor puts the unit through a continuous 168-hour trial run at full load. After successfully passing the continuous 168-hour test and obtaining approval from the local governments, the unit may commence its commercial operation. Trial run of a wind power project consists of two phases: (i) trial run of single wind power generating unit and (ii) trial run of the entire wind power project as a whole. After successfully passing the trial run, the wind power project may commence its commercial operation.

Development of Power Plants in Singapore

The Singapore electricity industry had traditionally been vertically integrated and owned by the government. Since 1995, steps have been taken to liberalize the power industry, including the incorporation of the Public Utilities Board ("PUB") in 1995, establishment of Singapore Electricity Pool ("SEP") in 1998, formation of Energy Market Authority ("EMA") in 2001, and the evolvement of the SEP into the New Electricity Market of Singapore ("NEMS") in 2003. The EMA is a statutory body responsible for the economic, technical and competition regulation of the gas and electricity industry in Singapore. In carrying out its functions as the regulator of the power sector, EMA is empowered under the Electricity Act to issue and enforce licenses, codes of practices and performance standards. Energy Market Company Pte Ltd. (the "EMC") is the market company licensed to operate the wholesale market, or the NEMS.

In Singapore, a company is required to hold a generation license issued by the EMA if it generates electricity by means of one or more generating units with capacity of 10 MW or above. If connected to the power grid, the generating unit(s) must be registered with the EMC and will have to compete with other power generation companies to secure dispatch in the NEMS.

To ensure adequate electricity supply in Singapore, the EMA targets a minimum reserve margin (the excess of generating capacity over peak electricity demand) of 30% based on a loss of load probability (a measure of the probability that a system demand will exceed capacity during a given period, often expressed as the estimated number of days over a year) of three days per year. The 30% required reserve margin is to cater for scheduled maintenance as well as forced outages of generating units in the system. If the reserve margin falls below the required 30% due to demand growth and/or plant retirements, it would be an indication that new generation investments in generation units are needed to maintain system security.

The EMA intends to keep the increase and decrease in generating capacity commercially driven as far as practicable. As a precaution against the risk of insufficient generating capacity in the system to maintain system security, the EMA has planned to put in place a capacity assurance scheme to incentivize new generation planting in case new generating capacity that is required to maintain system security is not forthcoming from the market. EMA has not provided any update to the proposed scheme but given the current oversupply of capacity, it is not anticipated that the scheme will be put into place anytime soon.

By most measures of market power, the Singapore market is highly concentrated, as the three largest power generation companies account for approximately 70% of total power capacity. It is therefore unlikely that the EMA will allow the three largest power generation companies to increase their licensed capacity and these generation companies will have to rely on the optimization of their existing capacity within license capacities to improve efficiency and forestall any new entrant.

New entrants as well as existing competitors have invested in new generating capacity or repowering of existing plants to take advantage of the LNG Vesting Scheme. This will impact the market negatively as these new capacities compete for market share as well as to avoid the take-or-pay penalties arising out of an oversupplied market.

We are in the process of developing the Tembusu Multi-Utilities Complex (the “TMUC”) in Singapore. The TMUC is expected to consist of a co−generation plant, a desalination plant and a wastewater treatment facility, with a total installed capacity of 165 MW. The complex will be developed in multiple phases in order to meet customers’ demand. Phase 1 consists of 1 x 450 t/h coal-biomass co-fired circulated fluidized bed boiler, 2 x 200 t/h diesel/natural gas fired boilers and 1 x 101MW steam turbine-generator, and other components of the plant. Phase 2A consists of 1 x 450 t/h coal-biomass co-fired circulated fluidized bed boiler, 1 x 200 t/h diesel/natural gas fired boiler and 1 x 32MW steam turbine-generator, and other components of plant. Phase 1 and Phase IIA commenced commercial operations in March 2013 and June 2014 respectively. TPL owns 100% equity interest in this project.

Pricing policy

Pricing policy in China

Prior to April 2001, the on-grid tariffs for our planned output were designed to enable us to recover all operating and debt servicing costs and to earn a fixed rate of return. Since April 2001, however, the PRC Government has gradually implemented a new on-grid tariff-setting mechanism based on the operating terms of power plants as well as the average costs of comparable power plants.

On July 3, 2003, the State Council approved the tariff reform plan and made it clear that the long-term objective of the reform is to establish a standardized and transparent tariff-setting mechanism.

Pursuant to the NDRC circular issued in June 2004, on-grid tariffs for newly built power generating units commencing operation from June 2004 should be set on the basis of the average cost of comparable units adding tax and reasonable return in the regional grid. It provides challenges and incentives for power generation companies to control costs for building new generating units.

On March 28, 2005, the NDRC issued the Interim Measures on Regulation of On-grid Tariff, the Interim Measures on Regulation of Transmission and Distribution Tariff, and the Interim Measures on Regulation of End-user Tariff, or collectively the "Interim Measures", to provide guidance for the reform of tariff-setting mechanism in the transition period. Under the Interim Measures, tariff is classified into on-grid tariff, transmission and distribution tariff and end-user tariff. Transmission and distribution tariff will be instituted by the government. End-user tariff will be based on on-grid tariff and transmission and distribution tariff. The government is responsible for regulating and supervising power tariffs based on the principles of promoting efficiency, encouraging investment and improving affordability.

In December 2004, the NDRC proposed and the State Council approved the establishment of a linkage mechanism between coal and power prices, pursuant to which, the NDRC may adjust power tariffs if the change of the average coal price reaches 5% within a period of six months compared with the preceding same period. The change in a period, if less than 5%, will be carried forward to the future periods until the accumulated amounts reach 5%. With a goal to encourage power generation companies to reduce cost and improve efficiency, only around 70% of coal price increases will be allowed to pass to end-users through an increase of power tariffs, and power generation companies will bear the remaining 30%. In May 2005, the NDRC activated the coal-electricity price linkage mechanism for the first time to increase on-grid tariffs and end-user tariffs in the northeastern region, central region, eastern region, northwestern region and southern region. We accordingly increased the on-grid tariffs of our power plants in the northeastern region, central region, eastern region and northwestern region on May 1, 2005 and in the southern region on July 15, 2005. In June 2006, the coal-electricity price linkage mechanism was reactivated by the NDRC to increase on-grid tariffs and end-user tariffs in the northeastern region, central region, eastern region, northwestern region and southern region. We accordingly increased the on-grid tariffs of most of our power plants in the same regions on June 30, 2006.

In May 2007, NDRC and the State Environment Protection Administration jointly promulgated Interim Administrative Measures on Electricity Price of Coal-fired Generating Units installed with Desulphurization Facilities and the Operations of Such Facilities, which provided that a premium for desulphurization may be charged on the price of the electricity generated by generating units installed with desulphurization facilities on and from the date on which such desulphurization facilities are tested and accepted by a relevant environment protection regulator. Such pricing policy is also applicable to the old generating units which are installed with desulphurization facilities. The new measures are more stringent on the regulation of the coal-fired power plants with desulphurization facilities, setting forth the categories under which the price including a desulphurization premium will be offset or otherwise penalized based on the ratio of utilization of the relevant desulphurization facilities on an annual basis. As of December 31, 2013, all of our existing coal-fired generating units have installed and operated the desulphurization facilities and enjoyed the desulphurization premium.

In June 2008, NDRC issued Notice of Raising the Power Tariff, pursuant to which, the power tariff in provincial grids nationwide was increased by an average of RMB0.025 per kWh. In August 2008, NDRC issued Notice of Raising the On-grid Tariffs of the Thermal Power Plants, pursuant to which, the on-grid tariff of thermal power plants, including plants fueled by coal, oil, gas and co-generation, was increased by an average of RMB0.02 per kWh.

On February 25, 2009, NDRC, SERC and China National Energy Administration jointly promulgated the Notice regarding Cleaning up the Concessional Tariff Scheme, pursuant to which, (i) the concessional tariff scheme at the local level is banned, and (ii) certain measures, such as direct purchase by large end-users and adopting peak and off-peak power pricing policy, will be carried out to reduce enterprises' power cost. In addition, the notice emphasizes the supervision and inspection over the setting of power tariffs. On October 11, 2009, in order to promote a fair market condition and the optimization of electric power resources, NDRC, SERC and China National Energy Administration jointly promulgated the Circular on Regulating the Administration of Electric Power Transaction Tariff to regulate the tariff-setting mechanism for the on-grid tariff, transmission and distribution tariff and end-user tariff and clean up the local preferential power tariffs provided to high energy consumption companies. Pursuant to a

notice issued by NDRC, with effect from November 20, 2009, certain adjustments on the on-grids tariffs have been made in various regions of China in order to resolve the inconsistencies in tariffs, rationalize the tariff structure and promote the development of renewable energy.

In 2010, the PRC Government started to implement the direct power purchase policy. As of December 31, 2013, some of the provinces where we operate power plants are approved by the NDRC to implement the direct power purchase by large power end-users. In addition, during 2010 SERC issued several circulars and notices to regulate the trans-provincial and interregional transaction of power and/or power generation right, in which the power purchase price shall be freely determined by negotiation through market pricing mechanism. In December 2012, SERC issued another circular to further regulate the trans-provincial and interregional transaction of power and/or power generation right.

In May 2011, NDRC issued a notice, increasing the on-grid tariffs of thermal power plants to partially compensate the increased costs incurred by thermal power plants resulting from increases in coal prices. Different adjustments on tariffs were made in different provinces. In November 2011, PRC Government made further nationwide adjustments on power tariffs, including an average of RMB0.026 per kWh increase in on-grid tariff for thermal power plants. In December 2012, NDRC issued a notice, which provided that, from January 1, 2013, NDRC would provide a RMB0.008 per kWh denitrification premium for all coal-fired generating units equipped with denitrification facilities that are inspected and accepted by authorized national or provincial authority.

In March 2012, the PRC Government issued a notice, which mandated the confirmation method for the power generation projects, subsidy standards and fund appropriation standards relating to the application for subsidy for renewable energy power price of power generation projects. In December 2012, the PRC Government issued the Notice on the Guidelines of Enhancing the Reform of Marketization of Coal Used for Power Generation to further reform the coal pricing mechanism. Effective January 1, 2013, all key coal purchase contracts between power generation companies and coal suppliers were terminated and contracts are directly negotiated between power generation companies and coal suppliers without the interference of local governments. According to the notice, the NDRC will no longer issue inter-provincial guidance on the railway transportation capacity plan. In addition, the dual-track coal pricing system, which included the government regulated mandatory annual contract pricing and spot market prices for the remaining coal production output of each coal supplier, was abolished due to the narrowing gap between the government regulated coal contract price and the spot market price. Pursuant to the notice, future coal contract prices will be determined by the market and freely negotiated between power generation companies and coal suppliers. Furthermore, the coal-electricity price linkage mechanism will continue to be implemented and constantly improved. Once the coal price fluctuates for more than 5% on an annual basis, on-grid tariff would be adjusted accordingly. The notice also mandates that power generation companies absorb 10% of the coal price fluctuations as compared to 30% prior to 2013. Given the narrow gap between the key contract coal price and the spot market price, the overall on-grid tariff was not adjusted.

In September 2013, NDRC issued the Notice on the Adjustment of Power Tariff for Power Generation Companies and Related Matters, pursuant to which the on-grid tariffs for coal-fired generating units were lowered, by a national average of RMB0.013 per kWh, and the on-grid tariff for gas turbine power plants were slightly increased. The Notice also increased the power tariff for power-generating companies that are equipped with denitrification facilities and dust-removal facilities.

In March 2014, the NDRC and the Ministry of Environmental Protection jointly issued the Measures to Monitor the Operation of Environmental Protection Tariffs and Facilities Regarding Coal-fired Generating Units, under which the standard on-grid electricity tariff incorporating environmental protection element will no longer be applicable to coal-fired generating units unless the coal-fired power generating enterprise has completed renovation for environmental protection acceptable after testing. In August 2014, the NDRC issue the Notice to Further Resolve Conflicts Regarding Environmental Protection Tariff, under which the standard on-grid tariff for coal-fired power generating units is lowered with the view to resolve the environmental protection tariffs conflicts such as denitrification and dedusting of coal-fired power generation enterprises, and setting the tariff subsidy for denitrification and dedusting at RMB0.01/kWh and RMB0.002/kWh, respectively. In December 2014, the NDRC issued the Notice Regarding Adjusting Standard On-grid Tariff for Onshore Wind Powers, under which the standard on-grid tariff for each of Class I, Class II and Class III wind powers is lowered by RMB0.02, and the tariff for Class IV wind power remain unchanged at RMB0.61/kWh. In December 2014, the NDRC issued the Notice Regarding Certain issues of On-grid Tariff of Natural Gas Powers, defining the principles to formulate and modify the tariff of electricity generated by natural gas, aiming to regulate on-grid tariff administration and used facilitate healthy and orderly growth of natural gas power generating sector in China.

In terms of power tariff for wind power projects, pursuant to the applicable policies and regulations, the PRC is categorized into four wind-resource zones, and the onshore wind power projects approved after August 1, 2009 and in the same zone are subject to the same standard on-grid tariff applicable to that zone. In addition, the power grid companies are generally required to purchase all of the electricity generated by wind power generating units.

Pricing Policy in Singapore

Pricing Policy of Electricity in Singapore

All licensed power plants in Singapore sell their plant output into the NEMS under a half-hourly competitive bidding process, during which a clearing price is determined based on the projected system demand. All successful bids/power plants that are cleared in each half hour will be dispatched automatically by control signals from the Power System Operator, a division of the EMA, and in turn will receive the cleared price as determined earlier. The cleared price paid to the power plants is the nodal price at their point of injection, and the Market Clearing Engine, the computer software that creates dispatch schedules and determines market clearing prices, automatically produces a different price at each node on the network.

As there is no certainty in the price or the dispatch levels for any power plants, operators of power plants may enter into short- or long-term financial arrangements with other counterparties or their own subsidiary company involved in the electricity retail market (to end consumers of electricity) to secure stability in their revenue stream and manage the commercial risks associated with operations in a competitive market.

In addition, the major power generation companies, including Tuas Power, are obliged to hold vesting contracts. Vesting contracts are a form of bilateral contract imposed/vested on the generation companies who had been licensed by the EMA before the establishment of NEMS. Market Support Services Licensee is the counterparty to all of the vesting contracts, and the vesting contracts are settled between the parties through the EMC's settlement system. The quantity of each power generation company's capacity covered by vesting contracts depends on the proportion of its capacity to total capacity in the NEMS system. Vesting contract price is set by the EMA at the long-run marginal cost and is adjusted by the EMA on a periodic basis for changes in the long-run marginal cost and on a quarterly basis for inflation and changes in fuel prices. Such mechanism helps protect the profit margins of the power generation companies in the Singapore market to a large degree. The contract quantity and price are currently recalculated every three

months. The existing Vesting Contract Scheme has been reduced to an intermediate level of 30% of system demand in first half of 2015 and 25% in second half of 2015, before lowering to 20% in 2016 (from 40% in 2014). This translates into increased exposure to a more volatile pool price. The authority is further considering introducing a demand response scheme to be implemented in 2015 where loads can choose to participate in peak load shaving and share in part of the consumer surplus. An Electricity Futures Market is also being contemplated. Going forward, we intend to monitor and evaluate the impact of such market on our business.

The gross pool design adopted in NEMS means all quantity sold by retailers to contestable consumers (currently defined as customers with average monthly usage more than of 4,000kWh) has to be in turn purchased from the pool. The retailers pay for their electricity purchases at the Uniform Singapore Energy Price, which is a weighted average of nodal prices and is determined on a half-hourly basis in the NEMS.

Pricing Policy of Utilities in Singapore

Utilities supply to industrial customers is based on long-term contracts. The pricing of utilities has both fixed and variable components.

Power sales

Each of our power plants has entered into a written agreement with the local grid companies for the sales of its power output. Generally, the agreement has a fixed term of one year and provides that the annual utilization hours of the power plant will be determined with reference to the average annual utilization hours of the similar generating units connected to the same grid.

In 2003, SERC and the State Administration of Commerce and Industry jointly promulgated a model contract form (the “Model Contract Form”) for use by power grid companies and power generation companies in connection with electricity sale and purchase transactions. The Model Contract Form contains provisions on the parties’ rights and obligations, amount of electricity subject to purchase, payment method and liabilities for breach of contract, etc. We believe that the publication of the Model Contract Form has facilitated the negotiation and execution of electricity purchase contracts between power grid companies and power generation companies in a fair, transparent and efficient manner. In 2014, a majority of the agreements entered into between our power plants and the local grid companies were based on the Model Contract Form.

Power sales through competitive bidding are one of the targets of PRC power market reform. The PRC Government started in 1999 to experiment with a program to effect power sales through competitive bidding in some provinces, and has been gradually expanding the program with a view to creating a market-oriented electric power industry. Pursuant to the opinions regarding promotion of electric power system reform in the period of “The Eleventh Five-Year Plan” adopted by the State Council in November 2006, the SERC has sped up the reform to establish an electric power market suitable to China’s circumstances. Furthermore, the PRC Government started in 2009 to experiment with a program for direct power purchase by large power end-users, and has promulgated relevant rules governing the price and method of direct power purchase transactions as well as the market entrance and exit mechanism. In accordance with the above policies, we are conducting research on the program for direct power purchases by large power end-users. In July 2013, China National Energy Administration issued the Notice on Direct Purchases between Power End-users and Power Generation Companies, which officially implemented the direct purchases programs by large end-users. Among the provinces where we operate our power plants, seven of them, namely Shanxi, Jiangsu, Henan, Hunan, Guangdong, Fujian, and Gansu, started the direct purchase program in 2013, and four of them, namely Jiangxi, Yunnan, Hubei and Liaoning, are actively promoting the direct purchase pilot program. In 2014, the programs were also implemented in Zhejiang and Anhui.

Establishing regional power markets and increasing the use of the bidding method are the general trend in China's power market reform, which is conducive to creating a competition environment that is fair, transparent and equitable. Power sales through a bidding process have been tested, to a small degree, in the power market in the Northeastern region and Eastern region. However, as of December 31, 2014, the use of the bidding method in power sales had not been substantively implemented yet.

In 2008, with the purpose of improving energy usage efficiency, the government implemented an optimized-dispatch electricity policy in Henan Province, Sichuan Province, Jiangsu Province, Guangdong Province and Guizhou Province on a pilot basis, as a result of which, the utilization hours of low energy consumption and low pollution generating units have been improved. We believe that our large generating units with high efficiency and low emission in Henan, Jiangsu and Guangdong provinces are competitive in the market.

The following table sets forth the average power tariff (RMB/MWh) of electric power sold by our power plants in China, for each of the five years ended December 31 through 2014 and the approved power tariff for 2015.

	Year Ended December 31,					
	2010 Average Tariff(1)	2011 Average Tariff(1)	2012 Average Tariff(1)	2013 Average Tariff(1)	2014 Average Tariff(1)	2015 Approved Tariff(1)
Liaoning Province						
Dalian Power Plant	375.44	382.84	409.18	407.89	394.50	402.40
Dandong Power Plant	376.61	383.08	405.73	401.09	393.06	402.40
Yingkou Power Plant	387.78	394.82	409.35	406.85	399.33	402.40
Yingkou Co-generation	386.29	391.92	397.59	396.96	399.21	402.40
Wafangdian Wind Power	—	610.00	610.82	632.85	609.68	610.00
Changtu Taiping Wind Power	—	—	610.00	605.30	602.82	610.00
Suzihe Hydropower	—	—	364.25	330.00	330.00	330.00
Inner Mongolia Autonomous Region						
Huade Wind Power	510.00	528.45	520.00	520.00	520.00	510.00
Hebei Province						
Shang'an Power Plant	378.59	408.20	434.63	431.15	429.39	—
Phase I	—	—	—	—	—	426.90
Phase II	—	—	—	—	—	435.50
Phase III	—	—	—	—	—	421.40
Kangbao Wind Powert	—	—	536.72	534.47	538.84	540.00
Gansu Province						
Pingliang Power Plant	275.91	306.36	336.12	332.16	322.72	326.90
Jiuquan Wind Power	—	—	520.60	520.60	520.60	520.60
Anbei Third Wind Power	—	—	—	—	540.00	540.00
Beijing Municipality						
Beijing Co-generation	474.21	481.35	494.00	529.47	514.72	501.50
Beijing Co-generation CCGT	—	—	—	468.79	882.33	714.90
Tianjin Municipality						
Yangliuqing Co-generation	407.08	414.23	438.03	483.73	434.28	457.70
Lingang Co-generation CCGT	—	—	—	—	—	—
Shanxi Province						
Yushe Power Plant	333.36	363.66	396.56	393.37	391.22	386.20
Zuoquan Power Plant	—	—	383.25	389.83	382.01	375.20
Shandong Province						
Dezhou Power Plant	417.68	443.20	468.90	464.89	463.36	463.40
Jining Power Plant						
Phases I, II	398.11	—	—	—	—	—
Phases III	411.16	418.76	451.40	446.14	437.55	438.00
Co-generation	401.90	423.82	459.40	457.23	448.94	432.00
Xindian Power Plant	405.67	426.77	453.75	453.35	448.55	444.30
Weihai Power Plant	456.31	435.32	461.89	474.38	461.18	502.00
Rizhao Power Plant Phase II	397.60	420.06	446.90	446.38	441.59	437.60
Zhanhua Co-generation	397.40	419.76	450.55	446.56	434.71	427.60

	Year Ended December 31					
	2010 Average Tariff(1)	2011 Average Tariff(1)	2012 Average Tariff(1)	2013 Average Tariff(1)	2014 Average Tariff(1)	2015 Approved Tariff(1)
Henan Province						
Qinbei Power Plant	379.68	412.75	441.43	437.01	435.42	417.10
Jiangsu Province						
Nantong Power Plant	409.06	425.97	441.25	435.69	436.00	429.00
Nanjing Power Plant	414.19	442.54	442.17	436.35	463.50	429.00
Taicang CCGT						
Phase I	415.37	424.09	430.43	432.81	419.19	432.00
Phase II	414.13	429.44	443.88	427.58	395.38	432.00
Huaiyin Power Plant						
Phase II	443.17	438.72	458.25	449.87	438.98	429.00
Phase III	443.17	438.72	458.25	449.87	438.98	429.00
Jinling Power Plant						
CCGT(2)	568.00	587.53	581.35	585.53	606.21	606.00
Coal-fired	430.00	417.99	427.34	428.38	408.24	429.00
CCGT Co-generation(2)	—	—	—	635.42	690.00	690.00
Qidong Wind Power						
Phases I	487.70	519.08	487.70	487.75	486.88	487.70
Phases II	—	—	610.00	610.03	609.35	610.00
Rudong Wind Power	—	—	—	610.00	610.00	610.00
Shanghai Municipality						
Shidongkou I	435.52	441.11	457.18	453.27	438.21	447.10
Shidongkou II	416.36	422.25	442.13	442.00	437.54	432.10
Shanghai CCGT(1)	415.32	445.00	457.11	486.74	551.48	554.00
Shidongkou Power	445.70	457.20	463.85	462.02	449.92	457.30
Chongqing Municipality						
Luohuang Power Plant						
Phases I, II	373.30	409.95	448.95	448.57	439.56	436.30
Phase III	388.30	411.91	448.95	448.57	440.90	436.30
Liangjiang CCGT	—	—	—	—	—	—
Zhejiang Province						
Yuhuan Power Plant	459.86	462.49	491.37	484.79	468.71	456.00
Tongxiang CCGT(2)	—	—	—	—	895.42	904.00
Changxing Power Plant	519.39	—	—	—	431.03	456.00
Hunan Province						
Yueyang Power Plant						
Phase I	433.09	467.74	506.75	504.31	496.56	492.00
Phase II	439.92	467.74	506.75	499.63	495.90	492.00
Phase III	—	461.98	507.03	508.31	494.20	492.00
Xiangqi Hydropower	—	—	390.00	390.00	410.00	410.00
Subaoding Wind Power	—	—	—	—	494.00	610.00
Hubei Province						
Enshi Maweigou Hydropower	—	437.03	360.00	356.96	366.59	360.00
Jiangxi Province						
Jinggangshan Power Plant						
Phase I	427.56	448.30	490.70	481.54	474.79	459.50

Phase II	408.51	446.55	482.19	483.46	467.29	453.50
Jianggongling Wind Power	—	—	—	—	610.00	610.00
Fujian Province						
Fuzhou Power Plant	413.22	—	—	—	—	—
Phase I	—	426.56	455.89	446.22	445.43	443.40
Phase II	—	440.86	455.68	461.38	460.33	458.40
Phase III	—	415.49	435.93	430.33	431.75	435.90
Guangdong Province						
Shantou Power Plant						
Phase I	540.70	546.51	565.78	562.12	553.85	542.51
Phase II	496.20	501.76	521.31	520.71	509.35	500.00
Haimen	496.33	498.77	529.06	514.30	503.18	500.00
Haimen Power	—	—	—	—	479.55	500.00
Yunnan Province						
Diandong Energy	—	345.43	359.58	371.30	401.59	370.60
Diandong Yuwang	—	345.31	361.70	377.41	395.96	370.60
Wenbishan Wind Power	—	—	—	—	610.00	610.00

Notes:

(1) The tariff of Shanghai CCGT is on-grid settlement price without capacity subsidy income.

(2) The tariff of Jinling CCGT, Jinling Co-generation CCGT and Tongxiang CCGT is on-grid settlement price without generation right transfer income.

Power sales in Singapore

According to the latest available update from EMA, the total licensed capacity in commercial operation as of first half 2014 in Singapore was 12,521MW. In 2014, the peak demand for electricity was 6,849MW against 2013's 6,613MW. The power market in Singapore is competitive, and power generation companies compete to sell their power output into NEMS through a bidding process with hedging via vesting contracts and retail sales. For the year ended December 31, 2014, power sold through vesting contracts represented approximately 40% of total system demand. The existing Vesting Contract Scheme will roll back to 25% of total system demand by end of 2015. The decrease in allocated Vesting Contract volumes will have to be made up through increased retail sales, or otherwise, be translated into increased exposure to more volatile pool prices.

The volatility in the sales price of the revenue associated with the sale of electricity in the NEMS is effectively managed via vesting contracts and direct retail sales which is carried out through a Tuas Power's subsidiary. The effective tariffs Tuas Power received for its electricity output is thus largely dependent on the vesting contract prices and volumes as well as prices secured under retail sales. The gas-fired combined cycle units of Tuas Power enjoy advantages in the competitive bidding of the pool market given their relatively low cost and high efficiency. For the period from January 1, 2014 to December 31, 2014, power sold through vesting contracts and retail sales represented approximately all of Tuas Power's total power sold for the same period.

Utility sales in Singapore

With the commercial operation of the Phase I in March 2013 and the Phase IIA in June 2014, TMUC sold 1,824,638 MT of steam to customers in 2014, an increase of 54.4% as compared to 1,181,380 MT in 2013.

Fuel supply arrangements

In 2014, the majority of our power plants were fueled by coal, gas and oil.

Coal

Our coal supply for our coal-fired power plants is mainly obtained from numerous coal producers in Shanxi Province, Inner Mongolia Autonomous Region and Gansu Province. We also obtain coal from overseas suppliers.

For past years, as part of its efforts to make a transition from a comprehensive planned economy to a "socialist market economy", the PRC has experimented with a variety of methods of setting coal prices. In 1996, the government allowed coal prices to fluctuate within a range around a reference price for coal allocated under the State Plan to be used in electricity generation, and set maximum allowable prices in various coal-producing areas for coal used in electricity generation.

From 2002 to 2003, there was no longer an official State Plan for coal supplies, but the government continued to coordinate the coal prices at the annual national coal purchase conferences attended by, among others, representatives of each of power companies, coal suppliers, and the railway authorities and sponsored and coordinated by NDRC. Power companies obtain allocations for coal on a plant-by-plant basis. Each of the power plants then signs supply contracts with the coal suppliers, and with the railway and shipping companies for the amount of coal and transportation allocated to them. From 2004 to 2008, although such annual coal purchase conferences continue to be held, only key contracts are negotiated and executed at such conferences. Starting from 2009, in furtherance of the coal purchase reform, NDRC ceased to coordinate annual coal purchase conference and took measures to reduce government's involvement in the coal supply negotiation. NDRC will no longer make allocation of coal supply to power companies, but instead will consolidate and publish overall framework for the coal demand and supply. The

price and amount of coal supply will be determined based on the free negotiation between power companies, coal suppliers, and the railway authorities.

In 2010, the average coal price increased significantly. We purchased 114.82 million tons of coal and consumed 113.23 million tons of coal. Of our total coal purchases, 52.50% was purchased under the key contracts and the remainder was purchased in the open market. The coal purchase price for our Company, including transportation costs and miscellaneous expenses, averaged approximately RMB605.04 per ton. Our average unit fuel cost in 2010 increased by 14.72% from that in 2009.

In 2011, the average coal price increased significantly. We purchased 144.72 million tons of coal and consumed 144.07 million tons of coal. In 2011, we adjusted the thresholds of key contracts in accordance with the NDRC's catalogue and criteria. Of our total coal purchases, 26.13% was purchased under the key contracts and the remainder was purchased in the open market. The coal purchase price for our Company, including transportation costs and miscellaneous expenses, averaged approximately RMB637.22 per ton. Our average unit fuel cost in 2011 increased by 9.24% from that in 2010.

In 2012, the average coal price decreased significantly. We purchased 133.47 million tons of coal and consumed 133.93 million tons of coal. Of our total coal purchases, 28.1% was purchased under the key contracts and the remainder was purchased in the open market. The coal purchase price for our Company, including transportation costs and miscellaneous expenses, averaged approximately RMB598.27 per ton. Our average unit fuel cost in 2012 decreased by 7.6% from that in 2011.

In December 2012, the PRC Government issued a notice to further reform coal price, which mandated (1) the termination of all key coal purchase contracts between power generation companies and coal suppliers under the guidance of railway transportation capacity plan, and (2) the termination of the dual pricing system for coal pricing, from the beginning of 2013.

In 2013, as a result of the termination of the key contracts, coal prices in PRC fluctuated wildly. The Bohai-Rim Steam Coal Price Index ("BSPI") decreased from RMB633 per ton in the beginning of 2013 to RMB530 per ton in early October 2013, and increased again to RMB631 per ton by the end of 2013. The coal purchase price for our Company, including transportation costs and miscellaneous expenses, averaged approximately RMB531.37 per ton. Our average unit fuel cost in 2013 decreased by 12.5% from that in 2012

In 2014, the average coal purchase price decreased significantly while the quality of the purchased coals saw marked improvement. We purchased 120.7 million tons of coal and consumed a total of 134.9 million tons of coal. Of our total coal purchases, 52% was purchased under annual contracting arrangements, and the remainder was purchased in the open market. The coal purchase price for our Company, including transportation costs and miscellaneous expenses, averaged approximately RMB494.86 per ton in 2014. Our average unit fuel cost in 2014 decreased by 7.96% from that in 2013.

Singapore's Tuas Power used coal as primary fuel for its TMUC's cogeneration plants. Coal is procured from coal producers in Indonesia via two long-term coal supply contracts with 10 years and 15 years term respectively. The prices are indexed to the Global Coal Newcastle Index.

Gas

Currently, the Company has seven Combined Cycle Gas Turbine Power Plants ("CCGT") in China, including:

1. Huaneng Shanghai Combined Cycle Gas Turbine Power Plant ("Shanghai CCGT") with gas supply transported through the pipeline of "West-East Gas Transport Project";

2. Huaneng Jinling Combined Cycle Gas Turbine Power Plant ("Jinling CCGT") with gas supply transported through the pipeline of "West-East Gas Transport Project";

3. Huaneng Jinling Combined Cycle Gas Turbine Co-generation Power Plant ("Jinling CCGT Co-generation") with gas supply transported through the pipeline of "West-East Gas Transport Project";

4. The gas co-generation expansion project of Beijing Co-generation Power Plant ("Beijing Co-generation CCGT") with gas supply transported through the pipeline of "Shaanxi-Gansu-Ningxia Transport Project";

5. Huaneng Tongxiang Combined Cycle Gas Turbine Power Plant ("Tongxiang CCGT"), with gas supply transported through the pipeline of "West-East Gas Transport Project";

6. Huaneng Chongqing Liangjiang Combined Cycle Gas Turbine Power Plant ("Liangjiang CCGT") with gas supply transported through the pipeline of "West-East Gas Transport Project"; and

7. Huaneng Tianjin Lingang Combined Cycle Gas Turbine Co-generation Power Plant ("Lingang CCGT Co-generation") with gas supply transported through the pipeline of "Shaanxi – Gansu – Ningxia Transport Project".

Also, the Tuas Power in Singapore has five gas-fired combined cycle generating units and three gas-fired backup boilers. The piped gas for Tuas Power is provided by Pavilion Gas Pte Ltd and Sembcorp Gas Pte Ltd., whereas LNG is provided by BG Singapore Gas Marketing Pte Ltd.

Oil

Tuas Power maintains operation of one 600 MW oil-fired steam generating unit. The oil supply for Tuas Power is purchased from the open market. With the increased competition from new gas-fired CCPs, fuel oil consumption is expected to be marginal at best and therefore future purchases, if any, will be on a spot basis. Diesel, as backup fuel for oil-fired unites, is also purchased on a spot basis.

Repairs and maintenance

Each of our power plants has a timetable for routine maintenance, regular inspections and repairs. Such timetables and the procedures for the repairs and maintenance of generating units comply with the relevant regulations promulgated by the former Ministry of Electricity Power.

Pursuant to our procedures, generating units are currently operating on a cycle of four to six years. In each cycle, there are four different levels of maintenance:

(i) regular checks and routine maintenance are carried out throughout the period during which generating unit is in operation;

(ii) a small-scale servicing is performed every year, which takes approximately 20 days;

(iii) a medium-scale check-up is carried out between the two overhauls, the length of which depends on the actual condition of the generating unit at the time of the check-up and the inspections and improvements to be carried out; and

(iv) a full-scale overhaul is conducted at the end of each operating cycle, which takes approximately 60 days.

C. Organizational structure

We are 35.14% owned by HIPDC, which in turn is a subsidiary of Huaneng Group. Huaneng Group was established in 1988 with the approval of the State Council. Huaneng Group also holds a 14.87% equity interest in us besides HIPDC. In 2002, Huaneng Group was restructured as one of the five independent power generation group companies to take over the power generation assets originally belonging to the State Power Corporation of China. Huaneng Group has a registered capital of RMB20 billion and is controlled and managed by the central government. Huaneng Group is principally engaged in development, investment, construction, operation and management of power plants; organizing the generation and sale of power (and heat); and the development, investment, construction, production and sale of products in relation to energy, transportation, new energy and environmental protection industries.

HIPDC was established in 1985 as a joint venture with 67.75% of its equity interests directly owned by Huaneng Group. HIPDC is engaged in developing, investing, operating and constructing power plants in China. Some of the power plants currently owned and operated by us were originally built and later transferred to us by HIPDC. Both Huaneng Group and HIPDC have agreed to give us preferential rights in the power development business and power assets transfers. See “Item 7.A. Major shareholders” for details.

The following organizational chart sets forth the organizational structure of HIPDC and us as of March 31, 2015:

Notes:

(1) Huaneng Group indirectly holds 100% equity interests in Pro-Power Investment Limited through its wholly owned subsidiary, China Hua Neng Hong Kong Company Limited, and Pro-Power Investment Limited in turn holds 5% equity interests in HIPDC. As a result, Huaneng Group indirectly holds additional 5% equity interests in HIPDC.

(2) Of the 14.87% equity interest, 10.78% was directly held by Huaneng Group, 3.27% was held by Huaneng Group through its wholly owned subsidiary, China Hua Neng Hong Kong Company Limited, 0.04% was held by Huaneng Group through its wholly owned subsidiary, Huaneng Captial Services Company Limited, and the remaining approximately 0.77% was held by Huaneng Group through its subsidiary, China Huaneng Finance

Corporation Limited.

For a detailed discussion of the Company's subsidiaries, see Note 9 to the Financial Statements.

D. Property, plants and equipment

The following table presents certain summary information on our power plants as of March 31, 2015.

Plant or Expansion (Names as defined below)		Actual In-service Date	Current Installed Capacity (MW)	Ownership %	Attributable Capacity MW	Type of Fuel
Liaoning Province						
Dalian Power Plant	Phase I	Unit I: Sep. 1988	2 x 350	100%	700	Coal
		Unit II: Dec. 1988				
	Phase II	Unit III: Jan. 1999	2 x 350	100%	700	Coal
		Unit IV: Jan. 1999				
Dandong Power Plant		Unit I: Jan. 1999	2 x 350	100%	700	Coal
		Unit II: Jan. 1999				
Yingkou Power Plant	Phase I	Unit I: Jan. 1996	2 x 320	100%	640	Coal
		Unit II: Dec. 1996				
	Phase II	Unit III: Aug. 2007	2 x 600	100%	1,200	Coal
		Unit IV: Oct. 2007				
Yingkou Co-generation		Unit I: Dec. 2009	2 x 330	100%	660	Coal
		Unit II: Dec. 2009				
Wafangdian Wind Power		24 turbines: Jun. 2011	48	100%	48	Wind
Changtu Taiping Wind Power		33 turbines: Nov. 2012	49.5	100%	49.5	Wind
Changtu Laocheng Wind Power		24 turbines: Oct. 2014	48	100%	48	Wind
Suzihe Hydropower		Unit I: Aug. 2012	1 x 12.5	100%	12.5	Hydro
		Unit II: Jun. 2012	1 x 12.5	100%	12.5	Hydro
		Unit III: Jun. 2012	1 x 12.5	100%	12.5	Hydro
Inner Mongolia Autonomous Region						
Huade Wind Power	Phase I	33 turbines: Dec. 2009	49.5	100%	49.5	Wind
	Phase II	33 turbines: Jun. 2011	49.5	100%	49.5	Wind
Hebei Province						
Shang' an Power Plant	Phase I	Unit I: Aug. 1990	2 x 350	100%	700	Coal
		Unit II: Dec. 1990				
	Phase II	Unit III: Oct. 1997	2 x 300	100%	600	Coal
		Unit IV: Oct. 1997				
	Phase III	Unit V: Jul. 2008	2 x 600	100%	1,200	Coal
		Unit VI: Aug. 2008				
Kangbao Wind Power	Phase I	33 turbines: Jan. 2011	49.5	100%	49.5	Wind
Gansu Province						

Pingliang Power Plant	Unit I: Sep. 2000	3 x 325	65%	633.75	Coal
	Unit II: Jun. 2001				
	Unit III: Jun. 2003				
	Unit IV: Nov. 2003	1 x 330	65%	214.5	Coal
	Unit V: Feb. 2010	2 x 600	65%	780	Coal
	Unit VI: March 2010				
Jiuquan Wind Power	326 turbines: Dec. 2011	501.5	100%	501.5	Wind
Anbei Third Wind Power	100 turbines: Dec. 2014	200	100%	200	Wind
Beijing Municipality					
Beijing Co-generation	Unit I: Jan. 1998	2 x 165	41%	135.3	Coal
	Unit II: Jan. 1998				
	Unit III: Dec. 1998	2 x 220	41%	180.4	Coal
	Unit IV: Jun. 1999				
	Unit V: Apr. 2004	1 x 75	41%	30.75	Coal
Beijing Co-generation	Unit I: Dec. 2011	2 x 306.9	41%	251.66	Gas
CCGT					
	Unit II: Dec. 2011				
	Unit III: Dec. 2011	1 x 309.6	41%	126.94	Gas

Plant or Expansion (Names as defined below)		Actual In-service Date	Current Installed Capacity (MW)	Ownership %	Attributable Capacity MW	Type of Fuel
Tianjin Municipality						
Yangliuqing Co-generation		Unit I: Dec. 1998	4 x 300	55%	660	Coal
		Unit II: Sep. 1999				
		Unit III: Dec. 2006				
		Unit IV: May 2007				
Lingang Co-generation CCGT		Unit I: Dec. 2014	1 x 463	100	463	Gas
Shanxi Province						
Yushe Power Plant	Phase I	Unit I: Jun. 1994	2 x 100	60%	120	Coal
		Unit III: Dec. 1994				
	Phase II	Unit IV: Oct. 2004	2 x 300	60%	360	Coal
		Unit II: Nov. 2004				
Zuoquan Power Plant		Unit I: Dec. 2011	2 x 673	80%	1,076.8	Coal
		Unit II: Jan. 2012				
Shandong Province						
Dezhou Power Plant	Phase I	Units I: 1992	1 x 330	100%	330	Coal
		Unit II: 1992	1 x 320	100%	320	Coal
	Phase II	Units III: Jun. 1994	1 x 300	100%	300	Coal
		Unit IV: May 1995	1 x 320	100%	320	Coal
	Phase III	Units V: Jun. 2002	2 x 700	100%	1,400	Coal
		Unit VI: Oct. 2002				
Jining Power Plant	Coal-fired	Unit V: Jul. 2003	2 x 135	100%	270	Coal
		Unit VI: Aug. 2003				
	Co-generation	Unit I: Nov. 2009	2 x 350	100%	700	Coal
		Unit II: Dec. 2009				
Xindian Power Plant	Phase III	Unit V: Sep 2006	2 x 300	95%	570	Coal
		Unit VI: Nov. 2006				
Weihai Power Plant	Phase II	Units III: Mar. 1998	2 x 320	60%	384	Coal
		Unit IV: Nov. 1998				

	Phase III	Unit V: Dec. 2012	2 x 680	60%	816	Coal
		Unit VI: Dec. 2012				
Rizhao Power Plant	Phase I	Unit I: Apr. 2000	2 x 350	44%	308	Coal
		Unit II: Apr. 2000				
	Phase II	Unit III: Dec. 2008	2 x 680	100%	1,360	Coal
		Unit IV: Dec. 2008				
Zhanhua Co-generation		Unit I: Jul. 2005	2 x 165	100%	330	Coal
		Unit II: Jul. 2005				
Henan Province						
Qinbei Power Plant	Phase I	Unit I: Nov. 2004	2 x 600	60%	720	Coal
		Unit II: Dec. 2004				
	Phase II	Unit III: Nov. 2007	2 x 600	60%	720	Coal
		Unit IV: Nov. 2007				
	Phase III	Unit V: Mar. 2012	2 x 1000	60%	1,200	Coal
		Unit VI: Feb. 2013				
Jiangsu Province						
Nantong Power Plant	Phase I	Unit I: Sep. 1989	2 x 352	100%	704	Coal
		Unit II: Mar. 1990				
	Phase II	Unit III: Jul. 1999	2 x 350	100%	700	Coal
		Unit IV: Oct. 1999				
	Phase III	Unit V: Jan. 2014	1 x 1050	35%	367.5	Coal
Nanjing Power Plant		Unit I: Mar. 1994	2 x 320	100%	640	Coal
		Unit II: Oct. 1994				
Taicang Power Plant	Phase I	Unit I: Dec. 1999	2 x 320	75%	480	Coal
		Unit II: Apr. 2000				
	Phase II	Unit III: Jan. 2006	2 x 630	75%	945	Coal
		Unit IV: Feb. 2006				

Plant or Expansion (Names as defined below)		Actual In-service Date	Current Installed Capacity (MW)	Ownership %	Attributable Capacity MW	Type of Fuel
Huaiyin Power Plant	Phase II	Unit III: Jan. 2005	2 x 330	63.64%	420	Coal
		Unit IV: Mar. 2005				
	Phase III	Unit V: May 2006	2 x 330	63.64%	420	Coal
		Unit VI: Sep. 2006				
Jinling Power Plant	CCGT	Unit I: Dec. 2006	2 x 390	60%	468	Gas
		Unit II: Mar. 2007				
	CCGT Cogeneration	Unit I: April. 2013 Unit II: May. 2013	2 x 191	51%	194.82	Gas
Jinling Coal-fired		Unit III: Dec. 2009	2 x 1,030	60%	1,236	Coal
		Unit IV: Aug. 2012				
Qidong Wind Power	Phase I	61 turbines: Mar. 2009	91.5	65%	59.5	Wind
	Phase II	25 turbines: Jan. 2011	50	65%	32.5	Wind
		22 turbines: Jun. 2012	44	65%	28.6	Wind
Rudong Wind Power		24 turbines: Nov. 2013	48	90%	24.48	Wind
Suzhou Co-generation		Unit I: Aug. 2006	2 x60	53.45%	64.14	Coal
		Unit II: Oct. 2006				
Shanghai Municipality						
Shidongkou I		Unit I: Feb. 1988	4 x 325	100%	1,300	Coal
		Unit II: Dec. 1988				
		Unit III: Sep. 1989				
		Unit IV: May 1990				
Shidongkou II		Unit I: Jun. 1992	2 x 600	100%	1,200	Coal
		Unit II: Dec. 1992				
Shidongkou Power		Unit I: Oct. 2011	2 x 660	50%	660	Coal
		Unit II: Oct. 2011				
Shanghai CCGT		Unit I: May 2006	3 x 390	70%	819	Gas
		Unit II: Jun. 2006				
		Unit III: Jul. 2006				
Chongqing Municipality						
Luohuang Power Plant	Phase I	Unit I: Sep. 1991	2 x 360	60%	432	Coal
		Unit II: Feb. 1992				

	Phase II	Unit III: Dec. 1998	2 x 360	60%	432	Coal
		Unit IV: Dec. 1998				
	Phase III	Unit V: Dec. 2006	2 x 600	60%	720	Coal
		Unit VI: Jan. 2007				
Liangjiang CCGT		Unit I: Oct. 2014	2 x 467	100%	934	Gas
		Unit II: Dec. 2014				
Zhejiang Province						
Changxing Power Plant		Unit I: Dec. 2014	2 x 660	100%	1320	Coal
		Unit II: Dec. 2014				
Yuhuan Power Plant	Phase I	Unit I: Nov. 2006	2 x 1,000	100%	2,000	Coal
		Unit II: Dec. 2006				
	Phase II	Unit III: Nov. 2007	2 x 1,000	100%	2,000	Coal
		Unit IV: Nov. 2007				
Tongxiang CCGT		Unit I: Sep. 2014	1 x 258.4	95%	245.48	Gas
		Unit II: Sep. 2014	1 x 200	95%	190	Gas
Si’an Photovoltaic		Unit I: December 2014	5	100%	5	Solar
Hunan Province						
Yueyang Power Plant	Phase I	Unit I: Sep. 1991	2 x 362.5	55%	398.75	Coal
		Unit II: Dec. 1991				
	Phase II	Unit III: Mar. 2006	2 x 300	55%	330	Coal
		Unite IV: May 2006				
	Phase III	Unit V: Jan. 2011	2 x 600	55%	660	Coal
		Unit VI: Aug. 2012				
Xiangqi Hydropower		Unit I: Dec. 2011	4 x 20	100%	80	Hydro
		Unit II: May 2012				
		Unit III: Jul. 2012				
		Unit IV: Aug. 2012				
Subaoding Wind Power		40 turbines: Dec. 2014	80	100%	80	Wind

Plant or Expansion (Names as defined below)		Actual In-service Date	Current Installed Capacity (MW)	Ownership %	Attributable Capacity MW	Type of Fuel
Hubei Province						
Enshi Maweigou Hydropower		Unit I: Dec. 2011	3 x 5	100%	15	Hydro
		Unit II: Dec. 2011				
		Unit III: Dec. 2011				
Dalongtan Hydropower		Unit I: May 2006	3 x12	97%	34.92	Hydro
		Unit II: Aug. 2005				
		Unit III: Mar. 2006				
Wuhan Power Plant	Phase I	Unit I: Jun. 1993	2 x 300	75%	450	Coal
		Unit II: Jan. 1994				
	Phase II	Unit III: May 1997	2 x 330	75%	495	Coal
		Unite IV: Dec. 1997				
	Phase III	Unit V: Oct. 2006	2 x 600	75%	900	Coal
		Unit VI: Dec. 2006				
Jingmen Co-generation		Unit I: Nov. 2014	2 x 350	100%	700	Coal
		Unit II: Oct. 2014				
Yingcheng Co-generation		Unit II: Feb. 2015	1 x 350	100%	350	Coal
Jiangxi Province						
Jinggangshan Power Plant	Phase I	Unit I: Dec. 2000	2 x 300	100%	600	Coal
		Unit II: Aug. 2001				
	Phase II	Unit III: Nov. 2009	2 x 660	100%	1,320	Coal
		Unit IV: Dec. 2009				
Jianggongling Wind Power		24 turbines: Dec. 2014	48	100%	48	Wind
Ruijin Power Plant		Unit I: May 2008	2 x 350	100%	700	Coal
		Unit II: Aug. 2008				
Anhui Province						
Chaohu Power Plant		Unit I: May 2008	2 x 600	60%	720	Coal
		Unit II: Aug. 2008				
Hualiangting Hydropower	Phase I	Unit I: Oct. 1981	2 x 10	100%	20	Hydro
		Unit II: Nov. 1981				
	Phase II	Unit III: Nov. 1987	2 x 10	100%	20	Hydro

		Unit IV: Nov. 1987				
Fujian Province						
Fuzhou Power Plant	Phase I	Unit I: Sep. 1988	2 x 350	100%	700	Coal
		Unit II: Dec. 1988				
	Phase II	Unit III: Oct. 1999	2 x 350	100%	700	Coal
		Unit IV: Oct. 1999				
	Phase III	Unit V: Jul. 2010	2 x 660	100%	660	Coal
Guangdong Province						
Shantou Power Plant	Phase I	Unit VI: Oct. 2011 Unit I: Jan. 1997	2 x 300	100%	600	Coal
		Unit II: Jan. 1997				
	Phase II	Unit III: Oct. 2005	1 x 600	100%	600	Coal
Haimen		Unit I: Jul. 2009	2 x 1,036	100%	2,072	Coal
		Unit II: Oct. 2009				
Haimen Power		Unit I: Mar. 2013	2 x 1,036	80%	1,657.6	Coal
		Unit II: Mar. 2013				
Yunnan Province						
Diandong Energy	Phase I	Unit I: Feb. 2006	2 x 600	100%	1,200	Coal
		Unit II: Jul. 2006				
	Phase II	Unit III: Nov. 2006	2 x 600	100%	1,200	Coal
		Unit IV: May 2007				
Yuwang Energy	Phase I	Unit I: Jul. 2009	2 x 600	100%	1,200	Coal
		Unit II: Feb. 2010				
Wenbishan Wind Power		20 turbines: Dec. 2014	40	100%	40	Wind
Hainan Province						
Haikou Power Plant		Unit IV: May 2000	2 x 138	91.8%	253.368	Coal
		Unit V: May 1999				
		Unit VIII: Apr. 2006	2 x 330	91.8%	605.88	Coal
		Unit IX: May 2007				
Dongfang Power Plant	Phase I	Unit I: Jun. 2009	2 x 350	91.8%	642.6	Coal
		Unit II: Dec. 2009				
	Phase II	Unit III: May 2012	2 x 350	91.8%	642.6	Coal
		Unit IV: Dec. 2012				
Nanshan Co-generation		Unit I: Apr. 1995	2 x 50	91.8%	91.8	Gas
		Unit II: Apr. 1995				
		Unit III: Oct. 2003	2 x 16	91.8%	29.370	Gas

		Unit IV: Oct. 2003				
Gezhen Hydropower		Unit I: Nov. 2009	2 x 40	91.8%	73.40	Hydro
		Unit II: Nov. 2009				
		Unit III: Dec. 2009	2 x 1	91.8%	1.836	Hydro
		Unit IV: Dec. 2009				
Wenchang Wind Power		33 turbines: Jan. 2009	49.5	91.8%	45.441	Wind
Singapore		Unit I: Mar. 1999	1 x 600	100%	600	Oil
Tuas Power		Unit III: Nov. 2001	4 x 367.5	100%	1,470	Gas
		Unit IV: Jan. 2002				
		Unit V: Feb. 2005				
		Unit VI: Sep. 2005				
		Unit VII: Dec. 2013	405.9	100%	405.9	Gas
TMUC	Phase I	Feb. 2013	1 x 101	100%	101	Coal & biomass
	Phase IIA	Jun. 2014	1 x 32.5	100%	32.5	Coal & biomass

The following table presents the availability factors and the capacity factors of our coal-fired operating power plants in China for the years ended December 31, 2012, 2013 and 2014.

Coal-fired Power Plant	Availability factor (%)			Capacity factor (%)		
	2012	2013	2014	2012	2013	2014
Liaoning Province						
Dalian	98.20	97.03	97.76	48.62	50.71	54.13
Dandong	94.96	96.77	95.89	52.08	50.79	52.14
Yingkou	94.21	92.05	94.16	48.67	45.42	49.64
Yingkou Co-generation	97.76	98.08	100	58.93	60.2	52.63
Hebei Province						
Shang'an	99.94	97.91	98.15	68.54	66.84	63.52
Gansu Province						
Pingliang	92.36	91.48	94.63	42.38	46.79	51.85
Beijing Municipality						
Beijing	93.01	95.13	94.48	62.46	59.53	54.79
Tianjin Municipality						
Yangliuqing	90.61	94.8	93.9	62.70	67.88	62.95
Shanxi Province						
Yushe	92.92	94.98	92.53	64.61	60.64	61.22
Zuoquan	92.88	91.69	92.93	56.16	56.67	50.88
Shandong Province						
Dezhou	95.19	95.51	97.01	65.66	65.87	64.46
Jining	88.84	95.74	92.03	58.78	59.43	55.56
Weihai	100.00	94.63	95.87	65.31	64.84	65.83
Xindian	100.00	90.94	87.15	69.51	61.92	62.83
Rizhao II	91.43	92.58	91.27	62.65	65.26	64.23
Zhanhua Co-generation	93.89	95.01	95.63	59.47	54.62	57.92
Henan Province						
Qinbei	95.51	95.12	92.85	62.80	60.47	50.92
Jiangsu Province						
Nantong	95.28	92.49	90.6	68.16	68.14	55.67
Nanjing	93.95	93.82	94.45	68.07	71.21	62.52
Taicang	93.31	98.09	99.99	69.93	74.41	65.2
Huaiyin	89.00	90.79	91.4	61.68	67.22	58.26
Jinling Coal-fired	95.21	89.49	88.66	76.20	72.72	64.1
Shanghai Municipality						
Shidongkou I	96.80	95.81	98.53	67.52	71.14	52.96
Shidongkou II	91.82	93.42	90.15	64.20	64.83	50.71
Chongqing Municipality						
Luohuang	88.72	93.57	94.84	52.57	63.21	48.21
Zhejiang Province						
Changxing	-	-	-	-	-	-
Yuhuan	93.08	92.76	95.45	68.64	72.07	63.22
Hunan Province						
Yueyang	95.21	99.99	99.97	43.55	45.02	39.27
Jiangxi Province						
Jinggangshan	94.74	92.59	95.03	52.42	57.69	50.5

Fujian Province						
Fuzhou	92.77	93.83	94.53	60.26	63.52	58.66
Guangdong Province						
Shantou	93.19	97.85	96.55	60.97	59.55	50.75
Haimen	94.75	96.1	96.99	68.84	55.76	53.09
Yunnan Province						
Diandong	93.07	94.25	94.92	40.36	35.8	28.32
Yuwang	96.81	93.92	95.36	47.25	43.31	34.88

Note:

(1) The details of our operating power plants, construction projects and related projects as of March 31, 2015 are described below.

Power Plants in Liaoning Province

Dalian Power Plant

Huaneng Dalian Power Plant ("Dalian Power Plant") is located on the outskirts of Dalian, on the coast of Bohai Bay. Dalian Power Plant, including Phase I and Phase II, has an installed capacity of 1,400 MW and consists of four 350 MW coal-fired generating units which commenced operations in 1988 and 1999 respectively. We hold 100% equity interest in Dalian Power Plant.

The coal supply for Dalian Power Plant is obtained from several coal producers located mostly in Northern Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port and shipped by special 27,000 ton automatic unloading ships to the wharf at the Dalian Power Plant. The wharf is owned and maintained by the Dalian Port Authority and is capable of handling 30,000 ton vessels. Dalian Power Plant typically stores 200,000 tons of coal on site.

In 2014, Dalian Power Plant obtained 84.4% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Dalian Power Plant in 2014 was RMB488,89 (2013: RMB525.33) per ton.

Dalian Power Plant sells its electricity to Liaoning Electric Power Company.

Dandong Power Plant

Huaneng Dandong Power Plant ("Dandong Power Plant") is located on the outskirts of the city of Dandong in Liaoning. Dandong Power Plant had originally been developed by HIPDC which, pursuant to the Reorganization Agreement, transferred all its rights and interests therein to us effective December 31, 1994. In March 1997, we began the construction of Dandong Power Plant, which comprises two 350 MW coal-fired generating units. We hold 100% equity interest in Dandong Power Plant.

The coal supply for Dandong Power Plant is obtained from several coal producers in Northern Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port and shipped by barge to the Dandong port in Dandong, where it is unloaded and transported to Dandong Power Plant using special coal handling facilities. The wharf is owned and maintained by Dandong Power Plant and is capable of handling 28,000 ton vessels. Dandong Power Plant typically stores 220,000 tons of coal on site.

In 2014, Dandong Power Plant obtained 37.6% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Dandong Power Plant in 2014 was RMB461.38(2013: RMB483.99) per ton.

Dandong Power Plant sells its electricity to Liaoning Electric Power Company.

Yingkou Power Plant

Huaneng Yingkou Power Plant ("Yingkou Power Plant") is located in Yingkou City in Liaoning Province. Yingkou Power Plant Phase I has an installed capacity of 640 MW and consists of two 320 MW supercritical coal-fired generating units which commenced operations in January and December 1996, respectively. Yingkou Power Plant Phase II has an installed capacity of 1,200MW and consists of two 600 MW coal-fired generating units which commenced operations in August and October 2007, respectively. We hold 100% equity interest in Yingkou Power Plant.

The coal supply for Yingkou Power Plant is mainly obtained from Shanxi Province. Yingkou Power Plant typically stores 400,000 tons of coal on site. In 2014, Yingkou Power Plant obtained 70.6% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Yingkou Power Plant in 2014 was RMB482,94 (2013: RMB488.49) per ton.

Yingkou Power Plant sells its electricity to Liaoning Electric Power Company.

Yingkou Co-generation

Huaneng Yingkou Co-generation Power Plant ("Yingkou Co-generation") is located in Yingkou City in Liaoning Province. Yingkou Co−generation Power Plant has an installed capacity of 660 MW and consists of two 330 MW generating units which commenced operation in December 2009. We hold 100% equity interest in Yingkou Co-generation Power Plant.

The coal supply for Yingkou Co-generation Power Plant is mainly obtained from Inner Mongolia Autonomous Region. Yingkou Co-generation Power Plant typically stores 140,000 tons of coal on site. In 2014, Yingkou Co-generation Power Plant obtained 97.7% of its total consumption of coal from annual contracts and the remainder from the open market The average coal purchase price for Yingkou Co-generation Power Plant in 2014 was RMB398.55 (2013: RMB393.77) per ton.

Yingkou Co-generation Power Plant sells its electricity to Liaoning Electric Power Company.

Wafangdian Wind Power

Dalian Wafangdian Wind Power Plant ("Wafangdian Wind Power") is located in Dalian City in Liaoning Province. The installed capacity of phase I of Wafangdian Wind Power Plant is 48 MW and consists of 24 turbines. It commenced operation in June 2011. We hold 100% equity interest in Wafangdian Wind Power Plant.

Wafangdian Wind Power sells its electricity to Liaoning Electric Power Company.

Suzihe Hydropower

Liaoning Suzihe Hydropower Plant ("Suzihe Hydropower") is located in Liaoning Province. The installed capacity of Suzihe Hydropower Plant is 37.5 MW and consists of three 12.5 MW generating units. Unit I (12.5 MW) of Suzihe Hydropower commenced operation in August 2012. We hold 100% equity interest in Suzihe Hydropower.

Changtu Taiping Wind Power

Huaneng Liaoning Changtu Taiping Wind Power Plant ("Changtu Taiping Wind Power") is located in Liaoning Province. Phase I of the Changtu Taiping Wind Power commenced operation in November 2012, with an installed capacity of 49.5 MW, consisting of 33 wind power turbines of 1.5 MW each. We hold 100% of the equity interest in Changtu Taiping Wind Power.

Changtu Laocheng Wind Power

Huaneng Liaoning Changtu Laocheng Wing Power Plant ("Changtu Laocheng Wind Power") is located in Liaoning Province. Changtu Laocheng Wind Power commenced operation in October 2014, with an installed capacity of 48 MW, consisting of 24 wind power turbines of 2 MW each. We hold 100% of the equity interest in Changtu Laocheng Wind Power.

Construction Project in Liaoning Province

Yingkou Xianrendao Co-generation Power Project. In December 2013, the project of Yingkou Xianrendao Co-generation Power Plant was approved by the Development and Reform Commission of Liaoning Province. We hold 100% equity interest in this project. The project is planned to have two sets of high temperature back-pressure turbo-generating units of 50 MW each.

Power Plant in Inner Mongolia Autonomous Region

Huade Wind Power

Huaneng Huade Wind Power Plant ("Huade Wind Power") is located in Huade, Inner Mongolia Autonomous Region. Phase I of Huade Wind Power has an installed capacity of 49.5 MW and consists of 33 wind power turbines which commenced operation in 2009. Phase II of Huade Wind Power has an installed capacity of 49.5 MW and consists of 33 wind power turbines which commenced operation in June 2011. We hold 100% equity interest in Huade Wind Power Plant.

Huade Wind Power sells its electricity to Inner Mongolia Power (Group) Co., Ltd.

Power Plants in Hebei Province

Shang'an Power Plant

Huaneng Shang'an Power Plant ("Shang'an Power Plant") is located on the outskirts of Shijiazhuang. Shang'an Power Plant has been developed in three separate expansion phases. The Shang'an Power Plant Phase I has an installed capacity of 700 MW and consists of two 350 MW coal-fired generating units which commenced operations in 1990. Shang'an Power Plant Phase II shares with the Shang'an Power Plant Phase I certain facilities, such as coal storage facilities and effluence pipes, which have been built to accommodate the requirements of plant expansions. The Shang'an Power Plant Phase II utilizes two 300 MW coal-fired generating units, which commenced operation in 1997. The Shang'an Power Plant Phase III has an installed capacity of 1,200 MW and consists of two 600 MW supercritical coal-fired generating units which commenced operations in July and August 2008, respectively. Unit 5 of Shang'an Power Plant is the first 600MW supercritical air-cooling unit which commenced operation in the PRC. We hold 100% equity interest in Shang'an Power Plant.

The coal supply for Shang'an Power Plant is obtained from numerous coal producers in Central Shanxi Province, which is approximately 64 kilometers from Shang'an Power Plant. The coal is transported by rail from the mines to the Shang'an Power Plant. We own and maintain the coal unloading facilities which are capable of unloading 10,000 tons of coal per day. Shang'an Power Plant typically stores 300,000 tons of coal on site.

In 2014, Shang'an Power Plant obtained 88.6% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Shang'an Power Plant in 2014 was RMB442.91 (2013: RMB503.93) per ton.

Shang'an Power Plant sells its electricity to Hebei Electric Power Company.

Kangbao Wind Power

Huaneng Kangbao Wind Power Plant ("Kangbao Wind Power") consists of 33 wind power turbines with a total installed capacity of 49.5 MW. In January 2011, the Phase I of Kangbao Wind Power with a total generation capacity of 49.5MW completed the trial run. We hold 100% equity interest in Kangbao Wind Power.

Kangbao Wind Power sells its electricity to Beijing-Tianjin-Tanggu Electric Power Company.

Power Plant in Gansu Province

Pingliang Power Plant

Huaneng Pingliang Power Plant ("Pingliang Power Plant") is located in Pingliang City of Gansu Province. Pingliang Power Plant consists of three 325 MW and one 330 MW coal-fired generating units which commenced operation in 2000, 2001 and June and November 2003 respectively. The installed capacity of Unit I, Unit II and Unit III of Pingliang Power Plant were expanded from 300 MW to 325 MW in January 2010, respectively. The installed capacity of Unit IV of Pingliang Power Plant was expanded from 300 MW to 330 MW in January 2011. Pingliang Power Plant Phase II consists of two 600 MW generating units with a total installed capacity of 1200 MW, which commenced operation in February 2010 and March 2010, respectively. We hold 65% equity interest in Pingliang Power Plant.

The coal supply for Pingliang Power Plant is obtained from local coal mines. Pingliang Power Plant typically stores 230,000 tons of coal on site. In 2014, Pingliang Power Plant obtained 95.0% of its coal supplies from annual contracts and the remainder from the open market. The average coal purchase price for Pingliang Power Plant in 2014 was RMB358,47 (2013: RMB360.24) per ton.

Pingliang Power Plant sells its electricity to Gansu Electric Power Company.

Jiuquan Wind Power

Jiuquan Wind Power Plant ("Jiuquan Wind Power") consists of three wind power plants, Ganhekou Wind Power Plant II, Qiaowan Wind Power Plant II and Qiaowan Wind Power Plant III. It has 326 wind power turbines with a total installed capacity of 501.5 MW. In December 2011, all three wind power plants completed the trial run. We hold 100% equity interest in Jiuquan Wind Power.

Jiuquan Wind Power sells its electricity to Gansu Electric Power Company.

Anbei Third Wind Power

Anbei Third Wind Power Plant ("Anbei Third Wind Power ") is located in Gansu Province. Part of this plant commenced operation in December 2014, with an installed capacity of 200 MW in operating, consisting of 100 wind power turbines of 2 MW each. We hold 100% equity interest in Anbei Third Wind Power.

Construction Projects in Gansu Province

Anbei Third Wind Power Plant . Anbei Wind Power Project was approved by China's National Development and Reform Commission in September 2012. We hold 100% equity interest in the Anbei Wind Power Project. The plant is planned to have an installed capacity of 400 MW, consisting of 200 wind power turbines of 2MW each, among which,

100 wind power turbines have commenced operation in December 2014.

48 MW Project of Beiyi Wind Power Plant. In September 2011, the Beiyi Wind Power Plant in Yumen Bridge Bay was approved by China's Nantional Development and Reform Commission. We hold 100% equity interest in the plant. The plant is planned to have an installed capacity of 48 MW, consisting of 16 wind power turbines of 3MW.

Power Plant in Beijing Municipality

Beijing Co-generation

Huaneng Beijing Co-generation Power Plant ("Beijing Co-generation") is located in Beijing Municipality. Beijing Co-generation has an installed capacity of 845 MW and consists of two 165 MW generating units, two 220 MW generating units and one 75 MW generating units which commenced operation in January 1998, December 1998, June 1999 and April 2004, respectively. We hold 41% equity interest in Beijing Co−generation and believe we exercise effective control over Beijing Co-generation.

The coal supply for Beijing Co-generation is mainly obtained from Inner Mongolia Autonomous Region. Beijing Co-generation typically stores 165,000 tons of coal on site. In 2014, Beijing Co-generation obtained 89.5% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Beijing Co-generation in 2014 was RMB501.97 (2013: RMB551.32) per ton.

Beijing Co-generation sells its electricity to North China Electric Power Company.

Beijing Co-generation CCGT

Beijing Co-generation CCGT consists of one set of “two on one” F-grade gas and steam combined cycle generating units with a power generation capacity of 923.4 MW, heat supply capacity of 650 MW and heat supply area of approximately 13,000,000 square metres. High-standard denitrification, noise reduction, water treatment and other environmental protection facilities were constructed concurrently. In December 2011, Beijing Co-generation CCGT completed its trial run. Beijing Co-generation CCGT sells its electricity to North China Electric Company.

Being the first project commencing construction among the four major co-generation centers in Beijing, Beijing Co-generation CCGT firstly introduced the most efficient world-class F-grade gas turbine in the PRC, thus setting a new record of the maximum heat supply capacity, minimum power consumption for power generation and highest annual thermal efficiency for the same type of generating units in the PRC and attaining a leading and international class design standard in the PRC.

Power Plant in Tianjin Municipality

Yangliuqing Co-generation

Tianjin Huaneng Yangliuqing Co-generation Power Plant (“Yangliuqing Co-generation”) is located in Tianjin Municipality. Yangliuqing Co-generation has an installed capacity of 1,200 MW and consists of four 300 MW coal-fired co-generation units which commenced operation in December 1998, September 1999, December 2006 and May 2007, respectively. We hold 55% equity interest in Yangliuqing Co-generation.

The coal supply for Yangliuqing Co-generationis mainly obtained from Shanxi Province and Inner Mongolia Autonomous Region. Yangliuqing Co-generation typically stores 300,000 tons of coal on site. In 2014, Yangliuqing Co-generation obtained 88.0% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Yangliuqing Co-generation in 2014 was RMB458,42 (2013: RMB502.55) per ton.

Yangliuqing Co-generation sells its electricity to North China Electric Company.

Lingang Co-generation CCGT

Lingang Co-generation CCGT is located in Tianjin Municipality. The first set of generating units of Lingang Co-generation CCGT commenced operation in December 2014, with an installed capacity of 463 KW. We hold 100% equity interest in the Lingang Co-generation CCGT. The gas supply for Lingang Co-generation CCGT is transported through the pipeline of “Shannxi-Gansu-Ningxia Transport Project.”

Lingang Co-generation CCGT sells its electricity to North China Electric Company.

Power Plant in Shanxi Province

Yushe Power Plant

Huaneng Yushe Power Plant (“Yushe Power Plant”) is located in Yushe County of Shanxi Province. Yushe Power Plant Phase I has an installed capacity of 200 MW and consists of two 100 MW coal-fired generating units which commenced operations in August and December 1994, respectively. Two 300 MW coal-fired generating units of

Yushe Power Plant Phase II commenced operations in October and November 2004, respectively. Yushe Power Plant Phase I was shut down in 2011. We hold 60% equity interest in Yushe Power Plant.

The coal supply for Yushe Power Plant is obtained from several coal producers located mostly in Shanxi Province. Yushe Power Plant typically stores 500,000 tons of coal on site. In 2014, Yushe Power Plant obtained approximately 31.7% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Yushe Power Plant in 2014 was RMB 273.51 (2013: RMB328.53) per ton.

Yushe Power Plant sells its electricity to Shanxi Electric Power Company.

Zuoquan Power Plant

Shanxi Huaneng Zuoquan Power Plant (“Zuoquan Power Plant”) is located in Zuoquan County of Shanxi Province. Zuoquan Power Plant has an installed capacity of 1,346 MW and consists of two 673 MW coal-fired generating units which commenced operations in December 2011 and January 2012, respectively. We hold 80% equity interest in Zuoquan Power Plant.

Zuoquan Power Plant typically stores 200,000 tons of coal on site. In 2014, Zuoquan Power Plant obtained approximately 11.3% of its total consumption of coal from annual contracts and the remainders from the open market. The average coal purchase price for Zuoquan Power Plant in 2014 was RMB341.60 (2013: RMB396.58) per ton.

Zuoquan Power Plant sells its electricity to Shanxi Electric Power Company.

Construction Project in Shanxi Province

Taiyuan Dongshan 2×F Class Co-generation Power Project. The Taiyuan Dongshan 2×F Class Co-generation Power Project was approved by the Development and Reform Commission of Shanxi Province in May 2014. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 859 KW, consisting of one 2×F Class gas-steam combined cycle co-generating unit.

Power Plants in Shandong Province

Dezhou Power Plant

Huaneng Dezhou Power Plant ("Dezhou Power Plant") is located in Dezhou City, near the border between Shandong and Hebei Provinces, close to an industrial zone that is an important user of electric power for industrial and commercial purposes. Dezhou Power Plant is comprised of three phases, with Phase I consisting of one 320MW and one 330MW coal-fired generating units, Phase II consisting of two 300 MW coal-fired generating units, and Phase III consisting of two 700 MW coal-fired generating units. The installed capacity of Unit IV was upgraded from 300 MW to 320 MW in January 2009. We hold 100% equity interest in Dezhou Power Plant.

Dezhou Power Plant is approximately 200 km from Taiyuan, Shanxi Province, the source of the plant's coal supply. The plant is located on the Taiyuan-Shijiazhuang-Dezhou rail line, giving it access to transportation facilities for coal. Dezhou Power Plant typically stores 400,000 tons of coal on site. In 2014, Dezhou Power Plant obtained approximately 73.2% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Dezhou Power Plant in 2014 was RMB497.30 (2013: RMB555.47) per ton. The plant is connected to the main trunk rail line at Dezhou by a dedicated 3.5 km spur line owned by us.

Dezhou Power Plant sells its electricity to Shandong Electric Power Company.

Jining Power Plant

Huaneng Jining Power Plant ("Jining Power Plant") is located in Jining City, near the Jining load center and near numerous coal mines. Yanzhou coal mine, which is adjacent to the plant, alone has annual production of approximately 20 million tons. Jining Power Plant typically stores 100,000 tons of coal on site.

Jining Power Plant currently consists of two coal-fired generating units, with an aggregate installed capacity of 270 MW. In addition, Jining Power Plant (Co-generation) has an installed capacity of 700 MW and consists of two 350 MW generating units which commenced operation in November and December 2009, respectively. We hold 100% equity interest in Jining Power Plant.

In 2014, Jining Power Plant obtained approximately 33.4% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Jining Power Plant in 2014 was RMB482.55 (2013: RMB533.71) per ton.

Jining Power Plant sells its electricity to Shandong Electric Power Company.

Xindian Power Plant

Huaneng Xindian Power Plant ("Xindian Power Plant") is located in Zibo City of Shandong Province. Xindian Power Plant has an installed capacity of 450 MW and consists of two 225 MW coal-fired generating units which commenced operations in December 2001 and January 2002, respectively, and were shut down in September 2009. Xindian Power

Plant Phase III Expansion consists of two 300 MW generating units with a total installed capacity of 600 MW, which were put into operation in September and November 2006, respectively. We hold 95% equity interest in Xindian Power Plant.

The coal supply for Xindian Power Plant is obtained from several coal producers located mostly in Shanxi Province. Xindian Power Plant typically stores 250,000 tons of coal on site. In 2014, Xindian Power Plant obtained 45.6% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Xindian Power Plant in 2014 was RMB491.23 (2013: RMB542.98) per ton.

Xindian Power Plant sells its electricity to Shandong Electric Power Company.

Weihai Power Plant

Huaneng Weihai Power Plant (“Weihai Power Plant”) is located approximately 16 km southeast of Weihai City, on the shore of the Bohai Gulf. Its location provides access to cooling water for operations and transportation of coal as well as ash and slag disposal facilities. We hold 60% equity interest in Weihai Power Plant, the remaining 40% interest of which is owned by Weihai Power Development Bureau (“WPDB”).

Weihai Power Plant Phase I consists of two 125 MW generating units (Units I and II), and Phase II consists of two 320 MW generating units (Units III and IV). Unit I began commercial operation in May 1994 and was shut down in December 2008, and Unit

II began commercial operation in January 1995 and was shut down in November 2008. Unit III and Unit IV commenced operation in March and November 1998, respectively. Each of the Units III and IV was upgraded from 300 MW to 320 MW in January 2009. Weihai Power Plant Phase III consists of two 680 MW generating units which commenced operations in December 2012. The coal supply for Weihai Power Plant is obtained from Shanxi Province and Inner Mongolia. Weihai Power Plant typically stores 160,000 tons of coal on site. In 2014, Weihai Power Plant obtained approximately 19.0% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Weihai Power Plant in 2014 was RMB496.83 (2013: RMB535.57) per ton.

Weihai Power Plant sells its electricity to Shandong Electric Power Company.

Rizhao Power Plant

Huaneng Rizhao Power Plant ("Rizhao Power Plant") is located in Rizhao City of Shandong Province. Rizhao Power Plant currently has an aggregate installed capacity of 2,060 MW. Rizhao Power Plant Phase I has an installed capacity of 700 MW and consists of two 350 MW coal-fired generating units which both commenced operations in April 2000. We hold 44% equity interests in Phase I of Rizhao Power Plant.

We hold 100% equity interest in Phase II of Rizhao Power Plant, which commenced operation in December 2008 and consists of two 680 MW supercritical coal-fired generating units. The coal supply for Phase II of Rizhao Power Plant is obtained from Shanxi Province. Phase II of Rizhao Power Plant typically stores 200,000 tons of coal on site. In 2014, Phase II of Rizhao Power Plant obtained 3.43% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Phase II of Rizhao Power Plant in 2014 was RMB538.31 (2013: RMB570.52) per ton.

Rizhao Power Plant sells its electricity to Shandong Electric Power Company.

Zhanhua Co-generation

Shandong Zhanhua Co-generation Limited Company ("Zhanhua Co-generation") is located in Zhanhua City of Shandong Province. Zhanhua Co-generation currently has an aggregate installed capacity of 330 MW, consisting of two generating units which commenced operations in July 2005. We hold 100% equity interest in Zhanhua Co-generation.

The coal supply for Zhanhua Co-generation is mainly obtained from Inner Mongolia Autonomous Region. Zhanhua Co-generation typically stores 90,000 tons of coal on site. In 2014, Zhanhua Co-generation obtained 58.0% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Zhanhua Co-generation in 2014 was RMB434.15 (2013: RMB490.48) per ton.

Zhanhua Co-generation sells its electricity to Shandong Electric Power Company.

Power Plant in Henan Province

Qinbei Power Plant

Huaneng Qinbei Power Plant ("Qinbei Power Plant") is located in Jiyuan City of Henan Province. Its installed capacity is 2,400 MW which consists of four 600 MW supercritical coal-fired generating units. Two units commenced operations in November and December 2004, and the other two units commenced operation in November 2007. In March 2012 and February 2013, two 1,000 MW domestic ultra-supercritical coal-fired generating units of the Phase

III of Qinbei Power Plant commenced operation, respectively. We hold 60% equity interest in Qinbei Power Plant.

The coal supply for Qinbei Power Plant is obtained from Shanxi Province. Qinbei Power Plant typically stores 270,000 tons of coal on site. In 2014, Qinbei Power Plant obtained 79.9% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Qinbei Power Plant in 2014 was RMB495.59 (2013: RMB562.58) per ton.

Qinbei Power Plant sells its electricity to Henan Electric Power Company.

Construction Project in Henan Province

Mianchi Cogeneration Power Plant project. In September 2012, Henan Huaneng Mianchi Cogeneration Power Plant project was approved by the National Development and Reform Commission. The project is planned to consist of two sets of 350MW coal-fired cogeneration units. We hold 51% equity interest in this project.

Luoyang Cogeneration Power Plant project. The project is planned to consist of two sets of 350MW coal-fired generation units. We hold 51% equity interest in this project.

Power Plants and Projects in Jiangsu Province

Nantong Power Plant

Huaneng Nantong Power Plant ("Nantong Power Plant") is located in Nantong City. Nantong Power Plant, including Phase I, Phase II and Phase III, has an installed capacity of 2,454 MW and consists of two 352 MW, two 350 MW and one 1,050 MW coal-fired generating units which commenced operations in 1989, 1990 1999 and 2014. We hold 100% equity interest in Phase I and Phase II of Nantong Power Plant and 35% equity interest in Phase III of Nantong Power Plant.

The coal supply for Nantong Power Plant is obtained from several coal producers located mostly in Northern Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port and then shipped to the Nantong Power Plant. Nantong Power Plant typically stores 300,000 tons of coal on site.

In 2014, Nantong Power Plant obtained 60.7% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Nantong Power Plant in 2014 was RMB506.88 (2013: RMB545.84) per ton.

Nantong Power Plant sells its electricity to Jiangsu Electric Power Company.

Nanjing Power Plant

Huaneng Nanjing Power Plant ("Nanjing Power Plant") has an installed capacity of 640 MW consisting of two 320 MW coal-fired generating units which commenced operations in March and October 1994, respectively. We hold 100% equity interest in Nanjing Power Plant.

The coal supply for the Nanjing Power Plant is obtained from several coal producers located in the Shanxi and Anhui Provinces. The coal is transported by rail from the mines to Yuxikou Port and Pukou Port and shipped to the plant's own wharf facilities. The wharf is capable of handling 6,000 ton vessels. Nanjing Power Plant typically stores 120,000 tons of coal on site and consumes 5,000 tons of coal per day when operating at maximum generating capacity.

In 2014, Nanjing Power Plant obtained approximately 50.8% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Nanjing Power Plant in 2014 was RMB555.62 (2013: RMB614.05) per ton.

Nanjing Power Plant sells its electricity to Jiangsu Electric Power Company.

Taicang Power Plant

Huaneng Taicang Power Plant ("Taicang Power Plant") is located in the vicinity of Suzhou, Wuxi and Changzhou, which is the most affluent area in Jiangsu Province. Taicang Power Plant is an ancillary facility of the China-Singapore Suzhou Industrial Park. Taicang Power Plant Phase I consists of two 300 MW coal-fired generating units, which commenced operations in December 1999 and April 2000 respectively. Taicang Phase II Expansion consists of two 600 MW coal-fired generating units, which commenced operations in January and February 2006, respectively. In April 2008, the installed capacities of the four units of Taicang Power Plant were upgraded to 320 MW, 320 MW, 630 MW and 630 MW, respectively, which increased the total installed capacity of Taicang Power Plant to 1,900 MW. We hold 75% equity interest in Taicang Power Plant.

The coal supply for Taicang Power Plant is primarily from Shenhua in Inner Mongolia and Datong in Shanxi Province. Taicang Power Plant typically stores 350,000 tons of coal on site. In 2014, Taicang Power Plant obtained approximately 25.8% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Taicang Power Plant in 2014 was RMB491.01 (2013: RMB505.13) per ton.

Taicang Power Plant sells its electricity to Jiangsu Electric Power Company.

Huaiyin Power Plant

Huaneng Huaiyin Power Plant ("Huaiyin Power Plant") is located in the Center of the Northern Jiangsu Power Grid. The plant's two 220 MW coal-fired generating units commenced operation in November 1993 and August 1994, respectively. In order to reduce energy consumption and increase capacity, one generating unit of Huaiyin Power Plant was upgraded in October 2001, which increased the maximum generating capacity of that unit to 220 MW. In 2002, upgrading of the second generating unit was completed, and the actual generating capacity of Huaiyin Power Plant is 440 MW. The other two 330 MW coal-fired generating units of Huaiyin Power Plant Phase II Expansion commenced operations in January and March 2005, respectively. Huaiyin Power Plant Phase III consists of two 330 MW coal-fired generating units, and which were put into operation in May and September 2006, respectively. We hold 100% equity interest in Phase I and 63.64% equity interest in Phase II and Phase III of Huaiyin Power Plant. Unit I and Unit II of Huaiyin Power Plant were shut down in December 2007 and January 2009, respectively.

The coal supply for the Huaiyin Power Plant is primarily from Anhui Province, Henan Province and Shanxi Province. Huaiyin Power Plant typically stores 180,000 tons of coal on site. In 2014, Huaiyin Power Plant obtained approximately 53.4% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Huaiyin Power Plant in 2014 was RMB556.52 (2013: RMB590.54) per ton.

Huaiyin Power Plant sells its electricity to Jiangsu Electric Power Company.

Jinling Power Plant

Huaneng Nanjing Jinling Power Plant ("Jinling Power Plant") is located in Nanjing, Jiangsu. Jinling Power Plant (CCGT) consists of two 390 MW gas-fired generating units, which commenced operation in December 2006 and March 2007, respectively. We hold 60% equity interest in Jinling Power Plant (CCGT). The gas supply for Jinling Power Plant (CCGT) is transported through the pipeline of "West-East Gas Transport Project".

Jinling Power Plant (Coal-fired) consists of two 1,030 MW domestic ultra-supercritical coal-fired generating units, which commenced operation in December 2009 and August 2012, respectively. We hold 60% equity interest in Phase I and Phase II of Jinling Power Plant (Coal-fired). The coal supply for Jinling Power Plant (Coal-fired) is primarily from Shanxi Province and Inner Mongolia Autonomous Region. Jinling Power Plant (Coal-fired) typically stores 300,000 tons of coal on site. In 2014, Jinling Power Plant (Coal-fired) obtained approximately 29.7% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Jinling Power Plant (Coal-fired) in 2014 was RMB532.62 (2013: RMB571.87) per ton.

Jinling Power Plant sells its electricity to Jiangsu Electric Power Company.

Qidong Wind Power

Huaneng Qidong Wind Power Plant ("Qidong Wind Power") is located in Nantong City, Jiangsu. Qidong Wind Power Phase I has an installed capacity of 91.5 MW and commenced operation in March 2009. The first stage and second stage of the Phase II Project of Qidong Wind Power with a total generation capacity of 50 MW and 44 MW respectively commenced operation in January 2011 and June 2012, respectively. We hold 65% equity interest in Qidong Wind Power.

Qidong Wind Power Plant sells its electricity to Jiangsu Electric Power Company.

Jinling CCGT Co-generation

Jinling CCGT Co-generation is located in Nanjing, Jiangsu. The plant comprises of two 191 MW class (E grade) combined cycle gas turbine cogeneration units and the corresponding support facilities. The two units commenced operation in April 2013 and May 2013, respectively. We hold 51% equity interest in Jinling CCGT Co-generation. The gas supply for this plant is transported through the pipeline of "West-East Gas Transport Project".

Jinling CCGT Co-generation sells its electricity to Jiangsu Electric Power Company.

Rudong Wind Power

Rudong Wind Power Plant ("Rudong Wind Power") is located in Rudong, Jiangsu. Phase I of the plant has a total installed generation capacity of 48MW. It commenced operations in November 2013. We hold 65% equity interest in Rudong Wind Power .

Rudong Wind Power sells its electricity to Jiangsu Electric Power Company.

Suzhou Co-generation

Huaneng Suzhou Co-generation Power Plant ("Suzhou Co-generation") is located in Suzhou City in Jiangsu Province. Suzhou Co¬generation has an installed capacity of 120 MW and consists of two 60 MW coal-fired generating units which commenced operation in 2006. We hold 53.45% equity interest in Suzhou Co-generation. We acquired the

power plant in October, 2014 from Huaneng Group.

Suzhou Co-generation sells its electricity to Jiangsu Electric Power Company.

Taicang Coal Pier Project

Suzhou Port Taicang Terminal Zone Huaneng Coal Pier (“Taicang Coal Pier Project”) is located in Taicang, Suzhou. The Taicang Coal Pier Project has one berth of 100,000 dead weight tonnage (“DWT”) and one berth of 50,000 DWT for coal discharging, four berths of 5,000 DWT each and six berths of 1,000 DWT each for coal loading. The above facilities have commenced trial operation in 2013. We hold 100% equity interest in this project.

Construction Project in Jiangsu Province

Suzhou Gasfired Co-generation Project. In October 2012, Huaneng Suzhou gas-fired Co-generation Project was approval from the Jiangsu Province Development and Reform Commission. We hold 100% equity interest in this project. The Project is planned to consist of two sets of 255MW class (E-class) combined cycle gas turbine cogeneration units.

Nanjing Chemical Industry Park Co-generation Power Project. In October 2013, Nanjing Chemical Industry Park Co-generation Power Project was approved by the Development and Reform Commission of Jiangsu Province. We hold 80% equity interest in the project. The project is planned to have an installed capacity of 100 MW, consisting of three high temperature and pressure coal-fired boiler of 480t/h and two extraction back-pressure turbines of 50 MW.

Tongshan Wind Power Project. Tongshan Wind Power Project was approved by the Development and Reform Commission of Jiangsu Province in November 2014. We hold 70% equity interest in the project. Tongshan Wind Power Project is planned to have an installed capacity of 49.5 MW, consisting of 24 wind power turbines of 2 MW and one wind power turbines of 1.5 MW.

Luhe Wind Power Phase I Project. Luhe Wind Power Phase I Project was approved by the Development and Reform Commission of Jiangsu Province in December 2013. We hold 100% equity interest in the project. The Project is planned to have an installed capacity of 49.5 MW, consisting of 24 wind power turbines of 2 MW and one wind power turbines of 1.5 MW.

Power Plants in Shanghai Municipality

Shidongkou I

Huaneng Shanghai Shidongkou First Power Plant ("Shidongkou I") is located in the northern region of the Shanghai Power Grid. The plant comprises four 325 MW coal-fired generating units, which commenced operation in February and December 1988, September 1989 and May 1990 respectively, and has a total installed capacity of 1,300 MW. The installed capacities of Unit II and Unit III were expanded from 300 MW to 325 MW in September 2007 and January 2008, respectively. The installed capacities of Unit I and Unit V were expanded from 300 MW and 320 MW to 325 MW and 325 MW in January 2010, respectively. We hold 100% equity interest in Shidongkou I.

The coal supply for Shidongkou I is primarily from Shanxi Province, Anhui Province and Henan Province. Shidongkou I Power Plant typically stores 150,000 tons of coal on site. In 2014, Shidongkou I obtained 12.7% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Shidongkou I in 2014 was RMB417.05 (2013: RMB455.53) per ton.

Shidongkou I sells its electricity to Shanghai Municipal Electric Power Company.

Shidongkou II

Huaneng Shanghai Shidongkou Second Power Plant ("Shidongkou II") is located in the northern suburbs of Shanghai. Shidongkou II has an installed capacity of 1,200 MW and consists of two 600 MW coal-fired super-critical units which commenced operations in June and December 1992, respectively. We hold 100% equity interest in Phase I of Shidongkou II. Phase II of Shidongkou II has an installed capacity of 1,320 MW and consists of two 660 MW coal-fired super-critical units which commenced operations in October 2011. We hold 50% equity interest in Phase II of Shidongkou II.

The coal supply for Shidongkou II is obtained from several coal producers located mostly in Northern Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port or Tianjin port and shipped to the plant's own wharf facilities. The wharf is capable of handling 35,000 ton vessels. Shidongkou II typically stores 180,000 tons of coal on site.

In 2014, Shidongkou II obtained 19.3% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Shidongkou II in 2014 was RMB484.76 (2013: RMB475.21) per ton.

Shidongkou II sells its electricity to Shanghai Municipal Electric Power Company.

Shanghai CCGT

Shanghai CCGT is located in Baoshan District of Shanghai Municipality. Shanghai CCGT consists of three 390 MW gas-fired combined-cycle generating units with a total installed capacity of 1,170 MW, which were put into operation in May, June and July 2006, respectively. We hold 70% equity interest in Shanghai CCGT.

The gas supply for Shanghai CCGT is transported through the pipeline of “West-East Gas Transport Project”. Shanghai CCGT generates electricity during the peak load periods and sells its electricity to Shanghai Municipal Electric Power Company.

Power Plant in Chongqing Municipality

Luohuang Power Plant

Huaneng Luohuang Power Plant (“Luohuang Power Plant”) is located in Chongqing Municipality. Each of Phase I and Phase II of Luohuang Power Plant has an installed capacity of 720 MW and consists of two 360 MW coal-fired generating units. The two units in Phase I commenced operation in September 1991 and February 1992 respectively, and the two units in Phase II commenced operation in December 1998. Luohuang Power Plant Phase III consist of two 600 MW coal-fired generating units with an installed capacity of 1,200 MW, which were put into operation in December 2006 and January 2007, respectively. We hold 60% equity interest in Luohuang Power Plant.

The coal supply for Luohuang Power Plant is obtained from Chongqing Municipality. Luohuang Power Plant typically stores 450,000 tons of coal on site. In 2014, Luohuang Power Plant obtained 72.1% of its coal supplies from annual contracts and the remainder from the open market. The average coal purchase price for Luohuang Power Plant in 2014 was RMB527.64 (2013: RMB537.73) per ton.

Luohuang Power Plant sells its electricity to Chongqing Municipal Electric Power Company.

Liangjiang CCGT

Liangjiang CCGT is located in Chongqing Municipality. Two generating units of this plant commenced operation in October and December 2014, respectively, with an installed capacity of 934 MW. We hold 100% equity interest in Liangjiang CCGT. The gas supply for Liangjiang CCGT is transported though pipeline of “West-East Gas Transport Project.”

Liangjing CCGT sells its electricity to Chongqing Municipal Electric Power Company.

Power Plants in Zhejiang Province

Yuhuan Power Plant

Huaneng Yuhuan Power Plant (“Yuhuan Power Plant”) is located in Taizhou of Zhejiang Province. Yuhuan Power Plant Phase I consists of two 1,000 MW ultra-supercritical coal-fired generating units with a total installed capacity of 2,000 MW. Unit I and Unit II were put into operation in November 2006 and December 2006, respectively. Yuhuan Power Plant Phase II consists of two 1,000 MW ultra-supercritical coal-fired generating units with a total installed capacity of 2,000 MW, which commenced operations in November 2007. We hold 100% equity interest in Yuhuan Power Plant.

The coal supply for Yuhuan Power Plant is primarily obtained from Shanxi Province and Inner Mongolia Autonomous Region. Yuhuan Power Plant typically stores 500,000 tons of coal on site. In 2014, Yuhuan Power Plant obtained 46.1% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Yuhuan Power Plant in 2014 was RMB557.96 (2013: RMB615.59) per ton.

Yuhuan Power Plant sells its electricity to Zhejiang Electric Power Company.

Changxing “Replacing Small Units with Large Ones” Project

Changxing Power Plant “Replacing Small Units with Large Ones” Project is located in Changxing County of Zhejiang Province. Changxing “Replacing Small Units with Large Ones” Project commenced operation in December 2014, with an installed capacity of 1,320 MW. This is the first project of ultra-supercritical coal-fired generating units of the Company. We hold 100% equity interest in the project.

Tongxiang CCGT

Tongxiang CCGT is located in Tongxiang City of Zhejiang Province. The plant commenced operation in September 2014 with an installed capacity of 458.4 MW. We hold 95% equity interest in the Tongxiang CCGT. The gas supply for Tongxiang CCGT is transported though pipeline of “West-East Gas Transport Project.”

Tongxiang CCGT sells its electricity to Zhejiang Electric Power Company.

Si’an Photovoltaic

Si’an 10MW Distributed Photovoltaic Power Project (“Si’an Photovoltaic”) is located in Changxing County of Zhejiang Province. Part of the project commenced operation in December 2014, with an installed capacity of 5 MW. We hold 100% equity interest in Si’an Photovoltaic.

Power Plant in Hunan Province

Yueyang Power Plant

Huaneng Yueyang Power Plant ("Yueyang Power Plant") is located in Yueyang City of Hunan Province. Yueyang Power Plant Phase I has an installed capacity of 725 MW and consists of two 362.5 MW sub-critical coal-fired generating units which commenced operation in September and December 1991 respectively. Yueyang Power Plant Phase II consists of two 300MW coal-fired generating units with installed capacity of 600 MW, which were put into operation in March and May 2006, respectively. Huaneng Yueyang Power Plant Phase III ("Yueyang Power Plant Phase III") consists of two 600 MW generating units with a total installed capacity of 1,200 MW. In January 2011 and August 2012, Unit 5 and Unit 6 of Yueyang Power Plant Phase III, two 600MW coalfired generating units, commenced operation, respectively. We hold 55% equity interest in Yueyang Power Plant.

The coal supply for Yueyang Power Plant is obtained from Datong in Shanxi Province. Yueyang Power Plant typically stores 500,000 tons of coal on site. In 2014, Yueyang Power Plant obtained 22.5% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Yueyang Power Plant in 2014 was RMB554.65 (2013: RMB604.30) per ton.

Yueyang Power Plant sells its electricity to Hunan Electric Power Company.

Xiangqi Hydropower

Huaneng Yongzhou Xiangqi Hydropower Station ("Xiangqi Hydropower") is located in Xiangqi County of Hunan Province. Xiangqi Hydropower consists of four 20 MW hydraulic generating units with a total installed capacity of 80 MW. In December 2011, Unit I of Xiangqi Hydropower with an installed capacity of 20 MW passed a trial run. Unit I and Unit II of Yongzhou Xiangqi Hydropower with an installed capacity of 20 MW each commenced operation in December 2011 and May 2012, respectively. Unit III and Unit IV of Xiangqi Hydropower with an installed capacity of 20 MW commenced operation in May and August 2012, respectively. We hold 100% equity interest in Xiangqi Hydropower.

Xiangqi Hydropower sells its electricity to Hunan Electric Power Company.

Subaoding Wind Power

Subaoding Wind Power is located between Hongjiang City and Dongkou County in Hunan. Part of the Subaoding Wind Power commenced operation in December 2014, with an installed capacity of 80MW, consisting of 40 wind power turbines of 2 MW. We hold 100% equity interest in the Subaoding Wind Power.

Construction Projects in Hunan Province

Subaoding Wind Power Plant. Subaoding Wind Power Plant was approved by the Development and Reform Commission of Hunan Province in June 2013. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 150MW, consisting of 75 wind power turbines of 2 MW, among which, 40 wind power turbines have commenced operation with an installed capacity of 80 MW.

Guidong Hankou Wind Power Plant. Guidong Hankou Wind Power Plant Project was approved by the Development and Reform Commission of Hunan Province. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 48 MW, consisting of 24 wind power turbines of 2 MW.

Guidong Huangni Lake Wind Power Plant. Guidong Huangni Lake Wind Power Plant was approved by the Development and Reform Bureau of Guidong County of Hunan Province. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 36 MW, consisting of 18 wind power turbines of 2 MW.

Power Plant in Hubei Province

Enshi Maweigou Hydropower

Hubei Enshi Maweigou Hydropower Station ("Enshi Maweigou Hydropower") is located in Enshi City of Hubei Province. We entered into an equity transfer agreement to acquire Enshi Maweigou Hydropower on September 30, 2011. Enshi Maweigou Hydropower is planned to consist of eleven 5 MW hydraulic generating units with a total installed capacity of 55 MW. In December 2011, an installed capacity of 15 MW of Enshi Maweigou Hydropower commenced operation. We hold 100% equity interest in Enshi Maweigou Hydropower.

Enshi Maweigou Hydropower sells its electricity to Hubei Electric Power Company.

Wuhan Power Plant

Huaneng Wuhan Power Plant (" Wuhan Power Plant") is located in Wuhan City in Hubei Province. Wuhan Power Plant has an installed capacity of 2,460 MW and consists of two 300 MW coal-fired generating units which commenced operation in 1993 and 1994, two 330 MW coal-fired generating units which commenced operation in 1997, and two

600 MW coal-fired generating units which commenced operation in 2006. We hold 75% equity interest in Wuhan Power Plant. We acquired the power plant in October, 2014 from Huaneng Group.

Wuhan Power Plant sells its electricity to Hubei Electric Power Company.

Dalongtan Hydropower

Huaneng Dalongtan Hydropower Station (“ Dalongtan Hydropower”) is located in Enshi City of Hubei Province. Dalongtan Hydropower has an installed capacity of 37.6 MW. We hold 97% equity interest in Dalongtan Hydropower. We acquired the power plant in October, 2014 from Huaneng Group.

Dalongtan Hydropower sells its electricity to Hubei Electric Power Company.

Jingmen Co-generation

Huaneng Jingmen Co-generation Power Plant (“ Jingmen Co-generation”) is located in Jingmen City in Hubei Province. Jingmen Co-generation has an installed capacity of 700 MW and consists of two 350 MW coal-fired generating units which commenced operation in 2014. We hold 100% equity interest in Jingmen Co-generation. We acquired the power plant in October, 2014 from HIPDC.

Jingmen Co-generation sells its electricity to Hubei Electric Power Company.

Yingcheng Co-generation

Huaneng Yingcheng Co-generation Power Plant (“ Yingcheng Co-generation”) is located in Yingcheng City in Hubei Province. Yingcheng Co-generation has an installed capacity of 350 MW which commenced operation in 2015. We hold 100% equity interest in Yingcheng Co-generation. We acquired the power plant in October, 2014 from HIPDC.

Yingcheng Co-generation sells its electricity to Hubei Electric Power Company.

Construction Projects in Hubei Province

Enshi Qinglong Hydropower Project. We entered into an equity transfer agreement in September 2011 to purchase the Enshi Qinglong Hydropower Project. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 40 MW, consisting of two hydropower generator of 20 MW.

Suixian Jieshan Wind Power Plant (“Jieshan Phase I”). Suixian Jieshan Wind Power Plant was approved by the Development and Reform Commission of Hubei Province in December 2013. We hold 100% equity interest in the project. The project is planned to have an installed capacity of 48 MW, consisting of 24 wind power turbines of 2 MW.

Power Plant in Jiangxi Province

Jinggangshan Power Plant

Huaneng Jinggangshan Power Plant (“Jinggangshan Power Plant”) is located in Ji’an City of Jiangxi Province. Jinggangshan Power Plant has an installed capacity of 1,920 MW and consists of two 300 MW coal-fired generating units which commenced operation in December 2000 and August 2001 respectively, and two 660 MW generating units which commenced operation in November and December 2009, respectively. We hold 100% equity interest in Jinggangshan Power Plant.

The coal supply for Jinggangshan Power Plant is obtained from Henan Province, Anhui Province and Jiangxi Province. Jinggangshan Power Plant typically stores 255,000 tons of coal on site. In 2014, Jinggangshan Power Plant obtained 56.3% of its total coal consumption from annual contracts and the remainder from the open market. The average coal purchase price for Jinggangshan Power Plant in 2014 was RMB631.58 (2013: RMB669.05) per ton.

Jinggangshan Power Plant sells its electricity to Jiangxi Electric Power Company.

Jianggongling Wind Power

Jianggongling Wind Power Plant (“Jiangongling Wind Power”) is located in Jiujiang Municipality of Jiangxi Province. Jianggongling Wind Power commenced operation in December 2014, with an installed capacity of 48 MW, consisting of 24 wind power turbine of 2 MW. We hold 100% equity interest in the Jianggongling Wind Power.

Ruijin Power Plant

Huaneng Ruijin Power Plant (“ Ruijin Power Plant”) is located in Ruijin City in Jiangxi Province. Ruijin Power Plant has an installed capacity of 700 MW and consists of two 350 MW coal-fired generating units which commenced operation in 2008. We hold 100% equity interest in Ruijin Power Plant. We acquired the power plant in October, 2014 from HIPDC.

Ruijin Power Plant sells its electricity to Jiangxi Electric Power Company.

Construction Project in Jiangxi Province

Anyuan Power Plant in Pingxiang City, Jiangxi Province. We acquired 100% equity interest of the power plant in October, 2014 from HIPDC. The Power plant is planned to have an installed capacity of 1200 MW, consisting of two 600 MW coal-fired generating units.

Power Plant in Anhui Province

Chaohu Power Plant

Huaneng Chaohu Power Plant (“ Chaohu Power Plant”) is located in Chaohu City in Anhui Province. Chaohu Power Plant has an installed capacity of 1200 MW and consists of two 600 MW coal-fired generating units which commenced operation in 2008. We hold 100% equity interest in Chaohu Power Plant. We acquired the power plant in October, 2014 from HIPDC.

Chaohu Power Plant sells its electricity to Anhui Electric Power Company.

Hualiangting Hydropower

Huaneng Hualiangting Hydropower Plant (“ Hualiangting Hydropower”) is located in Anqing City in Anhui Province. Hualiangting Hydropower has an installed capacity of 40 MW which commenced operation in 1981 and 1987. We hold 100% equity interest in Hualiangting Hydropower. We acquired the power plant in October, 2014 from Huaneng Group.

Hualiangting Hydropower sells its electricity to Anhui Electric Power Company.

Construction Project in Anhui Province

Shijing Wind Power Plant in Huaining County. The project of Shijing Wind Power Plant in Huaining County was approved by the Development and Reform Commission of Anhui Province. We hold 100% equity interest of the project. The project is planned to have an installed capacity of 50 MW, consisting of 25 wind power turbines of 2 MW.

Power Plant in Fujian Province

Fuzhou Power Plant

Huaneng Fuzhou Power Plant (“Fuzhou Power Plant”) is located on the south bank of the Min River, southeast of the city of Fuzhou. Fuzhou Power Plant has been developed in three phases. The Fuzhou Power Plant Phase I and Phase II utilize four 350 MW coal-fired generating units with an installed capacity of 1,400 MW, and commenced operations in 1988 and 1999, respectively. The Fuzhou Power Plant Phase III consists of two 600 MW generating units with a total installed capacity of 1,200 MW, and commenced operations in 2010 and 2011, respectively. The capacity of Unit V and Unit VI of the Fuzhou Power Plant Phase III was expanded to 660 MW per unit since January 2012. We hold 100% equity interest in Fuzhou Power Plant.

The coal supply for Fuzhou Power Plant is obtained from several coal producers located mostly in Northern Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port and by ship down to the east coast of China and up to the Min River to a wharf located at Fuzhou Power Plant. We own and maintain the wharf, which is capable of handling vessels of up to 20,000 tons and of unloading 10,000 tons to 15,000 tons of coal per day. Fuzhou Power Plant typically stores 180,000 tons of coal on site.

In 2014, the Fuzhou Power Plant obtained 22.9% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Fuzhou Power Plant in 2014 was RMB529.91 (2013: RMB586.87) per ton.

Fuzhou Power Plant sells its electricity to Fujian Electricity Power Company.

Construction Project in Fujian Province

Jiangjunmao Operating Zone Phase I Project in the Port of Fuzhou Luoyuan Bay Area. Jiangjunmao Operating Zone Phase I Project in the Port of Fuzhou Luoyuan Bay Area was approved by the NDRC. We entered into an asset transfer agreement in December 2009 to purchase the Jiangjunmao Operating Zone Phase I Project in the Port of Fuzhou Luoyuan Bay Area. We hold 100% equity interest in the project. The project is planned to build a dock with a loading capacity of 0.15 million tons and annual throughput of 10 million tons.

The Project of Bili Operating Zone Number Six Ship Berth in the Port of Fuzhou Luoyuan Bay Area. The Project of Bili Operating Zone Number Six Ship Berth in the Port of Fuzhou Luoyuan Bay Area was approved by the Development and Reform Commission of Fujian Province in July 2010. We entered into an asset transfer agreement in December 2009 to purchase the Project of Bili Operating Zoon Number Six Ship Berth in the Port of Fuzhou Luoyuan Bay Area. We hold 100% equity interest in the project. The project is planned to build a ship berth with a loading capacity of 0.05 million tons and annual throughput of 2.3 million tons.Power Plants in Guangdong Province

Power Plants in Guangdong Province

Shantou Power Plant

Huaneng Shantou Coal-Fired Power Plant (“Shantou Power Plant”) had originally been developed and constructed by HIPDC which transferred all its rights and interests therein to us effective on December 31, 1994. Located on the outskirts of the city of Shantou, Shantou Power Plant was set up with the support of the Shantou municipal government and the Guangdong provincial government. Shantou Power Plant Phase I consists of two 300 MW coal-fired generating units with boilers, which commenced operation in January 1997. Shantou Power Plant Phase II consists of one 600 MW coal-fired generating unit and commenced operation in October 2005. We hold 100% equity interest in Shantou Power Plant.

The coal supply for Shantou Power Plant is obtained from several coal producers located mostly in the northern area of Shanxi Province. The coal is transported by rail from the mines to Qinhuangdao port and by ship down the east coast of China to the wharf located at Shantou Power Plant, which is maintained by the Shantou Port Authority and is capable of handling 35,000 ton vessels. The Shantou Power Plant typically stores 300,000 tons of coal on site.

In 2014, the Shantou Power Plant obtained 26.8% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Shantou Power Plant in 2014 was RMB516.82 (2013: RMB579.67) per ton.

Shantou Power Plant sells its electricity to Guangdong Electric Power Company.

Haimen Power Plant

Huaneng Haimen Power Plant ("Haimen Power Plant") is located in Shantou City, Guangdong Province. Haimen Power Plant has an installed capacity of 4,144 MW and consists of four 1,036 MW generating units. The first two generating units commenced operation in July 2009 and October 2009, respectively. We hold 100% equity interest in the first two generating units. The other two generation units commenced operation at the beginning of 2013. We hold 80% equity interest in the other two generating units.

The coal supply for Haimen Power Plant is mainly imported from Indonesia. Haimen Power Plant typically stores 400,000 tons of coal on site. In 2014, Haimen Power Plant obtained 40.4% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Haimen Power Plant in 2014 was RMB530.99 (2013: RMB558.60) per ton.

Haimen Power Plant sells its electricity to Guangdong Electric Power Company.

Construction Project in Guangdong Province

Shantou Port Haimen Terminal Zone Huaneng Coal Transit Base Project. Shantou Port Haimen Terminal Zone Huaneng Coal Transit Base Project ("Haimen Terminal Project") was approved by the NDRC in February 2012. Currently, we hold 100% equity interest in this project. Haimen Terminal Project is planned to transform and newly construct a 70,000 DWT coal unloading berth, a 50,000 DWT coal loading berth and a 3,000 DWT multi-purpose berth, with a planned annual throughput capacity of 22.7 million tons, including ship unloading capacity of 21.5 million tons and ship loading capacity of 1.2 million tons.

Power Plants in Yunnan Province

Diandong Energy

Yunnan Diandong Energy Limited Company ("Diandong Energy") is located in Qujing City, Yunnan Province. Diandong Energy has an installed capacity of 2,400 MW and consists of four 600 MW generating units which commenced operation in February 2006, July 2006, November 2006 and May 2007, respectively. We hold 100% equity interest in Diandong Energy.

The coal supply for Diandong Energy is mainly obtained from Yunnan and Guizhou Provinces. Diandong Energy typically stores 1,200,000 tons of coal on site. In 2014, Diandong Energy obtained 18.8% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price for Diandong Energy in 2014 was RMB468.62 (2013: RMB469.18) per ton.

Diandong Energy sells its electricity to Yunnan Electric Power Company.

Yuwang Energy

Yunnan Diandong Yuwang Energy Limited Company ("Yuwang Energy") is located in Qujing City, Yunnan Province. Yuwang Energy has an installed capacity of 1,200 MW and consists of two 600 MW generating units which commenced operation in July 2009 and February 2010, respectively. We hold 100% equity interest in Yuwang Energy.

The coal supply for Yuwang Energy is mainly obtained from Yunnan and Guizhou Provinces. Yuwang Energy typically stores 600,000 tons of coal on site. In 2014, Yuwang Energy obtained 56.8% of its total consumption of coal from annual contracts and the remainder from the open market. The average coal purchase price of coal for Yuwang Energy in 2014 was RMB454.56 (2013: RMB456.19) per ton.

Yuwang Energy sells its electricity to Yunnan Electric Power Company.

Wenbishan Wind Power

Wenbishan Wind Power Plant (“Wenbishan Wind Power”) is located in the Fuyuan County of Qujing Municipality of Yunnan Province. Wenbishan Wind Power commenced operation in November 2014, with an installed capacity of 40 MW, consisting of 20 wind power turbines of 2 MW each. We hold 100% equity interest in the Wenbishan Wind Power.

Construction Project in Yunnan Province

Yunnan Chuxiong Gas Co-generation Project. Huaneng Yunnan Chuxiong Gas Co-generation Project (“Yunnan Chuxiong Project”), which is wholly owned by us, was approved by the Development and Reform Commission of the Yunnan Province in February 2012. We hold 100% equity interest in this project. Yunnan Chuxiong Project is planned to build two 300 MW class combined cycle gas turbine cogeneration units.

Diandong Mine Project. Diandong Mine Project consists of Bailongshan Coal Mine and Yuwang Coal Mine with an area of approximately 131.4 square kilometers. It has a recoverable reserve of approximately 1.788 billion tons. Diandong Mine Project is planned to commence operation gradually from 2014 to 2018, with an aggregate planned production capacity of approximately 6.0 million tons per year.

Power Plants in Hainan Province

Haikou Power Plant

Huaneng Haikou Power Plant (“ Haikou Power Plant”) is located in Haikou City in HainanProvince. Haikou Power Plant has an installed capacity of 936 MW and consists of two 138 MW coal-fired generating units which commenced operation in 1999, 2000, and two 330 MW coal-fired generating units which commenced operation in 2006. We hold 91.8% equity interest in Haikou Power Plant. We acquired the power plant in October, 2014 from Huaneng Group.

Haikou Power Plant sells its electricity to Hainan Electric Power Company.

Dongfang Power Plant

Huaneng Dongfang Power Plant (“ Dongfang Power Plant”) is located in Dongfang City in Hainan Province. Dongfang Power Plant has an installed capacity of 1400 MW and consists of four 350 MW coal-fired generating units which commenced operation in 2009, 2012. We hold 91.8% equity interest in Dongfang Power Plant. We acquired the power plant in October, 2014 from Huaneng Group.

Dongfang Power Plant sells its electricity to Hainan Electric Power Company.

Nanshan Co-generation

Huaneng Nanshan Co-generation Power Plant (“ Nanshan Co-generation”) is located in Sanya City in Hainan Province. Nanshan Co-generation has an installed capacity of 132 MW which commenced operation in 2003. We hold 91.8% equity interest in Nanshan Co-generation. We acquired the power plant in October, 2014 from Huaneng Group.

Nanshan Co-generation sells its electricity to Hainan Electric Power Company.

Gezhen Hydropower Plant

Huaneng Gezhen Hydropower Plant (“ Gezhen Hydropower Plant”) is located in Dongfang City in Hainan Province. Gezhen Hydropower Plant has an installed capacity of 82 MW which commenced operation in 2009. We hold 91.8% equity interest in Gezhen Hydropower Plant. We acquired the power plant in October, 2014 from Huaneng Group.

Gezhen Hydropower Plant sells its electricity to Hainan Electric Power Company.

Wenchang Wind Power

Huaneng Wenchang Wind Power Plant (“ Wenchang Wind Power”) is located in Wenchang City in Hainan Province. Wenchang Wind Power has an installed capacity of 49.5 MW and consists of 33 turbines with each capacity of 1.5 MW which commenced operation in 2008. We hold 91.8% equity interest in Wenchang Wind Power. We acquired the power plant in October, 2014 from Huaneng Group.

Wenchang Wind Power sells its electricity to Hainan Electric Power Company.

Construction Project in Guangxi Province

Distribution Energy Project of Guilin World Tourism City. Distribution Energy Project of Guilin World Tourism City was approved by the Development and Reform Commission of Guangxi Autonomous. We hold 100 % equity interest in the project. The project is planned to have an installed capacity of 237 MW, consisting of four co-generating units of 42 MW, three dual pressure waste-heat boilers, three condensing turbo-generating units of 21 MW and one back-pressure turbo- generating unit of 6 MW.

Power Plant in Singapore

Tuas Power

With a licensed generating capacity of 2,670MW, Tuas Power is one of the three largest power generation companies in Singapore. It currently has an installed operation generating capacity of 2,609MW, comprising of 1,876 MW gas-fired combined cycle generating units, 133 MW of coal-biomass fired steam turbine generating units and 600 MW of oil-fired steam generating unit.

Supply of coal is procured from coal producers in Indonesia via two long-term coal supply contracts with 10 years and 15 years term respectively. Supply of gas is obtained from Pavilion Gas Pte Ltd, Sembcorp Gas Pte Ltd and BG Singapore Gas Marketing Pte Ltd. Oil supply, if required, is obtained through the spot market.

Competition and Dispatch

All power plants in China are subject to dispatch conducted by various dispatch centers. A dispatch center is required to dispatch electricity pursuant to the Regulations on the Administration of Electric Power Dispatch Networks and Grids, issued by the State Council with effect from November 1, 1993, and in accordance with its agreements with power plants subject to its dispatch. Power generation companies are also required to enter into on-grid dispatch agreements with power grid companies. As a result, there is competition for favorable dispatch treatment in the PRC electric power industry, especially during the off-peak load periods. More efficient power plants usually operate at higher output than less efficient power plants. We believe that in order to increase system stability, large and efficient power plants such as ours will be preferred as base load plants to generate power for the grids to which they connect. We believe that our dispatch arrangements with the local power corporations and dispatch centers, superior quality equipment, lower coal consumption rate, higher efficiency of plant operation, lower emission levels and larger capacity represent competitive advantages in the markets in which we operate.

Since 2002, we have been facing competition from four other major power generation groups: China Power Investment Corporation, China Huadian Power Corporation, China Guodian Power Corporation and China Datang Power Corporation, which were created following the break-up of the former State Electric Corporation in 2002. Although we were not affected by this reform measure, as we have developed good working relationship with the dispatch centers and the relevant government departments in the areas where our power plants are located, there can be no assurance that such good working relationships will not be adversely affected as more power generation companies compete for favorable dispatch treatment.

As power generation companies were separated from power grid companies and more competitors entered into the market, the SERC issued the Interim Measures Regarding Promotion of Openness, Fairness and Equitableness of Power Dispatch, requiring power dispatch centers to treat all competitors indiscriminately in respect of dispatch administration and information disclosure, except in cases where safe and stable operation of the electric power system requires different treatment.

In 2008, with the purpose of improving energy usage efficiency, the government implemented an electricity-optimized dispatch policy in Henan Province, Sichuan Province, Jiangsu Province, Guangdong Province and Guizhou Province on a pilot basis, and plans to roll out to others if the trial operation is successful. In addition, as of December 31, 2014, in all regions in which we operate power plants, the government’s power administrative departments make differential power generation plan policies to improve the planned utilization hours of the environment-protecting and energy-saving units.

Competition and Dispatch in Singapore

The Singapore power market remains concentrated, as the three largest power generation companies account for approximately 80% of total generating capacity. Tuas Power competes in the NEMS using its portfolio of gas-fired, coal-biomass fired and oil-fired generating units. It was able to achieve a market share of approximately 21.80% in the NEMS for 2014. Its major competitors include Senoko Energy (formerly Senoko Power) which is owned by a Japanese/French consortium led by Marubeni Group, YTL PowerSeraya that is owned by YTL Group of Malaysia, SembCorp Cogen and Keppel Merlimau Cogen. A new entrant, PacificLight Power Pte Ltd, entered the market in 2014. Tuas Power’s generating units are relatively new with a track record of steady operation and high reliability. The technical and economic parameters of Tuas Power’s units make Tuas Power one of the leaders in Singapore’s power industry.

In the NEMS, power generation companies compete to generate and sell electricity every half-hour by offering their capacity (specifying price/quantity pairs). The EMC, the operator of Singapore’s wholesale electricity market,

determines the least-cost dispatch quantities and the corresponding market-clearing or spot prices based on the offers made by power generation companies. The spot prices in the NEMS reflect the least-cost market solution for the dispatch of energy and provision of operating reserves. In general, this means that each power generation company that submitted an offer below the spot price will be dispatched, and a power generation company that submitted an offer above the spot price will not be dispatched. The spot price that a power generation company receives is a nodal price, which may vary according to their location on the network. Nodal prices would be higher in areas where higher transmission losses are incurred in getting the electricity to the load facilities.

Environmental Regulation

We are subject to the PRC Environmental Protection Law, the regulations of the State Council issued thereunder, the PRC Law on the Prevention and Treatment of Water Pollution, the PRC Law on the Prevention and Treatment of Air Pollution, the Emission Standard of Air Pollutants for Thermal Power Plants thereunder and the PRC Law on Ocean Environment Protection (collectively the “National Environmental Laws”) and the environmental rules promulgated by the Local Governments in whose jurisdictions our various power plants are located (the “Local Environmental Rules”). According to the National Environmental Laws, the State Environmental Protection Bureau sets national environmental protection standards and local environmental protection bureaus may set stricter local standards. Enterprises are required to comply with the stricter of the two standards.

At present, new projects are subject to the environmental evaluation approval. The project proposal is required to be submitted to the State Environmental Protection Administration (“SEPA”) for approval.

Effective July 1, 2003, all power plants in China became subject to the pollutant discharge levy system, pursuant to which discharge fees are levied based on the actual amount of pollutants discharged. As a result, all of our power plants are now required to pay discharge fees in such manner. Since 2008, certain provinces have raised the rates of waste disposal fees. In 2011, 2012 and 2013, we paid to the local governments total discharge fees of approximately RMB530 million, RMB543 million and RMB475 million respectively.

In 2011, the PRC Government promulgated a New Emission Standards of Air Pollutants for Thermal Power Plants, which implement more stringent standards on discharge of polluting substances by thermal power plants. These restrictive standards govern both the total sulfur dioxide and nitrous oxide emissions from the power plant and the emission density of each chimney, and also require thermal power plants to equip all units with denitrification facilities by the end of 2015.

In September 2013, the State Council issued the Air Pollution Prevention Action Plan (the "Plan"), setting forth stricter requirements for air pollution prevention and control. Local government departments have released local rules and regulations under the Plan, some of which require higher emission standards than the national ones. Carbon emission trading has been conducted in certain regions on a trial basis and could be gradually introduced to an expanded market in the future. On July 1, 2014, the new pollutants emission standards for thermal power plants and the dust emission standards in key regions will also come into effect. In September 2014, the NDRC, the Ministry of Environmental Protection and the National Energy Administration jointly issued the 2014-2020 Action Plan for Energy Saving, Emission Reduction and Renovation of Coal-fired Generation Units, imposing more strict requirements for efficient and clean development of coal-fired generating plants.

In order to meet with the requirements of the New Emission Standards, we have installed flue gas desulphurization ("FGD") facilities and denitrification facilities with all of our newly constructed generating units. We have also carried out sulfur disposal reform on the existing generating units. As of the end of 2012, we have installed and operated desulphurization facilities on all our existing coal-fired generating units. By the end of 2014, all coal-fired generating units of the Company have been renovated to include denetrification facilities.

In order to reduce fly ash, we use very high-efficiency electrostatic precipitators and conduct efficiency improvement and renovations according to increasingly strict state and local emission standards. Each power plant is also equipped with a wastewater treatment facility to treat water used by the power plant before it is released into the river or the sea. We pay discharge fees on the basis of measurements made at discharge points of each plant where waste is released. All of the disposal equipment and facilities for sulfur dioxide, fly ash, wastewater, nitrogen oxides, smoke dust and noise in our existing power plants completely satisfy the existing national standards.

We believe we have implemented systems that are adequate to control environmental pollution caused by our facilities. In addition to the measures identified above, each power plant has its own environment protection office and staff responsible for monitoring and operating the environmental protection equipment. The environmental protection departments of the local governments monitor the level of emissions and base their fee assessments on the results of their tests.

We believe our environmental protection systems and facilities for the power plants are adequate for us to comply with the currently effective national and local environmental protection regulations. It is expected that the PRC Government will impose additional and stricter regulations to implement the emission plan which would require additional expenditure in compliance with environmental regulations.

Environmental Regulation in Singapore

Tuas Power's generation operations are subjected to Singapore's Environmental Protection and Management Act and Environmental Public Health Act. The former sets out requirements pertaining to control of pollution and management of hazardous substance while the latter focuses mainly on proper waste management.

Tuas Power Station

To address the environmental concerns and regulatory requirements, Tuas Power Station has put in place an environmental management system. All generating units are equipped with pollution control facilities. Stage I steam plant burn low sulfur content fuel oil and employ an electro-precipitator to control sulfur dioxide and particulate emissions. Stage II combined-cycle plants burn natural gas and are fitted with low-nitrogen oxide burners to control nitrogen oxide emissions. Source emission test are conducted annually and the results are submitted to the Pollution Control Department.

Tuas Power Station has a dedicated wastewater treatment plant to treat its oily wastewater and process wastewater prior to discharge into the sea. The treatment processes are automated to prevent accidental adverse discharge and critical parameters are monitored on a real-time basis. Trade effluent testing is performed annually and the results are shared with the Pollution Control Department.

Land contamination is prevented through well-designed storage and containment procedures. Specific areas for storage of waste and hazardous substances are designated within the power plant.

Waste generated in Tuas Power Station plants is identified and managed accordingly. Waste with residual value, such as waste oil, is resold to licensed collectors for reuse while other waste is disposed through licensed disposal contractors.

Hazardous substances which have potential to cause environmental pollution are controlled within the power plant compound. A-hazardous substance permit, issued by the Pollution Control Department, is required to store the hazardous substances in the premises. Operators who handle these chemicals are competent and the storage concept of these substances is designed to prevent and mitigate the impact of any abnormal release. Regular audits are conducted to ensure these hazardous substances are managed properly and the findings and recommendations for improvements are reported to the Pollution Control Department.

TMUC

TMUC utilises an efficient cogeneration process where about 80% of the useful energy from the plant is used to produce steam for industrial customers and the remaining 20% is converted to electricity for internal use and transmission to the national grid. The overall plant system efficiency is up to 70%.

The TMUC plant is designed to comply with stringent environmental standards set by the local authority. TMUC adopts the circulating fluidized bed boiler technology that enable use of high percentage of carbon neutral biomass (palm kernel shell and woodchips) co-fired with clean coal (low sulphur and low ash) to reduce carbon footprint significantly to the same level as oil-fired plant and lower the sulphur and nitrogen oxides emission. High efficiency bag filters are installed to ensure low particulates emission.

Coal, biomass and ash handling, transfer and storage systems at TMUC are fully enclosed to prevent any fugitive dust during unloading, storage and handling operation. Coal and ash are stored in silo while biomass is stored in enclosed warehouse.

Fly ash and bed ash generated from the CFB boilers are fully recycled and processed for use as value-added construction materials.

Oily wastewater and coal/ash washing wastewater are treated prior to discharge. Online monitoring of oil-in-water and suspended solids (through turbidity meter) are carried out for oily wastewater and coal/ash washing wastewater respectively to prevent accidental discharge. Chemical/regeneration wastewater is neutralized prior to discharge. Online monitoring of pH is conducted to prevent accidental discharge. Stop-gates are strategically installed at drain to prevent poor quality effluent/water from entering the sea

Insurance

We currently maintain property all-risks insurance and machinery-breakdown insurance for all of our power plants, and construction all-risks insurance or erection all-risks insurance for all of our newly built and expansion projects as well as large-scaled upgrading projects. Our current insurance coverage on our property, plant and equipment (including construction all-risk insurance) is mainly maintained with Yongcheng Property and Casualty Insurance Company, and co-insured by PICC Property and Casualty Company Ltd. and China Pacific Property Insurance Co., Ltd., which amounted to approximately RMB298 billion. In 2014, we renewed the liabilities insurance for our directors and officers with a coverage of US$10 million.

We do not maintain any third-party liability insurance to cover claims in respect of bodily injury or property or environment damage arising from accidents on our property or relating to our operation other than the third-party additional risk insurance included in construction all-risk insurance or erection all-risk insurance. We do not usually carry business interruption insurance either, which is not customarily carried by power companies in the PRC. We believe that our insurance coverage is adequate and is standard for the power industry in China. Please refer to the section entitled “Risk factors – Risks relating to our business and the PRC’s power industry – Operation of power plants involves many risks and we may not have enough insurance to cover the economic losses if any of our power plant’s

ordinary operation is interrupted."

Tuas Power purchases key insurance policies, such as industrial all-risks insurance, business-interruption insurance, product and public liability insurance, directors' and officers' liability insurance and pollution legal liability insurance. The insured value under industrial all-risks is S$2.72 billion. For the Tembusu Multi-Utilities Complex project, the owner-controlled insurance program covers erection/ construction all-risks insurance with delay in start-up, third party liability insurance and marine cargo insurance with delay in start-up.

ITEM 4A Unresolved Staff Comments

None

ITEM 5 Operating and Financial Review and Prospects

A. General

The principal activities of the Company are investment, construction, operation and management of power plants. The Company provides stable and reliable electricity supply to customers through grid operators where the operating plants are located. The Company is committed to scientific development, increasing economic efficiency, enhancing returns for shareholders, conserving resources and protecting the environment. The Company also attaches importance to social responsibilities and makes active efforts to build a harmonious society.

Since its incorporation, the Company has continued to expand its operating scale. The Company has been the leader in its industry on competitiveness, resources utilization efficiency and environmental protection. The Company is Asia's largest listed power producer. Its power generation operations are widely located with coverage in the Northeast China Grid, the Northern China Grid, the Northwest China Grid, the Eastern China Grid, the Central China Grid, the Southern China Grid, and the overseas coverage in Singapore.

Looking back in 2014, with the strong support of its shareholders, the employees of the Company made active and concerted efforts in response to the changes in power, coal and capital markets by expanding overseas markets, improving marketing analysis and enhancing internal management with a focus on key operations, thorough planning and sound controls. These efforts have contributed to growth of the Company in various aspects in 2014. During 2014, the Company maintained its leading position in major technological and economic indexes through safe production and active marketing activities. It also maintained a leading position in utilization hours in most of the area, where the Company's coal-fired power plants are located. Its fuel management was strengthened, fuel costs were considerably reduced, and financial costs were effectively controlled. Marked improvement was noticeable in the Company's growth quality because of its active power generation restructuring efforts. The Company has also made new developments in energy saving, ultra-low emission, and technological renovation, diligently fulfilling its social responsibilities as a reliable provider of sufficient and clean energy to the society.

Critical accounting policies

The Company and its subsidiaries have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact of and any associated risks related to these policies on the business operations are discussed throughout the Operating and Financial Review and Prospects where such policies affect our reported and expected financial results. For a detailed discussion on the application of these and other accounting policies, see Note 2 to the Financial Statements in Item 18 of this Annual Report on Form 20-F. Note that our preparation of this Annual Report on Form 20-F requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amount of revenue and expenses during the reported periods. There can be no assurance that actual results will not differ from those estimates.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is provided based on book value of assets less estimated residual value over estimated useful life using a straight-line method. For the impaired property, plant and equipment, depreciation is provided based on book value after deducting the impairment provision over estimated useful life of assets. The estimated useful lives are as follows:

	2014
Dam	8 – 50 years
Port facilities	20 – 40 years
Buildings	8 – 30 years
Electric utility plant in service	5 – 30 years
Transportation facilities	8 – 27 years
Others	5 – 14 years

Where parts of an item of property, plant or 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. At the end of each year, the Company and its subsidiaries review the estimated useful life, residual value and the depreciation method of the property, plant and

equipment and make adjustment when necessary.

Useful life of power generation license

The Company and its subsidiaries acquired the power generation license as part of the business combination with Tuas Power. The power generation license is initially recognized at fair value at the acquisition date. The license has an indefinite useful life and is not amortized. The assessment that the license has an indefinite useful life is based on the expected renewal of power generation license without significant restriction and cost, together with the consideration on related future cash flows generated and the expectation of continuous operations. It is tested annually for impairment and carried at cost less accumulated impairment loss. Useful life of the power generation license is reviewed by the Company and its subsidiaries each financial period to determine whether events and circumstances continue to support the indefinite useful life assessment.

Impairment of non-financial assets

The carrying amounts of property, plant and equipment, intangible assets with definite useful lives, land use rights and long-term equity investments not accounted for as financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested for impairment annually regardless of whether there are indications of impairment or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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).

An impairment loss in respect of goodwill is not reversed. Except for goodwill, all impaired non-financial assets are subject to review for possible reversal of impairment at each reporting date. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior year. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

Newly adopted accounting policies

The following new amendments to standards and one interpretation are adopted for the first time for the financial year beginning January 1, 2014.

- 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 consolidated financial statements as the Company and its subsidiaries do not qualify to be investment entities.

- Amendments to IAS 32, 'Financial instruments: Presentation – Offsetting financial assets and financial liabilities' clarify the offsetting criteria in IAS 32 . The amendments do not have any material impact on the consolidated financial statements as they are consistent with the policies already adopted by the Company and its subsidiaries.

- Amendments to IAS 36, 'Impairment of Assets – Recoverable amount disclosures for non-financial assets' 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 consolidated financial statements.

- Amendments to IAS 39, 'Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting' provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have any material impact on the consolidated financial statements as the Company and its subsidiaries have not novated any of its derivatives.

- IFRIC 21 'Levies' provides guidance on when a liability to pay a levy imposed by a government should be recognized. The amendments do not have any material impact on the consolidated financial statements as the guidance is consistent with the Company and its subsidiaries' existing accounting policies.

New accounting pronouncements

For a detailed discussion of new accounting pronouncements, see Note 2(ac) to the Financial Statements.

B. Operating results

Our financial statements are prepared under IFRS as issued by IASB. The following management's discussion and analysis is based on the financial information prepared under IFRS.

Year ended December 31, 2014 compared with year ended December 31, 2013

	For the Year Ended December 31,		
	2014 RMB'000	2013 RMB'000	Increased/ (Decreased) %
Operating revenue	125,406,855	133,832,875	(6)
Tax and levies on operations	(932,485)	(1,043,855)	(11)
Operating expenses			
Fuel	(64,762,908)	(73,807,817)	(12)
Maintenance	(3,729,912)	(3,856,975)	(3)
Depreciation	(11,646,683)	(11,293,522)	3
Labor	(6,259,588)	(5,762,884)	9
Service fees on transmission and transformer facilities of HIPDC	(140,771)	(140,771)	0
Purchase of electricity	(5,055,076)	(4,955,603)	2
Others	(7,604,790)	(8,860,409)	(14)
Total operating expenses	(99,199,728)	(108,677,981)	(9)
Profit from operations	25,274,642	24,111,039	5
Interest income	159,550	170,723	(7)
Financial expenses, net			
Interest expense	(7,814,114)	(7,787,472)	0
Exchange (loss) / gain and bank charges , net	(9,492)	94,109	(110)
Total financial expenses, net	(7,823,606)	(7,693,363)	2
Share of profits less losses of associates and joint ventures	1,315,876	615,083	114
Gain / (loss) on fair value changes of financial assets / liabilities	42,538	(5,701)	846
Other investment income	80,580	224,908	(64)
Profit before income tax expense	19,049,580	17,422,689	9
Income tax expense	(5,487,208)	(4,522,671)	21
Net Profit	13,562,372	12,900,018	5
Attributable to:			
-Equity holders of the Company	10,757,317	10,426,024	3
-Non-controlling interests	2,805,055	2,473,994	13
	13,562,372	12,900,018	5

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For the year ended December 31, 2014, the Company's total power generation on a consolidated basis amounted to 304.869 billion kWh, of which, the domestic power generation of the Company amounted to 294.388 billion kWh, representing a decrease of 7.27% year-on-year. Total electricity sold by the Company's power plants within China was 277.538 billion kWh, representing a decrease of 7.49% over the same period last year.

The main reasons for the decrease in the Company's power output are as follows: firstly, China's economic growth slowed in 2014 and power consumption growth nationwide declined correspondingly. Secondly, the commencement of operation of a number of ultra-high voltage west-to-east power transmission lines in China reduced the power market for thermal power generating units in the southeast coastal regions where a high proportion of thermal power generating units owned the Company are located. Thirdly, most of China experienced a sharp decrease of temperature during the summer in 2014 compared with the same period of 2013 and an increase in rainfall, thus resulting in a lower demand for electricity and a significant decline in power output compared with the higher number registered in 2013. Fourthly, the commencement of operation of many hydropower generating units in the southwest region as well as the abundant water supply in the same region contributed to a significant increase in hydro-power generations, which has reduced the market for thermal power generating units in Yunnan Province as well as Shanghai, Zhejiang, Jiangsu and Guangdong. Meanwhile, power output from thermal power generating units in Liaoning and Fujian were affected by the commencement of operation of large nuclear generating units in these two provinces.

The power generation of the Company's domestic power plants for the year ended December 31, 2014 is listed below (in billion kWh):

Domestic Power Plant	Power generation in 2014	Power generation in 2013	Change	
Liaoning Province				
Dalian	6.423	6.132	4.74	%
Dandong	3.197	3.115	2.64	%
Yingkou	7.980	7.321	9.00	%
Yingkou Co-generation	3.043	3.329	(8.58	)%
Wafangdian Wind Power	0.099	0.111	(11.21	)%
Suzihe Hydropower	0.040	0.027	48.51	%
Changtu Wind Power	0.127	0.093	37.04	%
Inner Mongolia Autonomous Region				
Huade Wind Power	0.217	0.226	(4.14	)%
Hebei Province				
Shang'an	12.836	13.633	(5.85	)%
Kangbao Wind Power	0.085	0.080	6.39	%
Gansu Province				
Pingliang	9.129	10.144	(10.00	)%
Jiuquan Wind Power	0.838	0.887	(5.49	)%
Anbei Wind Power Third	0.039	–	–	
Beijing Municpality				
Beijing Co-generation	4.456	4.686	(4.92	)%
Beijing Co-generation CCGT	4.051	3.980	1.79	%
Tianjin Municipality				
Yangliuqing Co-genertion	6.572	6.851	(4.07	)%
Lingang CCGT Co-generation	0.126	–	–	
Shanxi Province				
Yushe	2.608	2.951	(11.62	)%
Zuoquan	5.999	6.682	(10.22	)%

Shandong Province				
Dezhou	15.348	15.405	(0.37	)%
Jining	5.096	5.050	0.91	%
Xindian	3.303	3.254	1.49	%
Weihai	11.771	11.361	3.61	%
Rizhao Phase II	8.236	7.775	5.93	%
Zhanhua Co-generation	1.674	1.761	(4.93	)%
Henan Province				
Qinbei	20.366	21.927	(7.12	)%
Jiangsu Province				
Nantong	6.752	7.951	(15.08	)%
Nanjing	3.154	3.678	(14.24	)%
Taicang	11.174	11.445	(2.37	)%
Huaiyin	6.486	7.244	(10.47	)%
Jinling CCGT	1.895	2.400	(21.03	)%
Jinling Coal-fired	11.567	12.811	(9.71	)%
Jinling Co-generation	1.358	1.115	21.81	%
Rudong Wind Power	0.113	0.012	839.76	%
Qidong Wind Power	0.379	0.350	8.33	%
Shanghai Municipality				
Shidongkou I	5.665	7.875	(28.06	)%
Shidongkou II	5.190	6.708	(22.63	)%
Shidongkou Power	6.018	7.603	(20.85	)%
Shanghai CCGT	2.097	1.974	6.23	%
Chongqing Municipality				
Luohuang	10.862	14.278	(23.93	)%
Liangjiang CCGT	0.246	–	–	

Domestic Power Plant	Power generation in 2014	Power generation in 2013	Change
Zhejiang Province			
Yuhuan	21.771	24.819	(12.28)%
Changxing	0.488	–	–
Tongxiang CCGT	0.171	–	–
Si'an Photovoltaic	0.000	–	–
Hunan Province			
Yueyang	8.553	9.958	(14.10)%
Xiangqi Hydropower	0.310	0.267	16.16 %
Subaoding Wind Power	0.020	–	–
Hubei Province			
Enshi Maweigou Hydropower	0.042	0.045	(7.41)%
Jiangxi Province			
Jinggangshan	9.244	9.702	(4.72)%
Jianggongling Wind Power	0.001	–	–
Fujian Province			
Fuzhou	13.925	14.666	(5.05)%
Guangdong Province			
Shantou	5.200	5.614	(7.37)%
Haimen	12.270	18.105	(32.20)%
Haimen Power	6.152	–	–
Yunnan Province			
Diandong Energy	5.953	7.527	(20.92)%
Yuwang Energy	3.651	4.553	(19.82)%
Wenbishan Wind Power	0.022	–	–
Total	294.388	317.481	(7.27)%

In 2014, the power generated by Singapore operations accounted for 21.8% of the total power generated in Singapore, representing an increase of 1.2 percentage points from 2013.

In respect of the tariff, the Company's average tariff of domestic power plants for the year ended December 31, 2014 was RMB454.95 per MWh, representing an increase of RMB0.57per MWh from the year ended December 31, 2013. SinoSing Power's average tariff for 2014 was RMB920.74 per MWh, representing a decrease by 7.42% from the same period last year.

In respect of fuel cost, the decrease of coal price and effective cost controls of the Company contributed to reduced fuel costs of the Company. Compared to last year, the unit fuel cost of power sold of the Company's domestic power plants decreased by 7.96% to RMB 201.19 per MWh.

Combining the foregoing factors, the operating revenue of the Company and its subsidiaries for the year ended December 31, 2014 remained generally the same as last year at approximately RMB125.407 billion, representing a decrease of 6.30% from RMB 133.833 billion of last year. For the year ended December 31, 2014, the Company and its subsidiaries recorded a net profit attributable to equity holders of the Company of RMB10.757 billion, representing an increase of 3.18% from the profit of RMB 10.426 billion for the year ended December 31, 2013.

For the year ended December 31, 2014, the profit attributable to equity holders of the Company from domestic power plants was RMB 10.629 billion, representing an increase of RMB 0.316 billion compared to RMB10.313 billion for the same period last year. The increase was primarily attributable to the combined effect of the decrease of coal market price and the decrease of power generation.

For the year ended December 31, 2014, the profit attributable to equity holders of the Company from Singapore operations was RMB 0.128 billion, increased by RMB 0.015 billion compared to the same period last year.

Operating revenue

Operating revenue mainly consists of revenue from power sold. For the year ended December 31, 2014, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB125.407 billion, representing a decrease of 6.30% from RMB133.833 billion for the year ended December 31, 2013. The operating revenue from domestic operations of the Company decreased by RMB8.557 billion over the same period of last year, which is mainly because of reduced power generations. The operation of new generation capabilities contributed RMB1.655 billion to the consolidated revenue of the Company, while the operating revenue generated from existing generating units decreased by RMB10.212 billion.

The operating revenue of Singapore operations increased by RMB0.131 billion for the year ended December 31, 2014 from last year, which is mainly because of increased power output from operation of new generating units and increase of revenue generated from steam sales.

The following table sets forth the average tariff rate of the Company's power plants, as well as percentage changes from 2013 to 2014.

	Average tariff rate (VAT inclusive) (RMB/MWh)			
Power Plant	2014	2013	Change	
Liaoning Province				
Dalian	394.50	407.89	(3.28	)%
Dandong	393.06	401.09	(2.00	)%
Yingkou	399.33	406.85	(1.85	)%
Yingkou Co-generation	399.21	396.96	0.57	%
Wafangdian Wind Power	609.68	632.85	(3.66	)%
Suzihe Hydropower	330.00	330.00	0.00	%
Changtu Wind Power	602.82	605.30	(0.41	)%
Inner Mongolia Autonomous Region				
Huade Wind Power	520.00	520.00	0.00	%
Hebei Province				
Shang'an	429.39	431.15	(0.41	)%
Kangbao Wind Power	538.84	534.47	0.82	%
Gansu Province				
Pingliang	322.72	332.16	(2.84	)%
Jiuquan Wind Power	520.60	520.60	0.00	%
Anbei Third Wind Power	540.00	—	—	
Beijing Municipality				
Beijing Co-generation	699.19	500.06	39.82	%
Tianjin Municipality				
Yangliuqing Co-generation	434.28	438.73	(1.01	)%
Lingang Co-generation CCGT	—	—	—	
Shanxi Province				
Yushe	391.22	393.37	0.55	%
Zuoquan	382.01	389.83	(2.01	)%
Shandong Province				
Dezhou	463.36	464.89	(0.33	)%
Jining	446.73	455.46	(1.92	)%
Xindian	448.55	453.35	(1.06	)%
Weihai	461.18	474.38	(2.78	)%
Rizhao Phase II	441.59	446.38	(1.07	)%
Zhanhua Co-generation	434.71	446.56	(2.65	)%
Henan Province				
Qinbei	435.42	437.01	(0.36	)%
Jiangsu Province				
Nantong	436.00	435.69	0.07	%
Nanjing	436.50	436.35	0.03	%
Taicang I	419.19	432.81	(3.15	)%
Taicang II	395.38	427.58	(7.53	)%
Huaiyin	443.04	449.87	(1.52	)%
Jinling Coal-fired	408.24	428.38	4.70	%
Jinling Combined-Circle	606.21	585.53	3.53	%
Jinling Combined-Cycle Cogeneration	690.00	635.42	8.59	%

Qidong Wind Power	555.92	541.34	2.69	%
Rudong Wind Power	610.00	610.00	0.00	%
Shanghai Municipality				
Shidongkou I	438.21	453.27	3.32	%
Shidongkou II	437.54	442.00	(1.01	)%
Shanghai CCGT	551.48	486.74	13.30	%
Shidongkou Power	449.92	462.02	(2.62	)%
Chongqing Municipality				
Luohuang	440.21	448.57	(1.86	)%
Liangjiang CCGT	—	—	—	
Zhejiang Province				
Yuhuan	468.71	484.79	(3.32	)%
Changxing	431.03	—	—	
Tongxiang Combined-cycle	895.42	—	—	
Hunan Province				
Yueyang	495.31	505.13	(1.94	)%
Xiangqi Hydropower	410.00	390.00	5.13	%
Subaoding Wind Power	494.00	—	—	
Hubei Province				
Enshi Maweigou Hydropower	366.59	356.96	2.70	%
Jiangxi Province				
Jinggangshan	468.92	482.95	(2.91	)%
Jianggongling Wind Power	610.00	—	—	
Fujian Province				
Fuzhou	441.83	442.81	(0.22	)%
Guangdong Province				
Shantou Coal-fired	529.99	541.39	(2.11	)%
Haimen	503.18	514.30	(2.16	)%
Haimen Power	479.55	—	—	
Yunnan Province				
Diandong Energy	401.59	371.30	8.16	%
Yuwang Energy	395.96	377.41	4.91	%
Wenbishan Wind Power	610.00	—	—	
Domestic total	454.95	454.38	0.13	%
Singapore				
SinoSing Power	920.74	994.54	(7.42	)%

Tax and levies on operations

Tax and levies on operations mainly consists of taxes associated with value-added tax surcharges. According to relevant administrative regulations, these surcharges include City Construction Tax and Education Surcharges calculated at prescribed percentages on the amounts of the value-added tax paid. For the year ended December 31, 2014, the tax and levies on operations amounted to RMB0.932 billion, representing a decrease of RMB0.112 billion from RMB1.044 billion for the same period of last year. This is largely due to reduced surcharges resulting from less value added tax payment by the Company during the same period.

Operating expenses

For the year ended December 31, 2014, the total operating expenses of the Company and its subsidiaries was RMB99.200 billion, representing a decrease of 8.72% from the same period last year.

The operating costs and expenses in domestic power plants of the Company decreased by RMB9.659 billion, or 10.17%, from the same period last year, which was primarily attributable to the reduced market price of coal in the PRC.

The operating expenses of Singapore operations increased by RMB0.181 billion, or 1.32%, for the year ended December 31, 2014 from last year. This is mainly because of the commencement of new generating unit in 2014.

Fuel

Fuel cost represents the majority of the operating expense for the Company and its subsidiaries. For the year ended December 31, 2014, fuel cost of the Company and its subsidiaries decreased by 12.25% to RMB64.763 billion from RMB73.808 billion for the year ended December 31, 2013. The fuel costs of domestic power plants decreased by RMB9.384 billion from last year, which was primarily attributable to the lowered coal price in the domestic market.

For the year ended December 31, 2014, the average unit price (excluding tax) of fuel coal was RMB434.88 per ton, representing a decrease of 6.86% from RMB466.91 per ton for the year ended December 31, 2013. The fuel cost per unit of power sold by the Company's domestic coal-fired power plant decreased by 7.96% from RMB218.59/MWh in 2013 to RMB201.19/MWh in 2014.

Fuel costs of Singapore operations was increased by RMB0.339 billion from last year, mainly due to increased fuel costs as a result of increased power generation in Singapore.

Maintenance

For the year ended December 31, 2014, the maintenance expenses of the Company and its subsidiaries amounted to RMB3.730 billion, representing a decrease of RMB0.127 billion from RMB3.857 billion for the year ended December 31, 2013. The maintenance expenses of domestic operations decreased by RMB0.128 billion. The maintenance expenses of Singapore operations increased by approximately RMB1 million.

Depreciation

For the year ended December 31, 2014, depreciation expenses of the Company and its subsidiaries increased by 3.13% to RMB11.647 billion from RMB11.294 billion for the year ended December 31, 2013. The depreciation expenses of the new generation units were RMB0.186 billion.

Labor

Labor costs consist of salaries to employees and contributions payable for employees' housing fund, medical insurance, pension and unemployment insurance, as well as training costs and others. For the year ended December 31, 2014, the labor costs of the Company and its subsidiaries amounted to RMB6.260 billion, representing an 8.62% increase from RMB5.763 billion for the year ended December 31, 2013. This is mainly attributable to the operation of new generation units of the Company, increase of mandatory social insurance contribution, and the increase of employees' performance-related salaries.

Other operating expenses (including purchase of electricity and service fees paid to HIPDC)

Other operating expenses include environmental protection expenses, land fee, insurance premiums, office expenses, amortization, Tuas Power's purchase of electricity, assets impairment losses and non-operating expenses and net loss on disposals of property, plant and equipment. For the year ended December 31, 2014, other operating expenses (including purchase cost of electricity) of the Company and its subsidiaries was RMB12.800 billion, representing a decrease of RMB1.157 billion from RMB13.957 billion for the year ended December 31, 2013.

Other operating expenses from domestic operations of the Company decreased by RMB0.843 billion, due to a subsidy in its amount of RMB0.534 billion from the government, of which RMB0.462 billion was earmarked by Ministry of Finance for Tuas Power and TMUC, a decrease of RMB 0.469 billion of asset disposal losses of certain subsidiaries largely due to technical renovations for energy saving and safe production, a decrease of RMB 0.154 billion for pollution discharge fees and expenses for non-maintenance materials such as desulfurization. The combination of the aforementioned factors led to a decrease in operating expenses, nonwithstanding an increase of RMB0.055 billion from costs of entrusted power generation of certain subsidiaries. The impairment loss for the Company's operation in China increased by RMB1.012 billion, mainly due to the impairment of goodwill arisen from the acquisition of Diandong Energy and Diandong Yuwang as well as the assets impairment of Yingkou port.

Other operating expenses of Singapore operations decreased by RMB0.314 billion. The assets impairment in the operations in Singapore decreased by RMB0.347 billion largely due to the provision of goodwill impairment last year.

Financial expenses

Financial expenses consist of interest expense, bank charges and net exchange differences.

Interest expense

For the year ended December 31, 2014, the interest expenses of the Company and its subsidiaries were RMB7.814 billion, representing an increase of 0.35% from RMB 7.787 billion for the year ended December 31, 2013. The interest expenses from domestic operations increased by RMB0.049 billion.

Net exchange differences and bank charges

For the year ended December 31, 2014, the Company and its subsidiaries registered net losses of RMB9 million in exchange difference and bank charges, representing a net decrease of RMB 103 million compared with the net gains of RMB94 million for the year ended December 31, 2013, mainly because of decrease of exchange gain resulting from weaken of exchange rate between Renminbi and U.S. dollar.

The operations in Singapore registered a net gains of RMB50 million from exchange difference and bank charge, representing an increase of RMB55 million from the net loss of RMB5 million in the last year, mainly due to the strengthen exchange rate between U.S. dollar and Singapore dollar.

Share of profit of associates and joint ventures

For the year ended December 31, 2014, the share of profit of associates and joint ventures was RMB1.316 billion, representing an increase of RMB0.701 billion from RMB0.615 billion from last year, mainly due to increased profit from associates and joint ventures.

Income tax expense

For the year ended December 31, 2014, the Company and its subsidiaries recorded an enterprise income tax expense of RMB5.487 billion, representing an increase of RMB0.964 billion from RMB4.523 billion for the year ended December 31, 2013. The enterprise income tax expense of domestic operations increased by RMB0.999 billion, which was primarily due to the increase of pre-tax profit. The income tax expense of Singapore operations decreased by approximately RMB35 million.

Net Profit, Profit attributable to the equity holders of the Company and non-controlling interests

For the year ended December 31, 2014, the Company and its subsidiaries achieved a net profit of RMB13.562 billion, representing an increase of RMB0.662 billion or 5.13% from RMB12.900 billion for the year ended December 31, 2013. For the year ended December 31, 2014, the profit attributable to equity holders of the Company was RMB10.757 billion, representing an increase of RMB0.331 billion from RMB0.426 billion for the year ended December 31, 2013.

The profit attributable to equity holders of the Company from domestic operations increased by RMB0.316 billion, which was mainly due to the effect of lowered coal market price, which helped to offset the impact of reduced power generation. The profit attributable to equity holders of the Company from Singapore operations was RMB0.128 billion, representing an increase of RMB0.015 million from the same period last year.

The profit attributable to non-controlling interests of the Company increased from RMB2.474 billion for the year ended December 31, 2013 to RMB2.805 billion for the year ended December 31, 2014. This was mainly attributable to the increased profit of the non-wholly owned subsidiaries of the Company.

Year ended December 31, 2013 compared with year ended December 31, 2012

	For the Year Ended December 31,		
	2013 RMB'000	2012 RMB'000	Increased/ (Decreased) %
Operating revenue	133,832,875	133,966,659	-
Tax and levies on operations	(1,043,855)	(672,040)	55
Operating expenses			
Fuel	(73,807,817)	(82,355,449)	(10)
Maintenance	(3,856,975)	(2,846,521)	35
Depreciation	(11,293,522)	(11,032,748)	2
Labor	(5,762,884)	(5,112,484)	13
Service fees on transmission and transformer facilities of HIPDC	(140,771)	(140,771)	-
Purchase of electricity	(4,955,603)	(7,101,878)	(30)
Others	(8,860,409)	(7,747,828)	14
Total operating expenses	(108,677,981)	(116,337,679)	(7)
Profit from operations	24,111,039	16,956,940	42
Interest income	170,723	175,402	(3)
Financial expenses, net			
Interest expense	(7,787,472)	(8,897,097)	(12)
Exchange gain / (loss) and bank charges , net	94,109	(166,778)	(156)
Total financial expenses, net	(7,693,363)	(9,063,875)	(15)
Share of profits less losses of associates and joint ventures	615,083	622,358	(1)
Loss on fair value changes of financial assets / liabilities	(5,701)	(1,171)	387
Other investment income	224,908	187,131	20
Profit before income tax expense	17,422,689	8,876,785	96
Income tax expense	(4,522,671)	(2,510,370)	80
Net Profit	12,900,018	6,366,415	103
Attributable to:			
-Equity holders of the Company	10,426,024	5,512,454	89
-Non-controlling interests	2,473,994	853,961	190
	12,900,018	6,366,415	103

For the year ended December 31, 2013, the Company's total power generation on a consolidated basis amounted to 317.481 billion kWh, representing a 4.98% increase from the year ended December 31, 2012. The increase in the Company's power generation was mainly attributable to the Company efforts to restructure its power generation processes.

The power generation of the Company's domestic power plants for the year ended December 31, 2013 is listed below (in billion kWh):

Domestic Power Plant	Power generation in 2013	Power generation in 2012	Change	
Liaoning Province				
Dalian	6.132	5.980	2.54	%
Dandong	3.115	3.202	(2.72	)%
Yingkou	7.321	7.867	(6.94	)%
Yingkou Co-generation	3.329	3.337	(0.24	)%
Wafangdian Wind Power	0.111	0.102	8.82	%
Suzihe Hydropower	0.027	0.013	107.69	%
Changtu Wind Power	0.093	0.006	1,450.00	%
Inner Mongolia Autonomous Region				
Huade Wind Power	0.226	0.203	11.33	%
Hebei Province				
Shang'an	13.633	14.265	(4.43	)%
Kangbao Wind Power	0.080	0.062	29.03	%
Gansu Province				
Pingliang	10.144	9.214	10.09	%
Jiuquan Wind Power	0.887	0.756	17.33	%
Beijing Municpality				
Beijing Co-generation	4.686	4.636	1.08	%
Beijing Co-generation (CCGT)	3.980	3.955	0.63	%
Tianjin Municipality				
Yangliuqing Co-generation	6.851	6.609	3.66	%
Shanxi Province				
Yushe	2.951	3.405	(13.33	)%
Zuoquan	6.682	6.358	5.10	%
Shandong Province				
Dezhou	15.405	15.400	0.03	%
Jining	5.050	5.097	(0.92	)%
Weihai	11.361	11.608	(2.13	)%
Xindian	3.254	3.256	(0.06	)%
Rizhao Phase II	7.775	7.484	3.89	%
Zhanhua Co-generation	1.761	1.724	2.15	%
Henan Province				
Qinbei	21.927	17.764	23.44	%
Jiangsu Province				
Nantong	7.951	8.406	(5.41	)%
Nanjing	3.678	3.827	(3.89	)%
Taicang	11.445	11.672	(1.94	)%
Huaiyin	7.244	7.152	1.29	%

Jinling CCGT	2.400	3.788	(36.64	)%
Jinling Coal-fired	12.811	11.538	11.03	%
Jinling Co-generation	1.115	—	—	
Rudong Windpower	0.012	—	—	
Qidong Wind Power	0.350	0.357	(1.96	)%
Shanghai Municipality				
Shidongkou I	7.875	7.710	2.14	%
Shidongkou II	6.708	6.472	3.65	%
Shidongkou Power	7.603	7.739	(1.76	)%
Shanghai CCGT	1.974	1.633	20.88	%
Chongqing Municipality				
Luohuang	14.278	12.191	17.12	%
Zhejiang Province				
Yuhuan	24.819	24.116	2.92	%
Hunan Province				
Yueyang	9.958	8.204	21.38	%
Xiangqi Hydropower	0.267	0.183	45.90	%
Hubei Province				
Enshi Hydro	0.045	0.050	(10.00	)%
Jiangxi Province				
Jinggangshan	9.702	8.842	9.73	%
Fujian Province				
Fuzhou	14.666	13.800	6.28	%
Guangdong Province				
Shantou Coal-fired	5.614	6.420	(12.55	)%
Haimen	18.105	12.529	44.50	%
Yunnan Province				
Diandong	7.527	8.509	(11.54	)%
Yuwang	4.553	4.992	(8.79	)%

In 2013, the power generated by Singapore operations accounted for 20.60% of the total power generated in Singapore, decreased by 4.6 percentage points from 2012, mainly attributable to the decreased power generation in Singapore resulting from intensified competition in the Singaporean market.

In respect of the tariff, the average tariff of domestic power plants for the year ended December 31, 2013 was RMB 454.38 per MWh, an increase of RMB0.19 per MWh from the year ended December 31, 2012.

In respect of fuel cost, the decrease of coal price and effective cost controls of the Company contributed to reduced fuel costs of the Company. Compared to last year, the unit fuel cost of power sold of the Company's domestic power plants decreased by 12.50% to RMB218.59 per MWh.

Combining the foregoing factors, the operating revenue of the Company and its subsidiaries for the year ended December 31, 2013 remained generally the same as last year at approximately RMB133.833 billion. For the year ended December 31, 2013, the Company and its subsidiaries recorded a net profit attributable to equity holders of the Company of RMB10.426 billion, representing an increase of 89.14% from the profit of RMB5.512 billion for the year ended December 31, 2012.

For the year ended December 31, 2013, the profit attributable to equity holders of the Company from domestic power plants was RMB10.313 billion, representing an increase of RMB5.842 billion compared to RMB4.471 billion for the same period last year. The increase was primarily attributable to the increase of sold electricity and the decrease of coal market price. The reduced market price of coal was mainly because of the change of coal supply-demand situation within the PRC.

For the year ended December 31, 2013, the profit attributable to equity holders of the Company from Singapore operations was RMB0.113 billion, decreased by RMB0.928 million compared to the same period last year. This is largely attributable to the intensified competition in the power generation market in Singapore as a result of growing power generation capacities, thus reducing the tariff and volume of power generation operations of the Company in the Singaporean market.

Operating revenue

Operating revenue mainly consists of revenue from power sold. For the year ended December 31, 2013, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB133.833 billion, representing a 0.10% decrease from RMB133.967 billion for the year ended December 31, 2012. Due to power generation growth as well as capacity increase of the Company, the operating revenue from domestic power plants increased by approximately RMB5.468 billion. The operating revenue of Singapore operations decreased by approximately RMB5.602 billion for the year ended December 31, 2013 from last year, which is mainly because of the intensified competition in the power generation market in Singapore as a result of growing power generation capacities since 2013, which has reduced the tariff and volume of power generation operations of the Company in overseas market and consequently reduced its operating revenue.

The following table sets forth the average tariff rate of the Company's power plants, as well as percentage changes from 2012 to 2013.

	Average tariff rate (VAT inclusive) (RMB/MWh)		
Power Plant	2013	2012	Change
Liaoning Province			

Dalian	407.89	409.18	(0.32	)%
Dandong	401.09	405.73	(1.14	)%
Yingkou	406.85	409.35	(0.61	)%
Yingkou Co-generation	396.96	397.59	(0.16	)%
Wafangdian Wind Power	632.85	610.82	3.61	%
Suzihe Hydropower	330.00	364.25	(9.40	)%
Changtu Wind Power	605.30	610.00	(0.77	)%
Inner Mongolia Autonomous Region				
Huade Wind Power	520.00	520.00	-	
Hebei Province				
Shang'an	431.15	434.63	(0.80	)%
Kangbao Wind Power	534.47	536.72	(0.42	)%
Gansu Province				
Pingliang	332.16	336.12	(1.18	)%
Jiuquan Wind Power	520.60	520.60	-	
Beijing Municipality				
Beijing Co-generation	500.06	494.00	1.23	%
Tianjin Municipality				
Yangliuqing Co-generation	438.73	438.03	0.16	%
Shanxi Province				
Yushe	393.37	396.56	(0.80	)%
Zuoquan	389.83	383.25	1.72	%
Shandong Province				
Dezhou	464.89	468.90	(0.86	)%
Jining	455.46	459.63	(0.91	)%
Xindian II	453.35	453.75	(0.09	)%
Weihai	474.38	461.89	2.70	%
Rizhao Phase II	446.38	446.90	(0.12	)%
Zhanhua Co-generation	446.56	450.55	(0.89	)%

Power Plant	Average tariff rate (VAT inclusive) (RMB/MWh) 2013	2012	Change
Henan Province			
Qinbei	437.01	441.43	(1.00)%
Jiangsu Province			
Nantong	435.69	441.25	(1.26)%
Nanjing	436.35	442.17	(1.32)%
Taicang I	432.81	430.43	0.55 %
Taicang II	427.58	443.88	(3.67)%
Huaiyin	449.87	458.25	(1.83)%
Jinling			
Qidong Wind Power	541.34	542.65	(0.24)%
Shanghai Municipality			
Shidongkou I	453.27	457.18	(0.86)%
Shidongkou II	442.00	442.13	(0.03)%
Shanghai CCGT	486.74	457.11	6.48 %
Shidongkou Power	462.02	463.85	(0.39)%
Chongqing Municipality			
Luohuang	448.57	448.95	(0.08)%
Zhejiang Province			
Yuhuan	484.79	491.37	(1.34)%
Hunan Province			
Yueyang	505.13	506.87	(0.34)%
Xiangqi Hydropower	390.00	390.00	-
Hubei Province			
Enshi Maweigou Hydropower	356.96	360.00	(0.84)%
Jiangxi Province			
Jinggangshan	482.95	483.90	(0.20)%
Fujian Province			
Fuzhou	442.81	445.64	(0.64)%
Guangdong Province			
Shantou Coal-fired	541.39	542.97	(0.29)%
Haimen	514.30	529.06	(2.79)%
Yunnan Province			
Diandong Energy	371.30	359.58	3.26 %
Yuwang Energy	377.41	361.70	4.34 %
Singapore			
Tuas Power	994.54	1,206.23	(17.55)%

Tax and levies on operations

Tax and levies on operations mainly consists of taxes associated with value-added tax surcharges. According to relevant administrative regulations, these surcharges include City Construction Tax and Education Surcharges calculated at prescribed percentages on the amounts of the value-added tax paid. For the year ended December 31, 2013, the tax and levies on operations amounted to RMB1.044 billion.

Operating expenses

For the year ended December 31, 2013, the total operating expenses of the Company and its subsidiaries was RMB108.678 billion, representing a 6.58% decrease from RMB116.338 billion for the year ended December 31, 2012.

The operating costs and expenses in domestic power plants of the Company decreased by RMB3.310 billion, which was primarily attributable to the balanced results of reduced market price of coal in the PRC and assets impairment and increase of assets disposal loss. The operating expenses of Singapore operations decreased by RMB4.350 billion for the year ended December 31, 2013 from last year. The decrease was mainly because of decreased fuel costs and retail electricity purchase cost as a result of the declined electricity price of Singapore.

Fuel

Fuel cost represents the majority of the operating expense for the Company and its subsidiaries. For the year ended December 31, 2013, fuel cost of the Company and its subsidiaries decreased by 10.38% to RMB73.808 billion from RMB82.355 billion for the year ended December 31, 2012. The fuel costs of domestic power plants decreased by RMB5.976 billion from last year, which was primarily attributable to the reduced market price of coal in the PRC and effective cost controls of the Company.

For the year ended December 31, 2013, the average unit price (excluding tax) of fuel coal was RMB466.91 per ton, representing a 11.28% decrease from RMB526.25 per ton for the year ended December 31, 2012. The fuel cost per unit of power sold by the Company’s domestic coal-fired power plant decreased by 12.50% from RMB249.82/MWh in 2012 to RMB218.59/MWh in 2013.

Fuel costs of Singapore operations was reduced by RMB 2.571 billion from last year, mainly due to decreased fuel costs as a result of declined power generation in Singapore.

Maintenance

For the year ended December 31, 2013, the maintenance expenses of the Company and its subsidiaries amounted to RMB3.857 billion, representing a 35.47% increase from RMB2.847 billion for the year ended December 31, 2012. The maintenance expenses of domestic operations increased by RMB 0.978 billion mainly because of extensive maintenances scheduled in 2013. The maintenance expenses of Singapore operations increased by approximately RMB32 million.

Depreciation

For the year ended December 31, 2013, depreciation expenses of the Company and its subsidiaries increased by 2.37% to RMB11.294 billion from RMB11.033 billion for the year ended December 31, 2012. The depreciation expenses of the new generation units were RMB 0.450 billion.

Labor

Labor costs consist of salaries to employees and contributions payable to relevant state authorities for employees' housing fund, medical insurance, pension and unemployment insurance, as well as training costs and others. For the year ended December 31, 2013, the labor costs of the Company and its subsidiaries amounted to RMB5.763 billion, representing a 12.73% increase from RMB5.112 billion for the year ended December 31, 2012. The increase was mainly attributable to the operation of new generation units of the Company, increase of mandatory social insurance contribution, and the increase of employees' performance-related salaries.

Other operating expenses (including purchase of electricity and service fees paid to HIPDC)

Other operating expenses include environmental protection expenses, land fee, insurance premiums, office expenses, amortization, Tuas Power's purchase of electricity and others. For the year ended December 31, 2013, other operating expenses (including purchase of electricity) of the Company and its subsidiaries was RMB13.957 billion, representing a decrease of RMB1.033 billion from RMB14.990 billion for the year ended December 31, 2012. Other operating expenses from domestic operations of the Company increased by RMB0.825 billion, including RMB 0.639billion from asset retirement losses of certain subsidiaries, RMB0.125 billion from assets impairment, and RMB0.223 billion from replacement electricity costs of ceratin subsidiaries. Other operating expenses of Singapore operations decreased by RMB1.858 billion, of which purchase of electricity decreased by RMB2.146 billion, which was mainly because of intensified competition in the power generation market in Singapore as a result of growing power generation capacities in 2013, which has reduced the electricity tariff. The assets impairment in the operations in Singapore increased by RMB0.319 billion largely due to the provision of goodwill impairment by SinoSing Power.

Financial expenses

Financial expenses consist of interest expense, bank charges and net exchange differences.

Interest expense

For the year ended December 31, 2013, the interest expenses of the Company and its subsidiaries were RMB7.787 billion, representing a decrease of 12.48%, compared with that of RMB8.897 billion for the year ended December 31, 2012. The interest expenses from domestic operations decreased by RMB1.077 billion, primarily attributable to the reduced debts of the Company and a decrease of RMB borrowing interest rates.

Net exchange differences and bank charges

For the year ended December 31, 2013, the exchange gains plus bank charges of the Company and its subsidiaries amounted to RMB94 million, representing a net increase of RMB 261 million compared with the net losses of RMB167 million for the year ended December 31, 2012. The reasons for the increase include reduced borrowing in United States dollars and steady increase of exchange rate between RMB and United States dollars. The operations in Singapore registered a net loss of RMB5 million from exchange difference and bank charge, representing a decrease of RMB117 million, which can mainly be attributable to the increased exchange rate between US dollar and Singaporean dollar.

Share of profit of associates / joint ventures

For the year ended December 31, 2013, the share of profit of associates and joint ventures was RMB615 million, which is similar to the amount in 2012.

Income tax expense

For the year ended December 31, 2013, the Company and its subsidiaries recorded an income tax expense of RMB4.523 billion, representing an increase of RMB2.013 billion or 80.20% from RMB2.510 billion for the year ended December 31, 2012. The income tax expense of domestic operations increased by RMB2.181 billion, which was primarily due to the increase of profit before income tax expense. The income tax expense of Singapore operations decreased by approximately RMB168 million, which was mainly attributable to the decrease of profit before income tax expense.

Net Profit, Profit attributable to the equity holders of the Company and Non-controlling interests

For the year ended December 31, 2013, the Company and its subsidiaries achieved a net profit of RMB12.900 billion, representing an increase of RMB6.534 billion or 102.64% from RMB6.366 billion for the year ended December 31, 2012. For the year ended December 31, 2013, the profit attributable to equity holders of the Company was RMB10.426 billion, representing an increase of RMB4.914 billion from RMB5.512 billion for the year ended December 31, 2012. The profit attributable to equity holders of the Company from domestic operations increased by RMB5.842 billion, which was mainly due to the increased power generation and reduced coal costs. The profit attributable to equity holders of the Company from Singapore operations was RMB113 billion, representing a decrease of RMB928 million from the same period last year. This was primarily because of the decreased market share and electricity sold within Singapore due to the new generation units of other power plant companies in Singapore.

The profit attributable to non-controlling interests of the Company increased RMB1.620 billion from the year ended December 31, 2012 to RMB2.474 billion for the year ended December 31, 2013. This was mainly attributable to the increased profit of the Company.

C. Financial position

General

As of December 31, 2014, total assets of the Company and its subsidiaries were RMB275.172 billion, representing an increase of 4.93% from RMB262.233 billion as of December 31, 2013.

As of December 31, 2014, total liabilities of the Company and its subsidiaries were RMB190.389 billion, representing an increase of 1.79% from RMB187.040 billion as of December 31, 2013.

Assets

As of December 31, 2014, total assets of the domestic operations increased by RMB13.770 billion to RMB246.270 billion, including a net increase of RMB10.373 billion in non-current assets, which is mainly attributable to the increase in the Company and its subsidiaries' capital expenditure on construction projects and increased fair value of available-for-sale financial assets during 2014.

As of December 31, 2014, total assets of the operations in Singapore were RMB28.902 billion, representing a decrease of RMB0.831 billion from the same period last year. Non-current assets decreased by 4.36% to RMB24.377 billion, primarily attributable to depreciation of property, plant and equipment. Current assets increased by 6.60% to RMB4.525 billion, mainly attributable to increased fair value of hedging instruments and increase in inventory of materials and spare parts.

Liabilities

As of December 31, 2014, interest-bearing debts of the Company and its subsidiaries totaled RMB156.135 billion. The interest-bearing debts consist of long-term loans (including those maturing within a year), long-term bonds (including those maturing within a year), short-term loans, short-term bonds, and finance lease payable. The interest-bearing debts denominated in foreign currencies were RMB3.746 billion.

As of December 31, 2014, total liabilities of the operations in Singapore were RMB16.980 billion, representing a decrease of 1.48% from RMB17.235 billion as of December 31, 2013, mainly attributable to the decrease in long-term

loans.

Shareholders’ equity

Excluding the impact of profit and profit appropriations, total equity attributable to equity shareholders of the Company increased as of December 31, 2014 compared to the beginning of the year, including increase of RMB2.454 billion from new share issuance, increase of post-tax impact of RMB 0.840 billion from reduced fair value of tradable stocks held by the Company, decrease of post-tax impact of RMB0.790 billion due to decreased fair value of cash flow hedge of the operations, decrease of RMB0.378 billion from foreign currency translation differences. Non-controlling interests as of December 31, 2014 increased by approximately RMB1.911 billion as compared to the end of the last year.

Major financial position ratios

	2014	2013
Current ratio	0.36	0.35
Quick ratio	0.30	0.28
Ratio of liability and shareholders’ equity	2.71	3.00
Multiples of interest earned	3.21	3.04

Formula of the financial ratios:

Current ratio = balance of current assets as of year end / balance of current liabilities as of year end

Quick ratio = (balance of current assets as of year end – net inventories as of the year end) / balance of current liabilities as of year end

Ratio of liabilities to shareholders' equity = balance of liabilities as of year end / balance of shareholders' equity (excluding non-controlling interests) as of year end

Multiples of interest earned = (profit before income tax + interest expense) / interest expenditure (inclusive of capitalized interest)

The current ratio and quick ratio remained at relatively low levels for the years ended December 31, 2014 and 2013 with slight increase at year-end of 2014 from year-end of 2013. The decrease in the ratio of liabilities and shareholders' equity at the year end of 2014 compared with that of 2013 was primarily due to the increased shareholder's equity as a result of profit increase of the Company and issuance of new shares. The multiples of interest earned increased, primarily attributable to the increase of net profit for the year ended December 31, 2014.

D. Liquidity and cash resources

The primary sources of funding for the Company and its subsidiaries have been cash provided by internal funds from operating activities, short-term and long-term loans and proceeds from issuances of bonds, and the primary use of funds have been for working capital, capital expenditure and repayments of short-term and long-term borrowings.

As of December 31, 2014, net current liabilities of the Company and its subsidiaries were approximately RMB66.981 billion. Based on the Company's proven financing record, readily available banking facilities and sound credibility, the Company believes it is able to duly repay outstanding debts, obtain long-term financing and secure funding necessary for its operations. The Company has also capitalized on its good credit record to make short-term borrowings at relatively lower interest rates, thus reducing its interest expenses.

Cash flows from operating activities

	For the Year Ended December 31,		
	2014	2013	2012
	RMB'000	RMB'000	RMB'000
Cash flows from operating activities			
Profit before income tax expense	19,049,580	17,422,689	8,876,785
Non-cash items adjustments	20,391,789	20,575,691	20,430,486
Changes in working capital	(226,180)	6,777,910	(175,854)
Interest received	97,374	100,278	109,635
Income tax expense paid	(5,992,496)	(4,637,139)	(2,312,970)
Net cash provided by operating activities	33,320,067	40,239,429	26,928,082

Net cash generated by operating activities is the main source of cash for the Company. For the year ended December 31, 2014, net cash generated by operating activities of the Company and its subsidiaries was RMB33.320 billion, of which RMB0.806 billion was from its operating activities in Singapore.

Cash flows used in investing activities

	For the Year Ended December 31,		
	2014	2013	2012
	RMB'000	RMB'000	RMB'000
Cash flows used in investing activities			
Payment for the purchase of property, plant and equipment	(19,858,216)	(17,691,382)	(15,474,614)
Proceeds from disposals of property, plant and equipment	70,712	166,459	949,469
Prepayments of land use rights	(500,100)	(5,947)	(81,382)
Payment for the purchase of other non-current assets	(21,576)	(32,601)	(51,615)
Cash dividend received	565,334	408,166	728,754
Payment for investment in associates and joint ventures	(266,877)	(2,017,853)	(947,574)
Cash paid for acquiring available-for-sale financial assets	-	(200,000)	(500,000)
Cash consideration paid for acquisitions of subsidiaries, net of cash acquired	(17,991)	36,599	(149,048)
Cash received from disposal of trading securities	-	102,784	-

Cash received from disposal of a subsidiary	503,809	6,199	-
Short-term loan repayment from an associate	-	-	100,000
Others	54,092	173,326	116,406
Net cash used in investing activities	(19,470,813)	(19,054,250)	(15,309,604)

Net cash used in investing activities amounted to approximately RMB19.471 billion, RMB19.054 billion and RMB15.310 billion in 2014, 2013 and 2012. The cash used in investing activities in 2014, 2013 and 2012 was mainly attributable to capital expenditure for construction projects.

Cash flows from financing activities

	For the Year Ended December 31,		
	2014	2013	2012
	RMB'000	RMB'000	RMB'000
Cash flows from financing activities			
Issuance of short-term bonds	17,971,000	24,950,000	34,930,000
Repayments of short-term bonds	(15,000,000)	(45,000,000)	(11,000,000)
Proceeds from short-term loans	61,503,204	41,314,000	48,294,295
Repayments of short-term loans	(55,896,200)	(30,869,290)	(64,832,425)
Proceeds from long-term loans	9,647,090	5,091,175	19,425,661
Repayments of long-term loans	(17,522,953)	(12,889,078)	(32,483,848)
Issuance of long-term bonds	3,988,000	6,485,000	4,985,000
Repayment of long-term bonds	(5,700,000)	-	-
Interest paid	(8,097,216)	(8,290,433)	(8,941,814)
Net proceeds from the issuance of new H shares	2,453,986	-	-
Net capital injection from non-controlling interests of the subsidiaries	606,719	868,225	665,333
Government grants	188,406	274,472	266,949
Dividends paid to shareholders of the Company	(5,341,046)	(2,951,631)	(702,867)
Dividends paid to non-controlling interests of the subsidiaries	(1,474,329)	(539,876)	(460,607)
Proceeds from sales leaseback classified as finance lease	1,500,000	-	-
Repayment of state-owned fund received from China Huaneng Group in prior years	-	(640,485)	-
Cash received from disposal of non-controlling interests of a subsidiary	384,702	-	-
Others	(105,543)	(42,167)	37,423
Net cash used in financing activities	(10,894,180)	(22,240,088)	(9,816,900)

Net cash outflow used in financing activities in 2014 amounted to RMB 10.894 billion, which was largely attributable to repayment of short-term and long-term borrowings.

Net cash outflow used in financing activities in 2013 amounted to RMB 22.240 billion, which was primarily attributable to the decreased drawdown of loans, accelerated repayment of its borrowings and increased dividends payment of the Company in 2013, as a result of the increase in cash provided by operating activities.

Net cash outflow used in financing activities in 2012 amounted to RMB 9.817 billion, which was primarily attributable to the decreased drawdown of loans in 2012, as a result of the increase in cash generated by operating activities.

Cash and cash equivalents

	For the Year Ended December 31,		
	2014	2013	2012
	RMB'000	RMB'000	RMB'000
Effect of exchange rate	(58,379)	(108,806)	151,027
Net increase / (decrease) in cash and cash equivalents	2,896,695	(1,163,715)	1,952,605

Cash and cash equivalents, beginning of the year	9,341,672	10,505,387	8,552,782
Cash and cash equivalents as of the end of the year	12,238,367	9,341,672	10,505,387

As of December 31, 2014, the cash and cash equivalents of the Company and its subsidiaries denominated in Renminbi, HK dollar, Singapore dollar and U.S. dollar were RMB7.976 billion, RMB2.445 billion, RMB1.064 billion and RMB0.753 billion, respectively.

As of December 31, 2013, the cash and cash equivalents of the Company and its subsidiaries denominated in Renminbi, Singapore dollar, U.S. dollar, and Japanese Yen were RMB7.689 billion, RMB1.110 billion, RMB0.543 billion, and RMB0. 015 million, respectively.

As of December 31, 2012, the cash and cash equivalents of the Company and its subsidiaries denominated in Renminbi, Singapore dollar, U.S. dollar, Japanese Yen, and HK dollar were RMB7.934 billion, RMB2.143 billion, RMB0.546 billion, RMB0.4 million, and RMB0.5 million, respectively.

Capital expenditure and cash resources

Capital expenditures on construction and renovation projects

The capital expenditures for the year ended December 31, 2014 were RMB20.380 billion, mainly for construction and renovation of projects, including RMB2.277 billion for Changxing expansion project, RMB1.742 billion for Liangjiang Cogeneration project, RMB0.861 billion for Luoyang Cogeneration project, RMB0.853 billion for Jiuquan Wind Power Second, RMB0.611 billion for Qinbei project, RMB0.550 billion for Haimen project, RMB0.525 billion for Subaoding project, RMB0.515 billion for Tongxiang Cogeneration project, RMB0.511 billion for Diandong project, RMB0.510 billion for Luoyuan Project, RMB0.500 billion for Dalian project, RMB0.451 billion for Dongshan Combined-cycle project, RMB0.445 billion for Shang'an project, RMB0.408 billion for Mianchi Cogeneration project, RMB0.393 billion for Taicang Port project, RMB0.332 billion for Lingang Combined-cycle project, RMB0.320 billion for Pingliang project, RMB0.318 billion for Huaiyin II project, RMB0.310 billion for Yueyang project, and RMB0.302 billion for Dezhou project. The capital expenditures of the Company's operations in Singapore were RMB0.456 billion. The expenditures on other projects were RMB7.190 billion.

The capital expenditures on construction and renovation amounted to approximately RMB17.729 billion and RMB15.608 billion in 2013 and 2012, respectively.

The capital expenditures above are sourced mainly from internal capital, cash flows provided by operating activities, and debt and equity financings.

The Company expects to have significant capital expenditures in the next few years. During the course, the Company will make active efforts to improve the project planning process on a commercially viable basis. The Company will also actively develop newly planned projects to pave the way for its long-term growth. The Company expects to finance the above capital expenditures through internal funding, cash flows provided by operating activities, and debt and equity financing.

The following table sets forth the major capital expenditure cash requirements, usage plans and cash resources of the Company for the year 2015.

Project	Capital expenditure arrangements RMB billion	Funding resources arrangements	Financing costs and note on usage
Thermal power projects	10	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Hydropower projects	0.1	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Wind power projects	5.7	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Port projects	0.4	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Coal mining projects	0.9	Internal cash resources and bank loans	Within the floating range of benchmark lending interest

			rates of the PBOC
Photovoltaic power projects	0.2	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Others	0.7	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC
Technology renovation	6.1	Internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of the PBOC

Cash resources and anticipated financing costs

The Company expects to finance its capital expenditure and acquisitions primarily through internal capital, cash flow from operating activities and debt and equity financing.

Good operating results and a sound credit status provide the Company with strong financing capabilities. As of December 31, 2014, the undrawn available banking facilities available to the Company and its subsidiaries amounted to more than RMB190 billion, granted by Bank of China, Construction Bank of China and China Development Bank, among other sources.

On November 13, 2014, the Company issued an aggregate of 365,000,000 H Shares to nine placees at the issue price of HK$8.60 per share. The aggregate gross proceeds from the placing amounted to approximately HK$3,139 million.

As resolved at the 2010 annual general meeting held on May 17, 2011, our Company has been given a mandate to apply to the competent authority for quota of the non-public issuance of debt financing instruments with a principal amount of not exceeding RMB10 billion within 12 months from the date of obtaining an approval at the general meeting (to be issued within such period on a rolling basis). On September 8, 2011, we received the approval from the competent authority. On November 7, 2011, we completed the issuance of the first tranche of non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 5 years, a unit face value of RMB100 and an interest rate of 5.74%. On January 6, 2012, we completed the issuance of the second tranche of the non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 3 years, a unit face value of RMB100 and an interest rate is 5.24%. On June 4, 2013, we completed the issuance of the third tranche of non-public issuance of debt financing instruments in the amount of RMB5 billion with a maturity period of 3 years and an interest rate of 4.82%.

As resolved at the 2010 annual general meeting on May 17, 2011, our Company has been given a mandate to issue one or multiple tranches of financing instruments of RMB-denominated debt instruments of a principal amount up to RMB5 billion in or outside PRC within 12 months from the date of approval at the general meeting. On April 19, 2012, we received an approval regarding the issuance of RMB-denominated debt instruments in Hong Kong in the sum of RMB5 billion issued by the NDRC, approving our Company to issue the RMB-denominated debt instruments in Hong Kong in an aggregate amount of up to RMB5 billion, with an effective period of one year from the date of approval. On January 30, 2013, our Company and the managers entered into a subscription agreement in relation to the proposed issuance of RMB1,500 million bonds due 2016 with an interest rate of 3.85% ("RMB Bonds"). On February 5, 2013, the listing of and dealing in the RMB Bonds became effective.

As resolved at the 2012 annual general meeting on June 19, 2013, our Company has been given a mandate to issue one or multiple tranches of super short-term notes within the PRC in a principal amount not exceeding RMB30 billion on a rolling basis within 24 months of approval by the general shareholders' meeting. on August 22, September 10 and November 3, 2014, we issued super short-term notes in three installments at principal amount of RMB2 billion, RMB3 billion and RMB3 billion and with nominal annual interest rate of 4.63%, 4.63% and 4.00%, respectively. All these series of notes were denominated in RMB, issued at par value, and would mature in 270 days from issuance.

As resolved at the 2012 annual general meeting on June 19, 2013, our Company has been given a mandate to issue one or multiple tranches of short-term notes in the PRC in a principal amount not exceeding RMB 15 billion on a rolling basis within 24 months of approval by the general shareholders' meeting. On April 25 and November 14, 2014, we issued unsecured short-term bonds in two installments each at principal amount of RMB5 billion with nominal annual interest rate of 4.90% and 3.98%, respectively. Each of the bonds was denominated in RMB, issued at par value, and would mature in 365 days from issuance.

As resolved at the 2012 annual general meeting held on June 19, 2013, our Company has been given a mandate to issue non-public debt financing instruments in the PRC in a principal amount of not exceeding RMB10 billion within 24 months from the date of obtaining an approval at the general meeting. On July 11, 2014, we issued mid-term notes at principal amount of RMB4 billion with nominal annual interest rate of 5.30%. The notes were denominated in RMB, issued at par value, and would mature in five years from issuance.

As of December 31, 2014, short-term borrowings of the Company and its subsidiaries totaled RMB43.529 billion (2013: RMB37.937 billion). Loans from banks were charged at interest rates ranging from 4.00% to 6.00% per annum (2013: 2.67% to 6.10%). Short-term bonds payable by the Company and its subsidiaries totaled RMB18.245 billion (2013: RMB15.135 billion).

As of December 31, 2014, long-term borrowings of the Company and its subsidiaries totaled RMB65.031 billion (2013: RMB73.311 billion), including RMB denominated borrowings of RMB48.413 billion (2013: RMB55.342 billion), U.S. dollar denominated borrowings of approximately US$0.542 billion (2013: US$0.616 billion), Euro denominated borrowings of approximately €58 million (2013: €67 million), and Singaporean dollar denominated borrowings of S$2.774 billion (2013: S$2.852 billion). The U.S. dollar denominated borrowings charged at floating interest rate were US$0.539 billion (2013: US$0.608 billion), and all of the borrowings denominated in Singaporean dollar were floating-rate borrowings. For the year ended December 31, 2014, long-term bank borrowings of the Company and its subsidiaries have had interest rates ranging from 0.81% to 6.55% per annum (2013: 0.81% to 6.55%).

As of December 31, 2014, the borrowings for the Singapore operations were all long-term loans approximately in aggregate of RMB12.872 billion, including borrowings denominated in Singapore dollars in the amount of S$2.772 billion, with interest rates 1.98% per annum, and borrowings denominated in U.S. dollars in the amount of US$1.706 million with interest rate of 4.25% per annum.

The Company and its subsidiaries will closely monitor any change in the exchange rate and interest rate markets and cautiously assess the currency and interest rate risks.

Combining the current development of the power generation industry and the growth of the Company, the Company will make continuous efforts not only to meet cash requirements of daily operations, constructions and acquisitions, but also to establish an optimal capital structure to minimize the cost of capital and manage financial risks through effective financial management activities, thus maintaining sustainable and stable returns to the shareholders.

Other financing requirements

The objective of the Company is to bring long-term, steadily growing returns to shareholders. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. In accordance with the profit appropriation plan of the board of directors of the Company (subject to the approval at the shareholders' meeting), the Company expects to pay a cash dividend of RMB 5.480 billion for 2014.

Maturity profile of borrowings

The following table sets forth the maturity profile of the Company's borrowings as of December 31, 2014.

Maturity Profile (RMB in billions)	2015(1)	2016	2017	2018	2019
Principal proposed to be repaid	73.921	20.497	12.592	9.667	10.870
Interest proposed to be repaid	6.697	3.852	2.765	2.236	1.760
Total	80.618	24.349	15.357	11.903	12.630

Note:

(1) The amount of the principal to be repaid in 2015 is relatively large because this includes expected repayment of short-term loans and short-term bonds.

E. Trend information

The major trend of the electricity power market

Based on China Electricity Council's forecast, China's GDP is expected to grow by 7.0% in 2015, and national power consumption is estimated to increase by 4% to 5%, among which, the power consumption by primary industries is estimated to increase by 2%, the power consumption by secondary industries is estimated to increase by 3.5% and the power consumption by tertiary industries is estimated to increase by 8.5%. Residential electricity consumption is estimated to increase by 7%. Total installed generation capacity in the PRC is expected to increase by 100 million KW, representing an increase of 7.5% compared with that of last year, among which its hydro power capacity is espected to increase by 14 milliion KW, thermal power capacity is expected to increase by 44 million KW, nuclear power capacity is expected to increase by 8.76 million KW, on-grid wind power capacity is expected to increase by 19 million KW, and on-grid solar power capacity is expected to increase by 10 million KW. By the end of 2015, the total installed generation capacity in the PRC is expected to reach 1.46 billion KW. The power supply and demand in China are expected to generally ease up with abundant surplus capacity in Northeast and Northwest region, balanced supply and demand in Eastern, Central and Southern regions, and broadly balanced supply in Northern region, where some supply shortage in Shandong, South Hebei, Beijing, Tianjin and Tangshan area still exists during peak hours. As the growth rate of generation capacity would be higher than that of electricity consumption, annual power generation utilization hours in 2015 will experience a slight decline and power generations are expected to grow by about 4% to 5%.

The trend of the fuel supply

We expect to see the Chinese economy shift gear in 2015 from the previous high speed growth model to a medium-to-high-speed growth model that is characterized by improved industry structure and new driving forces. In

domestic coal market, supply will remain in excess of demand, due to excess production capacities. Additionally, coal prices will be subject to the following uncertainties: (i) the government has enacted the Safe Production Law and taken other measures to limit coal production capacities and quantities; and (ii) the newly issued Enviromental Protection Law and Commodity Coal Quality Management Measures is imposing stricter environmental protection measures and requirments for the production of coal, electricity and steel and the inspection of imported coals. We will closely monitor any change in policies and the climate in coal market, continue to cooperate with major coal vendors, timely adjust purchasing strategy, initiate a centralized purchasing program, and take efforts to control fuel costs by improving the management of fuel usage.

The trend of capital market and foreign exchange

In 2015, the PBOC will continue to implement steady monetary policies and make predicative fine-tuning monetary policies from time to time. In respect of the credit market, money suppply is expected to increase as a result of two successive cut of benchmark interest rate and a cut of deposit reserve ratio by the PBOC. In respect of monetary policies, the PBOC will continue to maintain a prudent monetary policy that allows for steady macro-control and flexible micro-adjustment, making on-going efforts to liberalize Renminbi interest rates and improve the mechanism the interest rate regulated.

F. Employee benefits

As of December 31, 2014, the Company and its subsidiaries had 37,737 domestic and overseas employees. The Company and its subsidiaries provided employees with competitive remuneration and linked such remuneration to operating results as working incentives for the employees. Currently, the Company and its subsidiaries do not have any stock or option based incentive plan.

Based on the development plans of the Company and its subsidiaries and the requirements of individual job positions, together with consideration of specific characteristics of individual employees, the Company and its subsidiaries tailored various training programs for their employees on management, technological and otherskills.

All employees of the Company have entered into employment contracts with the Company. The Company's standard contract includes description of the position, responsibilities, compensations and causes of termination. The terms of the employment contracts vary and they generally range from one to five years. The contracts are typically renewable upon expiration by mutual agreement of the Company and the relevant employee.

The Company is unionized, both at its head office and with respect to all power plants. Labor unions are intended to protect the rights of employees, while allowing the Company to achieve economic objectives. They encourage employees' participation in the Company's decision-making process, and serve as mediators in any dispute between the Company and its employees. The Company has experienced no occurrence of any strike or labor dispute which have impact upon the Company's operations. The Company believes that the Company and its employees are in good relationship.

Compensations of our employees consists of salaries, bonuses and allowances. Compensations are linked to performance of the Company as well as the employee. Our employees are also entitled to certain education, healthcare and other benefits and allowances provided by the Company.

The Company maintains social security schemes for its employees pursuant to government regulations. These social security benefits are subject to changes in the relevant law and policy. As of December 31, 2014, the Company has performed its obligation to contribute to these social security schemes and is not aware of any violation of any relevant law or policy.

Based on the development plans of the Company and its subsidiaries and the requirements of individual positions, together with the consideration of specific characteristics of individual employees, the Company and its subsidiaries tailored various training programs for their employees on management skills, technical skills and marketing skills. These programs have enhanced both the knowledge and operational skills of the employees.

G. Guarantees and pledges on loans and restricted assets

As of December 31, 2014, the Company provided a guarantee of approximately RMB12.861 billion for Tuas Power's long-term bank borrowings.

As of December 31, 2014, the details of secured loans of the Company and its subsidiaries are as follows:

(1) The Company pledged certain accounts receivable for certain short-term loans borrowed in 2014. As of December 31, 2014, short-term loans of RMB3.150 billion were secured by accounts receivable of the Company and its subsidiaries with net book value amounting to RMB3.592 billion.

(2) As of December 31, 2014, a short-term loan of RMB40 million was secured by a subsidiary port facility.

(3) As of December 31, 2014, bank borrowings of RMB114.90 million were secured by discount of notes receivable with recourse. The borrowings were so recorded as the underlying discounted notes were not mature yet.

(4) As of December 31, 2014, a long-term loan of RMB37 million of a subsidiary of the Company was secured by territorial water use right with net book value amounting to RMB80.36 million.

(5) As of December 31, 2014, a long-term loan of RMB95 million of a subsidiary of the Company was secured by certain property, plant and equipment with net book value of RMB194 million.

(6) As of December 31, 2014, a long-term loan of approximately RMB10,404 million was secured by future electricity revenue of the Company and its subsidiaries.

(7) As of December 31, 2014, a long-term loan of RMB69 million was secured by a subsidiary's port facility.

As of December 31, 2014, notes payable of RMB13 million were secured by notes receivable of the Company and its subsidiaries with net book value amounted to RMB15 million.

As of December 31, 2014, restricted bank deposits of the Company and its subsidiaries were RMB370 million.

H. Off-balance sheet arrangements

As of December 31, 2014, there were no off-balance sheet arrangements which have or are reasonably likely to have an effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

I. Performance of significant investments and their prospects

The Company acquired a 25% equity interest in Shenzhen Energy Group for RMB2.39 billion on April 22, 2003. In 2011, Shenzhen Energy Group divided into a remainder Company, Shenzhen Energy Group, and a new Company, Shenzhen Energy Management Company, and the Company holds 25% equity interests in each of the two companies. The Company acquired 200 million shares from Shenzhen Energy, a subsidiary of Shenzhen Energy Group, in December 2007. Shenzhen Energy allotted shares with its capital surplus in 2011. In February 2013, Shenzhen Energy merged Shenzhen Energy Management Corporation through the combination of a directional seasoned offering and cash payments to the shareholders of Shenzhen Energy Management Corporation, Shenzhen State-owned Assets Supervision and Administration Commission and the Company. After the merger, the Company directly held 661,161,106 shares, representing 25.02% shares in Shenzhen Energy. These investments brought a profit of RMB479 million to the Company for the year ended December 31, 2014 under IFRS. This investment is expected to provide steady returns to the Company.

The Company has held directly 60% equity interest in Sichuan Hydropower as of December 31, 2006. In January 2007, Huaneng Group increased its capital investment in Sichuan Hydropower by RMB615 million, thus reducing the Company's equity interest in Sichuan Hydropower to 49% and making Huaneng Group the controlling shareholder of Sichuan Hydropower. This investment brought a profit of RMB180 million for the year ended December 31, 2014 under IFRS. This investment is expected to provide steady returns to the Company.

J. Tabular disclosure of contractual obligations and commercial commitments

A summary of payments due by period of our contractual obligations and commercial commitments as of December 31, 2014 is shown in the tables below. A more complete description of these obligations and commitments is included in the Notes to Financial Statements as referenced below.

Contractual Cash Obligations (RMB in millions)	2015	2016-2017	2018-2019	Thereafter	Total
Long-term loans from a shareholder(1)	-	640	-	-	640
Long-term bank loans(1)	6,942	16,614	12,537	26,801	62,894
Other long-term loans(1)	450	1,035	-	11	1,496
Long-term bonds(2)	5,000	14,800	8,000	-	27,800
Interest payments	2,972	4,759	3,349	4,441	15,521
Operating Lease – Head Offce(3)	116	146	-	-	262
Operating Lease – Shang'an Power Plant(3)	2	4	4	48	58
Operating Lease – Nanjing Power Plant(3)	2	4	4	65	75
Operating Lease – Liaoning Branch(3)	2	1	-	-	3
Operating Lease – Hebei Branch(3)	1	-	-	-	1
Operating Lease – Liaoning Wind Power Branch(3)	1	-	-	-	1
Operating Lease – Dezhou Power Plant(3)	34	68	68	146	316
Operating Lease – Tuas Power Generation Pte Ltd.(3)	25	53	48	928	1,054
	15,547	38,124	24,010	32,440	110,121

Other commercial commitments					
(RMB in millions)	2015	2016-2017	2018-2019	Thereafter	Total
Long – term gas purchase contract(4)	11,800	23,690	23,780	103,490	162,760
Other commitments(3)	21,953	-	-	-	21,953
	33,753	23,690	23,780	103,490	184,713

Notes:

(1) See Note 23 to the Financial Statements, “Long-term Loans”.

(2) See Note 24 to the Financial Statements, “Long-term Bonds”.

(3) See Note 38 to the Financial Statements, “Commitments”.

(4) The numbers shown in the table above were calculated based on the minimum purchases stipulated in the long-term gas contracts disclosed in Note 38 to the Financial Statements.

The Company and its subsidiaries have various defined contribution plans in accordance with the local conditions and practices in the provinces in which they operate. The Company and its subsidiaries pay fixed contributions into separate entities (funds) and will have no further payment obligations if the funds do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Disclosures of the pension plans, including the contribution amounts, are included in Note 36 to the Financial Statements.

K. Sensitivity analysis to impairment test

Goodwill impairment

The Company and its subsidiaries perform test on an annual basis to determine whether there is any impairment in goodwill. In 2014, due to the delay in coal mine construction schedule and continuous lower utilization of the power plants in Yunnan province, the goodwill arising from the acquisition of Diandong Energy and Yuwang Energy have been impaired based on the impairment testing result. The above mentioned goodwill impairment provided in 2014 approximately amounted to RMB641 million in the aggregate.

For goodwill allocated to CGUs in the PRC, changes of assumptions in tariff and fuel price could have affected the results of goodwill impairment assessment. As of December 31, 2014, if tariff had decreased by 1% or 5% from management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against goodwill by approximately RMB357 million and RMB1,113 million, respectively. If fuel price had increased by 1% or 5% from the management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against goodwill by approximately RMB25 million and approximately RMB124 million, respectively.

Property, plant and equipment impairment

The Company and its subsidiaries test whether property, plant and equipment suffered any impairment whenever any impairment indication exists.

In 2014, impairment losses for certain property, plant and equipment of approximately RMB1,359 million have been recognized. Factors leading to the impairment primarily included continuous losses and external environment deterioration in respect of port industry, continuous low level of water inflow to the main dam of a hydropower plant and shut-down of a coal-fired power plant.

Changes of assumptions in tariff and fuel price will affect the result of property, plant and equipment impairment assessment. For power plants assets that are subject to impairment testing, as at December 31, 2014, if tariff had decreased by 1% or 5% from management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against property, plant and equipment by approximately RMB108 million and RMB1,186 million, respectively. If fuel price had increased by 1% or 5% from the management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against property, plant and equipment by approximately RMB8 million and RMB39 million, respectively.

L. Business plan

In 2015, the Company will seek to further improve its market position, encourage technological innovation, and reduce risks, increase its profitability and competitiveness, and improve the sustainability of its operation. For the

power market, the Company will actively take part in market competition and aim to achieve power generation of 345 billion kWh and 4,460 utilization hours in 2015. For the fuel market, the Company will strive to control fuel costs and secure stable fuel supply in the long term. For the capital market, the Company intends to maintain its leading position in the industry in obtaining low cost financing through market means

We will reinforce marketing activities and optimize the adjustment in production operation. We will continue to foster the establishment of a stable and reliable fuel supply system, reinforce the operation and management of Tuas Power in Singapore and strive to increase our market share, so as to create long term, stable and increasing returns for our shareholders.

ITEM 6 Directors, Senior Management and Employees

A. Directors, members of the supervisory committee and senior management

Directors

The table below sets forth certain information concerning our directors as of March 31, 2015. The current term for all of our directors is three years, which will expire in 2017.

Name	Age	Position with us
Cao Peixi	59	Chairman of the Board of Directors
Guo Junming	49	Vice Chairman of the Board of Directors
Liu Guoyue	51	Director, President
Li Shiqi	58	Director

Name	Age	Position with us
Huang Jian	52	Director
Fan Xiaxia	52	Director, Vice President
Mi Dabin	46	Director
Guo Hongbo	46	Director
Xu Zujian	60	Director
Li Song	57	Director
Li Zhensheng	70	Independent Director
Qi Yudong	48	Independent Director
Zhang Shouwen	48	Independent Director
Yue Heng	40	Independent Director
Zhang Lizi	51	Independent Director

CAO Peixi, aged 59, is the Chairman of the Company. He is also the President of Huaneng Group and the Chairman of HIPDC and Huaneng Renewables Co., Ltd. He was the Vice President and the President of China Huadian Corporation and the Chairman of Huadian Power International Corporation Limited. He graduated from Shandong University, majoring in electrical engineering. He holds a postgraduate degree of master in engineering awarded by the Party School of the Central Committee, and is a researcher-grade senior engineer.

GUO Junming, aged 49, is the Vice Chairman of the Company, the Chief Accountant of Huaneng Group, a Director of HIPDC and the Chairman of Huaneng Capital Services Co. Ltd.. He was the Deputy Chief Accountant and the Manager of the Finance Department of Huaneng Group. He graduated from Shanxi Finance and Economic Institute, majoring in business finance and accounting, and holds a bachelor's degree. He is a senior accountant.

LIU Guoyue, aged 51, is a Director and the President of the Company, the Vice President of Huaneng Group, the Chairman of Shanghai Times Shipping Limited Company, a Director of Xi'an Thermal Research Institute Limited Company, an Executive Director of Huaneng Power International Fuel Co., Ltd. and a Director of Tuas Power Ltd., Tuas Power Supply Pte Ltd. and Tuas Power Utilities Pte Ltd.. He was the Vice President of the Company. He graduated from North China Electric Power University, majoring in thermal engineering. He holds a Doctor's degree in engineering. He is a senior engineer.

LI Shiqi, aged 58, is a Director of the Company and the President of HIPDC. He was the Chairman and the Executive Vice Chairman of Huaneng Capital Services Co., Ltd. Mr. Li graduated from Renmin University of China, majoring in finance. He is a senior accountant.

HUANG Jian, aged 52, is a Director of the Company, an Assistant to the President of Huaneng Group, the Executive Vice Chairman of Huaneng Capital Services Co.,Ltd. and the Chairman of Huaneng Hainan Power Ltd and Huaneng Carbon Assets Management Company Limited. He was the Deputy Chief Economist and the Chief of Financial Planning of Huaneng Group. Mr. Huang graduated from the Department of Accounting of Institute of Fiscal Science of the Ministry of Finance with a master's degree in economics. He is a senior accountant.

FAN Xiaxia, aged 52, is a Director and the Vice President of the Company. He was an Assistant to the President of the Company and the General Manager (Officer) of the Company's Zhejiang Branch (Yuhuan Power Plant Preparatory Office). He graduated from the Economic Management School of Tsinghua University with an EMBA degree. He is a senior engineer.

MI Dabin, aged 46, is a Director of the Company, the Vice President of Hebei Construction & Investment Group Co., Ltd. and the Chairman of Hebei Construction & Energy Investment Co., Ltd. He was the Chief Engineer, Vice President and President of Qinhuangdao Power Generation Co., Ltd., the President of Qinhuangdao Thermal Power

Generation Co., Ltd., an assistant to the President and the Head of Production and Operation Department of Hebei Construction & Investment Group Co., Ltd., the President of Qinhuangdao Power Generation Co., Ltd. and Qinhuangdao Thermal Power Generation Co., Ltd.. He graduated from North China Electric Power University, majoring in Power Engineering, and holds a master's degree. He is a senior engineer.

GUO Hongbo, aged 46, is a Director of the Company and the Chairman of Liaoning Energy Investment (Group) Limited Liability Company. He was the Assistant to the president, vice president, Executive vice president, a Director, the president and Vice Chairman of Liaoning Energy Investment (Group) Limited Liability Company. Mr. Guo graduated from Jilin University with a master's degree in administrative management, and holds an MBA degree from Macau University of Science and Technology. He is a profession-grade senior engineer.

XU Zujian, aged 60, is a Director of the Company. He was the Vice President of Jiangsu Provincial International Trust & Investment Corporation, the President of Jiangsu Investment Management Co. Ltd., a Director and Vice President of Jiangsu Guoxin Investment Group Limited, the Chairman of Jiangsu Investment Management Co. Ltd. and the Chairman of Zking Property & Casualty Insurance Co., Ltd. He graduated from Liaoning Finance University, majoring in infrastructure finance, and holds a bachelor's degree. He is a senior economist.

LI Song, aged 57, is a Director of the Company, the Vice President of Fujian Investment and Development Group Co., Ltd., Vice Chairman of CNOOC Fujian Natural Gas Co. Ltd., Vice Chairman of CNOOC Fujian Gas Power Generation Co. Ltd. and CNOOC Fujian Zhangzhou Natural Gas Company Limited and a Director of Fujian Futou Renewable Energy Co., Ltd. She graduated from Xiamen Jimei Finance and Commerce College majoring in Finance, Open College of Party School of the Central Committee majoring in Economic Management, and holds a bachelor's degree from Party School of the Central Committee. She is an accountant.

LI Zhensheng, aged 70, is an Independent Director of the Company and TGOOD Electric Co., Ltd. He was the Head of Shanxi Electric Power and Industrial Bureau, the Chief of Rural Power Department of State Power Corporation, the Chief Economist and Consultant of State Grid Corporation. Mr. Li graduated from Hebei University of Technology with a bachelor's degree. He is also a professor-grade senior engineer.

QI Yudong, aged 48, is the Independent Director of the Company and the Assistant to the Principal of Capital University of Economics and Business. He is also the Head and a Professor (Grade II) of the Chinese Academy of Industry Economy Research, mentor to PhD and post-doctoral tutor (finance discipline). He is an External Supervisor and the Chairman of the Audit Committee under the Supervisory Committee of Hua Xia Bank Co., Ltd. and an Independent Director of Shenzhen Fountain Corporation. He was the Director of the School of Business Administration of Capital University of Economics and Business. He graduated from the Graduate School of Chinese Academy of Social Sciences, majoring in industrial economics, with a PhD in Economics.

ZHANG Shouwen, aged 48, is an Independent Director of the Company and a Professor and Doctoral Mentor in the Law School of Peking University, the Director of Economic Law Institute of Peking University, the Vice President and Secretary General of the Economic Law Research Society of China Law Society, an Independent Director of Guoxin Securities Co., Ltd. and an Independent Director of Minmetals Development Co., Ltd.. He was a lecturer and Associate Professor of the Law School of Peking University. He graduated from the Law School of Peking University with a PhD in Laws.

YUE Heng, aged 40, is an Independent Director of the Company, a Professor, Dean and Doctorate Mentor of Accounting Department of Guanghua Management School of Peking University, and an Independent Director of Sinopharm, Jingjin Filter Press Group Limited and Beijing United Media Information Technology Co., Ltd. He is the winner of the first session of China National Funds for Distinguished Young Scientists, the winner of New Century Excellent Talents of the Ministry of Education 2012, the leading accounting talent of Ministry of Finance, the Councilor of Accounting Society of China and the Deputy Editor-in-Chief of CJAS magazine of Accounting Society of China. He was the Assistant Professor, Associate Professor and Professor of Accounting Department of Guanghua Management School of Peking University. He graduated from Tulane University in the United States with a doctor's degree in accounting.

ZHANG Lizi, aged 51, is an Independent Director of the Company, a Professor and Assistant to the President of North China Electric Power University, and the Executive Deputy Head of the Academy of Modern Electric Power Research. She was successively as an Associate Professor and Associate Head of Faculty of the Beijing Graduate School of North China Electric Power Institute and Beijing Institute of Economic Momentum, a Professor and Head of Faculty of North China Electric Power University. Ms. Zhang graduated from North China Electric Power Institute, majoring in Electric Power System and Its Automation. She holds a doctor's degree.

Supervisors

The table below sets forth certain information concerning our supervisors as of March 31, 2015. The current term for all of our supervisors is three years, which will expire in 2017.

Name	Age	Position with us
Ye Xiangdong	47	Chairman of the Board of Supervisors
Mu Xuan	39	Vice Chairman of the Board of Supervisors
Zhang Mengjiao	50	Supervisor
Gu Jianguo	48	Supervisor
Wang Zhaobin	59	Supervisor
Zhang Ling	54	Supervisor

YE Xiangdong, aged 47, is the Chairman of the Board of Supervisors of the Company and the Vice President of Huaneng Group. He was the Vice President of the Company, and the Executive Director and President of Huaneng Hulunbeier Energy Development Company Ltd.. He graduated from Chongqing University, majoring in thermal energy, and holds a master's degree in Engineering. He is a senior engineer.

MU Xuan, aged 39, is the Vice Chairman of the Board of Supervisors of the Company and the Vice President of Dalian Construction Investment Group Co., Ltd. He was the Officer of Finance Department, the Deputy Head and Head of Budget and Finance Department of Dalian Construction Investment Co., Ltd., the Vice President of Dalian Changxing Island Development and Construction Investment Co., Ltd., the Assistant to the President of Dalian Construction Investment Group Co., Ltd. He graduated from Dongbei University of Finance and Economics, majoring in Technical Economy and Management, and holds a master's degree.

ZHANG Mengjiao, aged 50, is a Supervisor of the Company, the Manager of the Finance Department of HIPDC, a Supervisor of Huaneng Anyuan Generation Co., Ltd., Huaneng DuanZhai Coal & Electricity Co., Ltd., Huaneng Chaohu Power Generation Co., Ltd. and Shaanxi Coal Industry Co., Ltd. and the Chairman of the board of Supervisors of Huaneng Shaanxi Power Generation Co., Ltd.. She was the Deputy Manager of the Finance Department of the Company. She graduated from Xiamen University, majoring in accounting. She holds a master's degree in economics and is a senior accountant.

GU Jianguo, aged 48, is a Supervisor of the Company, the Chairman of Nantong Investment & Management Limited Company and the Vice President of Nantong State-owned Assets Investment Holdings Co., Ltd.. Mr. Gu was the Chief of Nantong Investment Management Centre, and a Director and the President of Nantong Investment & Management Limited Company. He graduated from Shanghai Jiao Tong University with a master's degree. He is an economist.

WANG Zhaobin, aged 59, is a Supervisor of the Company and the Chairman of the Labour Union. He was the Manager of the Administration Department and the Corporate Culture Department of the Company. He graduated from China Beijing Municipal Communist Party School, majoring in economic management, and holds a bachelor's degree. He is a senior corporate culture specialist.

ZHANG Ling, aged 54, is a Supervisor and the Manager of the Audit and Supervisory Department of the Company. She was the Manager of the Equity Management Department of the Company. She graduated from Zhongnan University of Finance and Economics with a bachelor's degree in management, majoring in financial. She is a senior accountant.

Other Executive Officers

GU Biquan, aged 57, is the Vice President and General Counsel of the Company. He was the Secretary to the Board of the Company. He graduated from Beijing Radio and Television University, majoring in Electronics, and holds a college degree. He is an engineer.

ZHOU Hui, aged 51, is the Vice President and Chief Accountant of the Company. She was the Chief Accountant of the Company. She graduated from Renmin University of China, majoring in Financial Accounting, and holds a master's degree in Economics. She is a senior accountant.

ZHAO Ping, aged 52, is the Vice President of the Company. He was the Chief Engineer of the Company. He graduated from Tsinghua University, majoring in thermal engineering, with a master's degree in science and an EMBA degree. He is a researcher-grade senior engineer.

DU Daming, aged 48, is the Vice President and the Secretary to the Board of Directors of the Company. He was the Chief of the Administration Office of Huaneng Group and the Chief of the Office of the Board of Directors of the Company. He graduated from North China Electric Power University, majoring in electric system and automation, with a master's degree in science. He is a senior engineer.

WU Senrong, aged 53, is the Vice President of the Company. He was the Manager of the Human Resources Department of the Company. He graduated from the School of Economics and Management of Tsinghua University, majoring in business administration for senior management, with a bachelor's degree and an EMBA degree. He is a researcher-grade senior engineer.

SONG Zhiyi, aged 54, is the Vice President of the Company. He was the General Manager of Huaneng Northeast Branch and the Head of Construction Department of Huaneng Group. He graduated from the Guanghua Management Institute of Peking University, majoring in business administration, with a bachelor's degree and an MBA degree. He is a senior engineer.

LI Jianmin, aged 53, is the Vice President of the Company. He was the General Manager (Factory Manager) of Huaneng Zhejiang Branch (Yuhuan Power Plant) and the General Manager of Huaneng Hebei Branch. He graduated from North China Electricity College, majoring in power plant and electricity system, with a bachelor's degree in science. He is a researcher-grade senior engineer.

LIU Ranxing, aged 52, is the Vice President of the Company (commencement of term of office: March 2015). He was the President of Huaneng Northeast (Liaoning) Branch, and an Executive Director and President of Huaneng Energy & Communications Holdings Co., Ltd. He graduated from Harbin Institute of Technology, majoring in management engineering, with a master's degree in science. He is a researcher-grade senior engineer.

HE Yong, aged 56, is the Chief Engineer of the Company. He was the Manager of the Safety and Production Department and the Deputy Chief Engineer of the Company. He graduated from Wuhan University, majoring in corporate management, with a master's degree in management. He is a researcher-grade senior engineer.

B. Compensation for Directors, Supervisors and Executive Officers

The table below sets forth the compensation on individual basis for the directors, supervisors and other executive officers for the year ended December 31, 2014:

Name	Position with the Company	Pre-tax Remuneration Paid by the Company in 2014(5) (RMB in thousand)
Directors		
Mr. Cao Peixi	Chairman of the Board of Directors	-
Mr. Guo Junming(3)	Vice Chairman of the Board of Directors	-
Mr. Liu Guoyue	Director and President	653
Mr. Li Shiqi	Director	-
Mr. Huang Jian	Director	-
Mr. Fan Xiaxia	Director and Vice President	974

Name	Position with the Company	Pre-tax Remuneration Paid by the Company in 2014(5)
Mr. Mi Dabin(2)	Director	-
Mr. Guo Hongbo	Director	48
Mr. Xu Zujian	Director	48
Ms. Li Song	Director	-
Mr. Li Zhensheng	Independent Director	74
Mr. Qi Yudong	Independent Director	74
Mr. Zhang Shouwen	Independent Director	74
Mr. Yue Heng(2)	Independent Director	-
Ms. Zhang Lizi(2)	Independent Director	-
Mr. Huang Long(1)	Vice Chairman of the Board of Directors	-
Mr. Shan Qunying(1)	Director	48
Mr. Xie Rongxing(1)	Director	48
Mr. Shao Shiwei(1)	Independent Director	74
Mr. Wu Liansheng(1)	Independent Director	74
Sub-total:		2,189
Supervisors		
Mr. Ye Xiangdong(2)	Chairman of the Board of Supervisors	-
Mr. Mu Xuan(2)	Vice Chairman of the Board of Supervisors	-
Ms. Zhang Mengjiao	Supervisor	-
Mr. Gu Jianguo	Supervisor	48
Mr. Wang Zhaobin	Supervisor	836
Ms. Zhang Ling	Supervisor	736
Sub-total		1,620
Other Executive officers		
Mr. Gu Biquan	Vice President andGeneral Counsel	839
Ms. Zhou Hui	Vice President and Chief Accountant	839
Mr. Zhao Ping	Vice President	838
Mr. Du Daming	Vice President and Secretary to the Board of Directors	838
Mr. Wu Senrong	Vice President	838
Mr. Song Zhiyi	Vice President	834
Mr. Li Jianmin	Vice President	836
Mr. Liu Ranxing(4)	Vice President	-
Mr. He Yong	Chief Engineer	836
Sub-total:		6,698
Total		10,507

Notes:

(1) Mr. Huang Long, Mr. Shan Qunying, Mr. Xie Rongxing, Mr. Shao Shiwei and Mr. Wu Liansheng retired on September 18, 2014.

(2) Mr. Mi Dabin, Mr. Yue Heng, Ms. Zhang Lizi, Mr. Ye Xiangdong and Mr. Mu Xuan were appointed on September 18, 2014.

(3) Mr. Guo Junming retired as a supervisor and appointed as a director on September 18, 2014.
(4) Mr. Liu Ranxing was appointed on March 24, 2015
(5) The remuneration paid by the Company in 2014 includes fees, basic salaries, performance salaries and pension. Please see Note 37 to the Item 18 Financial Statements, "Directors', supervisors' and senior management's emoluments".

The total remuneration paid to our directors, supervisors and executive officers is comprised of basic salaries, performance salaries and pension. Of these, performance salaries account for approximately 51% of the total remuneration. In addition, directors and supervisors who are also officers or employees of the Company receive certain other benefits, such as subsidized or free health care services, housing and transportation, which are customarily provided by large enterprises in the PRC to their employees. Each of the Company's independent directors receives annual after-tax cash compensation of RMB60,000. We do not have any service contract with any director that provides for benefits upon termination of employment. In 2014, no option was granted to the directors or the supervisors.

C. Board practice

We, in accordance with the resolutions passed at a shareholders' general meeting, have set up four board committees, namely, the Audit Committee, the Strategy Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, and formulated the working regulations for each committees in accordance with relevant rules and regulations. All committees operate in accordance with the working rules and utilize their members' specific backgrounds, experience and industry expertise to provide advice to us, so as to enhance our operation efficiency and to make the decision-making process better informed.

The main duties of the Audit Committee are to assist our board in performing its statutory and fiduciary duties of supervising our accounting, financial reports, internal controls and compliance, including but not limited to, assisting our board in supervising (i) the authenticity of our financial statements; (ii) our compliance with the applicable laws and regulations; (iii) the qualification and independence of our independent auditors; (iv) the performances of our independent auditors and internal auditing department and (v) the control and management of the related-party transactions of the Company

The main duties of the Strategy Committee are to advise on, and conduct research in relation to, our long-term development strategies and decisions regarding significant investments.

The main duties of the Nomination Committee are to conduct research and provide advice in relation to the requirements for selection of directors and managers and the relevant procedures, to search for qualified candidates for the positions of director and manager, to examine the candidates for the positions of director and manager and to advise matters in relation thereto.

The main duties of the Remuneration and Appraisal Committee are to conduct research on the appraisal guidelines for directors and managers, to carry out performance appraisals and provide advice accordingly, and to conduct research on the remuneration policies and proposals regarding the directors and senior management.

The members of Audit Committee are Mr. Yue Heng (Chairman), Mr. Li Zhensheng, Mr. Qi Yudong, Mr. Zhang Shouwen and Ms. Zhang Lizi.

The members of Strategy Committee are Mr. Liu Guoyue (Chairman), Mr. Li Shiqi, Mr. Huang Jian, Mr. Fan Xiaxia, Mr. Li Zhensheng and Ms. Zhang Lizi.

The members of Nomination Committee are Mr. Li Zhensheng (Chairman), Mr. Fan Xiaxia, Mr. Mi Dabin, Ms. Li Song, Mr. Qi Yudong, Mr. Zhang Shouwen and Mr. Yue Heng.

The members of Remuneration and Appraisal Committee are Mr. Qi Yudong (Chairman), Mr. Liu Guoyue, Mr. Guo Hongbo, Mr. Xu Zujian, Mr. Li Zhensheng, Mr. Yue Heng and Ms. Zhang Lizi.

D. Employees

As of December 31, 2014, we have 37,737 employees. Of these, 287 are headquarters management staff, 10,933 are power plant personnel directly involved in the management and operation of the power plants, and the remainder are maintenance personnel, ancillary service workers and others. Over 71% our work force graduated from university or technical college. As of December 31, 2012 and 2013, we had approximately 36,326 and 37,729 employees, respectively.

We conduct continuing education programs for our employees at our head office and at each power plant. We provide training in foreign language, computer, accounting and other areas to our professionals and technicians in their relevant fields. Employees are trained in accordance with the different requirements for professional and managerial positions.

We have reformed the labor system by introducing individual labor contracts. Currently, all employees are employed under employment contracts, which specify the employee’s position, responsibilities, remuneration and grounds for termination. Short-term employment contracts have fixed terms of typically one to five years, at the end of which they may be renewed by agreement of both the Company and the employee.

The contract system imposes discipline, provides incentives to adopt better work methods, and provides us with a greater degree of management control over our work force. We believe that, by linking remuneration to productivity, the contract system has also improved employee morale.

Each of our power plants has a trade union and the employees of our headquarters are also members of a trade union. These trade unions protect employees' rights, aim to fulfill our economic objectives, encourage employees to participate in management decisions and mediate disputes between us and union members. We have not been subject to any strikes or other labor disturbances interfering with our operations, and we believe that our relationships with our employees are good.

Total remuneration of our employees includes salaries, bonuses and allowances. The employees also receive certain benefits in the form of education and health services subsidized by the Company and other miscellaneous subsidies.

In compliance with the relevant regulations, we and our employees participate in the local government pension plan under which all the employees are entitled to pension payments upon retirement. See Note 35 to the Financial Statements.

The Company also participates in the social insurance program administered by the social security institution, under which all employees are entitled to certain social insurance benefits, subject to adjustments in accordance with relevant PRC regulations. The Company is in compliance with all social insurance regulations and has no overdue obligations for any social insurance contribution.

E. Share ownership

None of our directors, supervisors or senior management owns any of our shares.

ITEM 7 Major Shareholders and Related Party Transactions

A. Major shareholders

Our outstanding ordinary shares consist of A Shares and H Shares, each with a par value of RMB1.00 per share. The following table sets forth certain information regarding our major shareholders as of March 31, 2015.

Shareholder	Number of shares	Approximate percentage in the total issued domestic share capital %		Approximate percentage in the total issued share capital %
Huaneng International Power Development Corporation	5,066,662,118	48.25		35.14
China Huaneng Group(1)	1,672,769,384	15.93		11.60
Hebei Provincial Construction Investment Company	603,000,000	5.74		4.18
China Hua Neng Hong Kong Company Limited	472,000,000	-	(2)	3.27

Notes:

(1) Of the 1,672,769,384 shares, 6,246,664 A shares are held by Huaneng Group through its wholly owned subsidiary, Huaneng Capital Services Company Limited and and 111,398,171 domestic shares through its controlling subsidiary, Huaneng Finance Corporation Limited.

(2) 472,000,000 shares are H shares and represent 12.04% of the total issued H shares of the Company and 3.27% of the total issued share capital of the Company.

In 2006, all of our shareholders of non-tradable domestic shares except HIPDC transferred a total of approximately 1.1 billion shares to Huaneng Group, representing 9.24% of our total issued shares. Among others, HPCIC transferred approximately 301 million shares to Huaneng Group, and decreased its shareholdings in the Company to 5.00%.

On April 19, 2006, we carried out our reform plan to convert all non-tradable domestic shares into tradable domestic shares. According to the plan, Huaneng Group and HIPDC transferred a total of 150 million A Shares to our shareholders. As a result, the direct shareholdings of Huaneng Group and HIPDC decreased to 8.75% and 42.03%, respectively.

In June and July of 2008, through its wholly owned subsidiary, China Hua Neng Hong Kong Company Limited, Huaneng Group acquired 20 million H shares from the open market. As a result, the shareholding of Huaneng Group increased to 8.92%.

In 2010, we increased our share capital through non-public issuances of new shares, including A shares and H shares. With the approval of shareholders and relevant PRC governmental authorities, we were authorized to issue (i) not exceeding 1,500 million new A shares by way of placement to not more than 10 designated investors, including Huaneng Group, which would subscribe for no more than 500 million new A shares, and (ii) no more than 500 million new H Shares to China Hua Neng Hong Kong Company Limited (“Hua Neng HK”). On December 23, 2010, we completed the non-public issuance of 1,500 million new A shares (ordinary shares with a par value of RMB1 per share) to 10 designated investors, including Huaneng Group, at the issuance price of RMB5.57 per share. The other nine investors are CCB International Asset Management (Tianjin) Company Limited, China Life Insurance Asset Management Company Limited, New China Life Assurance Company Limited, Harbin Power Equipment Company Limited, China Three Gorges Corporation, Liaoning Energy Investment (Group) Limited Liability Company,

Dongfang Electric Co., Ltd., Dacheng Fund Management Co., Ltd. and China National Offshore Oil Corporation. The shares subscribed by Huaneng Group are subject to a lock-up period of 36 months, and the shares subscribed by other designated investors are subject to a lock-up period of 12 months. On December 28, 2010, we completed the placement of 500 million H shares (ordinary shares with a par value of RMB1 per share) to Hua Neng HK at the subscription price of HK$4.73 per share.

On December 31, 2010, Huaneng Capital Services Company Limited ("Huaneng Capital"), a wholly owned subsidiary of Huaneng Group, acquired 12,876,654 A shares of our Company through the trading system at the Shanghai Stock Exchange, representing 0.09% of the total issued share capital of our Company. Prior to the acquisition, Huaneng Group directly and indirectly controls 7,141,786,667 shares in our Company, representing approximately 50.81% of the total issued share capital of our Company. After the acquisition, Huaneng Group directly and indirectly controls 7,154,663,321 shares of our Company, representing approximately 50.90% of the total issued share capital of our Company. Huaneng Group proposes to continue the acquisition of the A shares of our Company in the secondary market through Huaneng Capital or other concerted party(ies) or in its own name within the 12-month period starting December 31, 2010. The aggregate of such acquisition will not exceed 2% (inclusive of the shares acquired this time) of the issued share capital of our Company.

On December 23, 2011, Huaneng Group acquired 143,620,000 A Shares of our Company through China Huaneng Finance Corporation Limited, a controlling subsidiary of Huaneng Group, via the block trading system at the Shanghai Stock Exchange. After the acquisition, Huaneng Group directly and indirectly controled 7,298,283,321 shares of our Company, representing approximately 51.93% of the total issue share capital of our Company.

Before we were established in 1994, HIPDC and seven other promoters entered into the Shareholders' Agreement dated May 31, 1994 (the "Shareholders' Agreement") which, among other things, grants to HIPDC the right to vote all the shares owned by each of the other promoters so as to enable HIPDC to have majority voting rights in general meetings for so long as we are in existence. In addition, directors designated by HIPDC will have majority representation on our board of directors and each of the other promoters will have one representative designated by it appointed as a member of our board of directors. The Shareholders' Agreement also provides that for so long as we are in existence (i) HIPDC and the other signatories to the Shareholders' Agreement will maintain their combined shareholdings to ensure their collective majority control of the Company, (ii) HIPDC has certain priority rights to purchase the shares held by the other signatories to the Shareholders' Agreement, (iii) if HIPDC does not exercise its priority rights to purchase such shares, each of the signatories to the Shareholders' Agreement other than HIPDC shall have a priority right to purchase such shares on a pro rata basis, and (iv) no shares may be sold or transferred unless their transferees agree to abide by the terms of the Shareholders' Agreement. As a result of the Shareholders' Agreement, HIPDC holds 70.09% of the total voting rights of the outstanding shares and, subject to the Shareholders' Agreement, has the power to control the election of all of our directors and to direct our management and policies.

On May 12, 2006, HIPDC and other promoters (including the shareholders who assumed the rights and obligations of original promoters as a result of share transfer) entered into an amendment to the Shareholders' Agreement, pursuant to which each promoter shall be entitled to exercise its own voting rights at the shareholders' general meeting. Consequently, HIPDC currently holds 35.14% of our total voting rights. Since HIPDC's parent company, Huaneng Group, currently holds, directly or indirectly, 14.87% of our total voting rights, HIPDC is able to exert control over us when acting in concert with Huaneng Group.

Huaneng Group and HIPDC had previously given a non-compete undertaking to us during our initial public offering of A shares in 2001, in order to support our business development, to integrate relevant quality assets and to avoid business competition. In September 2010, we received from Huaneng Group an undertaking on relevant matters for further avoidance of business competition. While Huaneng Group will continue to perform its undertakings previously given, Huaneng Group further undertakes that: (i) it shall treat us as the only platform for ultimate integration of the conventional energy business of Huaneng Group; (ii) with respect to the conventional energy business assets of Huaneng Group located in Shandong Province, Huaneng Group undertakes that it will take approximately 5 years to improve the profitability of such assets and when the terms become appropriate, it will invest those assets into us. We have a right of first refusal to acquire from Huaneng Group the newly developed, acquired or invested projects which are engaged in the conventional energy business of Huaneng Group located in Shandong Province; (iii) with respect to the other non-listed conventional energy business assets of Huaneng Group located in other provincial administrative regions, Huaneng Group undertakes that it will take approximately 5 years, and upon such assets meeting the conditions for listing, it will invest such assets into us in order to support our sustainable and stable development; and (iv) Huaneng Group will continue to perform each of its undertakings to support the development of its subordinated listed companies.

On June 28, 2014, pursuant to Guideline No. 4 for the Supervision of Listed Companies No.4 - Commitments and Their Fulfillment by Listed Companies and Their Actual Controllers, Shareholders, Related Parties and Acquirers issued by CSRC, Huaneng Group strengthened its aforementioned non-competing undertaking in the following ways: (i) it shall treat us as the only platform for integrating the conventional energy business of Huaneng Group; (ii) with respect to the conventional energy business assets of Huaneng Group located in Shandong Province, Huaneng Group undertakes that by the end of 2016, it will inject such assets into the our Company when the profitability of such assets has been improved and meets our internal requirements for the listing of our assets, which include clear delineation of assets and shares ownership between our Company and Huaneng Group, absence of decrease in earnings per share of the Company after injection and any unlawful events of significance, appreciation of state-owned assets, and certain waivers of shareholder rights by Huaneng Group; (iii) with respect to the other non-listed conventional energy business assets of Huaneng Group in other provincial administrative regions, Huaneng Group undertook that by the

end of 2016, upon such assets meeting the our aforementioned internal requirements, the Group will inject such assets into the Company, with a view to supporting the Company's continuous and stable development; and (iv) Huaneng Group will continue to perform each of its undertakings to support the development of its subordinated listed companies. The period of such undertakings is between June 28, 2014 and December 31, 2016.

On October 13, 2014, the Company signed a number of equity transfer agreements with each of Huaneng Group and HIPDC, pursuant to which the Company acquired the equity interests of ten power companies in total held by Huaneng Group and HIPDC for the consideration of approximately RMB9.276 billion. This transaction further reduced the business competition between the Company and major shareholder, and honoring the undertakings provided by major shareholder to support the development of the Company.

B. Related party transactions

Guarantees

The table below sets forth information on guarantees provided by Huaneng Group, HIPDC and the Company to the related parties in 2014 for the purposes of financing their operation, construction and renovation.

Guarantor	Guarantee	Interest Rate (%)	Largest Amount Outstanding in 2014 (RMB)	Amount Outstanding As of December 31, 2014 (RMB)
Huaneng Group	The Company	6.36	47,837,704.08	16,315,897.41
(Ultimate Parent of the Company)	The Company	LIBOR + 0.075	57,865,516.51	19,358,422.02
	Yangliuqing Power Company(1)	2.15	321,628,569.25	254,845,628.27
HIPDC	The Company	5.00	2,000,000,000.00	2,000,000,000.00
The Company	Tuas Power Company(1)	SIBOR+1.65	11,885,565,887.54	11,216,464,042.81
	Tuas Power Company(1)	SIBOR+1.65	1,742,988,849.27	1,644,866,718.16
Gas Supply Pte. Ltd.	TPGS Green Energy Pte Ltd(1)	4.25	16,745,750.00	10,439,100.00

Note:
(1) These entities are subsidiaries of the Company.

Loans

The table below sets forth the loans made by Huaneng Group, subsidiaries of Huaneng Group, and the Company to the related parties in 2014 for the purposes of financing their operation, construction and renovation.

Lender	Borrower	Interest Rate %	Largest Amount Outstanding in 2014 (RMB)	Outstanding Balance as of December 31, 2014 (RMB)
Huaneng Group (Ultimate Parent of the Company)	The Company	5.400	640,484,600	640,484,600
Huaneng Finance (Subsidiary of Huaneng Group)	The Company	5.400	267,000,000	267,000,000
	Yangliuqing(1)	5.400	150,000,000	150,000,000
	Weihai Power Plant(1)	5.400	100,000,000	100,000,000
	Huaiyin II Power Plant(1)	5.400	100,000,000	100,000,000
	Qinbei Power Plant(1)	5.040	200,000,000	200,000,000
	Yushe Power Plant(1)	5.400	100,000,000	100,000,000
	YushePower Plant(1)	5.040	130,000,000	130,000,000
	Yushe Power Plant(1)	5.600	100,000,000	100,000,000
	Xindian Power Plant(1)	5.700	100,000,000	100,000,000
	Luohuang Power Plant(1)	5.040	200,000,000	200,000,000
	Pingliang Power Plant(1)	5.040	100,000,000	100,000,000
	Yangliuqing Co-generation(1)	5.400	100,000,000	-
	Yangliuqing Co-generation(1)	5.040	200,000,000	200,000,000
	The Company(1)	5.040	200,000,000	200,000,000

	The Company(1)	5.040	200,000,000	200,000,000
	Suzhou Power Plant(1)	5.040	160,000,000	160,000,000
Xi'an Thermal (Subsidiary of Huaneng Group)	Diandong Energy(1)	5.320	200,000,000	200,000,000
China Huaneng Group Clean Energy Technology Research Institute Co. Ltd. (Subsidiary of Huaneng Group)	The Company	5.040	150,000,000	150,000,000
Hua Neng HK (Subsidiary of Huaneng Group)	Beijing Co-Generation(1)	5.400	100,000,000	100,000,000
The Company	Weihai Power Plant(1)	6.000	400,000,000	-
	Weihai Power Plant(1)	5.700	200,000,000	-
	Weihai Power Plant(1)	5.700	200,000,000	-
	Weihai Power Plant(1)	5.700	350,000,000	-
	Weihai Power Plant(1)	5.700	300,000,000	-
	Weihai Power Plant(1)	6.000	280,000,000	-
	Weihai Power Plant(1)	5.535	24,203,000	-

Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Huaiyin II Power Plant(1)	5.700	1,560,000,000	-
	Huaiyin II Power Plant(1)	5.885	1,420,000,000	1,200,000,000
	Taicang II Power Plant(1)	5.700	600,000,000	-
	Taicang II Power Plant(1)	5.700	100,000,000	-
	Taicang II Power Plant(1)	6.000	100,000,000	-
	Taicang II Power Plant(1)	6.600	70,000,000	-
	Taicang II Power Plant(1)	5.885	200,000,000	200,000,000
	Taicang II Power Plant(1)	5.350	100,000,000	100,000,000
	Taicang II Power Plant(1)	6.600	50,000	-
	Taicang Port(1)	6.600	50,000,000	-
	Qinbei Power Plant(1)	5.175	4,200,000	4,200,000
	Qinbei Power Plant(1)	5.600	1,100,000,000	-
	Qinbei Power Plant(1)	5.600	1,000,000,000	-
	Qinbei Power Plant(1)	6.000	1,000,000,000	-
	Qinbei Power Plant(1)	5.350	1,100,000,000	1,100,000,000
	Qinbei Power Plant(1)	5.350	500,000,000	500,000,000
	Yushe Power Plant(1)	5.700	100,000,000	-
	Yushe Power Plant(1)	5.700	100,000,000	-
	Yushe Power Plant(1)	5.700	140,000,000	-
	Yushe Power Plant(1)	5.700	70,000,000	-
	Yushe Power Plant(1)	5.700	70,000,000	-
	Yushe Power Plant(1)	5.700	265,000,000	
	Yushe Power Plant(1)	6.000	100,000,000	-
	Yushe Power Plant(1)	5.600	300,000,000	-
	Yushe Power Plant(1)	5.600	40,000,000	-
	Yushe Power Plant(1)	5.600	160,000,000	-
	Yushe Power Plant(1)	6.031	140,000,000	140,000,000
	Yushe Power Plant(1)	5.762	200,000,000	200,000,000
	Yushe Power Plant(1)	5.885	140,000,000	140,000,000
	Yushe Power Plant(1)	5.350	265,000,000	265,000,000
	Yushe Power Plant(1)	5.350	100,000,000	100,000,000
	Yushe Power Plant(1)	5.350	340,000,000	340,000,000
	Yushe Power Plant(1)	5.350	160,000,000	160,000,000
	Xindian Power Plant(1)	6.000	170,000,000	-
	Xindian Power Plant(1)	6.000	400,000,000	-
	Xindian Power Plant(1)	5.700	85,000,000	-
	Xindian Power Plant(1)	5.700	50,000,000	-
	Xindian Power Plant(1)	5.700	50,000,000	-
	Xindian Power Plant(1)	5.700	1,200,000,000	-
	Xindian Power Plant(1)	5.350	1,285,000,000	1,285,000,000
	Xindian Power Plant(1)	5.350	720,000,000	720,000,000
	Yueyang Power Plant(1)	6.000	900,000,000	-
	Yueyang Power Plant(1)	5.175	14,780,000	14,780,000
	Luohuang Power Plant(1)	5.700	330,000,000	-
	Luohuang Power Plant(1)	5.175	34,500,000	34,500,000

	Pingliang Power Plant(1)	5.700	970,000,000	-
	Pingliang Power Plant(1)	5.700	1,250,000,000	-
	Pingliang Power Plant(1)	5.600	100,000,000	-
	Pingliang Power Plant(1)	5.350	970,000,000	970,000,000
	Pingliang Power Plant(1)	5.350	1,250,000,000	1,250,000,000
	Pingliang Power Plant(1)	5.350	100,000,000	100,000,000
	Shidongkou Power(1)	5.175	5,160,000	5,160,000
	Daditaihong(1)	5.600	88,000,000	-
	Daditaihong(1)	5.600	140,000,000	-
	Daditaihong(1)	5.700	67,000,000	-
	Daditaihong(1)	5.700	200,000,000	-
	Daditaihong(1)	5.762	34,000,000	34,000,000

Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Daditaihong(1)	5.885	200,000,000	200,000,000
	Daditaihong(1)	5.350	140,000,000	140,000,000
	Daditaihong(1)	5.350	68,000,000	68,000,000
	Qidong Wind Power(1)	5.600	360,000,000	-
	Qidong Wind Power(1)	5.350	360,000,000	360,000,000
	Qidong Wind Power(1)	5.350	40,000,000	40,000,000
	Yangliuqing Co-generation(1)	5.580	170,000,000	-
	Yangliuqing Co-generation(1)	5.175	4,390,000	4,390,000
	Xiangqi Hydropower(1)	5.700	100,000,000	-
	Xiangqi Hydropower(1)	5.700	50,000,000	-
	Xiangqi Hydropower(1)	5.700	10,000,000	-
	Xiangqi Hydropower(1)	5.700	10,000,000	-
	Xiangqi Hydropower(1)	5.700	30,000,000	-
	Xiangqi Hydropower(1)	5.600	200,000,000	-
	Xiangqi Hydropower(1)	6.462	100,000,000	-
	Xiangqi Hydropower(1)	5.762	10,000,000	10,000,000
	Xiangqi Hydropower(1)	5.885	100,000,000	100,000,000
	Xiangqi Hydropower(1)	5.885	10,000,000	10,000,000
	Xiangqi Hydropower(1)	5.350	200,000,000	200,000,000
	Xiangqi Hydropower(1)	5.350	20,000,000	20,000,000
	Yingkou Co-generation(1)	5.200	700,000,000	700,000,000
	Yingkou Co-generation(1)	3.720	700,000,000	-
	Yingkou Co-generation(1)	5.600	500,000,000	-
	Yingkou Co-generation(1)	5.350	500,000,000	500,000,000
	Zuoquan Power Plant(1)	5.600	400,000,000	-
	Zuoquan Power Plant(1)	5.700	200,000,000	-
	Zuoquan Power Plant(1)	5.600	500,000,000	-
	Zuoquan Power Plant(1)	5.600	200,000,000	-
	Zuoquan Power Plant(1)	5.320	1,270,000,000	-
	Zuoquan Power Plant(1)	5.350	300,000,000	300,000,000
	Zuoquan Power Plant(1)	5.350	600,000,000	600,000,000
	Zuoquan Power Plant(1)	5.350	500,000,000	500,000,000
	Zuoquan Power Plant(1)	5.350	1,000,000,000	1,000,000,000
	Kangbao Wind Power(1)	6.000	15,000,000	-
	Wafangdian Wind Power(1)	5.600	172,500,000	-
	Wafangdian Wind Power(1)	5.350	142,500,000	142,500,000
	Changtu Wind Power(1)	6.000	24,000,000	-
	Changtu Wind Power(1)	5.762	20,000,000	20,000,000
	Changtu Wind Power(1)	5.885	48,000,000	48,000,000
	Changtu Wind Power(1)	5.885	50,000,000	50,000,000
	Changtu Wind Power(1)	5.350	8,000,000	8,000,000
	Changtu Wind Power(1)	5.350	27,000,000	27,000,000
	Haimen Port(1)	5.700	9,000,000	-

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Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Haimen Port(1)	5.700	14,000,000	-
	Haimen Port(1)	5.700	20,000,000	-
	Haimen Port(1)	5.700	15,000,000	-
	Haimen Port(1)	5.700	40,000,000	-
	Haimen Port(1)	5.700	20,000,000	-
	Haimen Port(1)	6.000	120,000,000	-
	Haimen Port(1)	5.700	42,000,000	-
	Haimen Port(1)	5.600	240,000,000	-
	Haimen Port(1)	5.762	160,000,000	160,000,000
	Haimen Port(1)	5.885	24,000,000	24,000,000
	Haimen Port(1)	5.600	10,000,000	-
	Haimen Port(1)	5.350	120,000,000	120,000,000
	Haimen Port(1)	5.600	30,000,000	-
	Haimen Port(1)	5.350	280,000,000	280,000,000
	Rudong Wind Power(1)	5.700	20,000,000	-
	Rudong Wind Power(1)	5.700	10,000,000	-
	Rudong Wind Power(1)	5.700	20,000,000	-
	Rudong Wind Power(1)	5.700	100,000,000	-
	Rudong Wind Power(1)	5.350	100,000,000	100,000,000
	Zhanhua Co-generation(1)	6.000	750,000,000	750,000,000
	Zhanhua Co-generation(1)	6.000	200,000,000	200,000,000
	Zhanhua Co-generation(1)	5.320	300,000,000	300,000,000
	Hualu Sea Transportation(1)	5.700	35,000,000	-
	Hualu Sea Transportation(1)	5.700	130,000,000	-
	Hualu Sea Transportation(1)	5.762	35,000,000	35,000,000
	Hualu Sea Transportation(1)	5.885	130,000,000	130,000,000
	Fujian Port(1)	5.700	43,000,000	-
	Fujian Port(1)	5.700	780,000,000	-
	Fujian Port(1)	5.700	208,800,000	-
	Fujian Port(1)	5,700	90,000,000	-
	Fujian Port(1)	5.700	30,000,000	-
	Fujian Port(1)	5.700	40,000,000	-
	Fujian Port(1)	5.700	50,000,000	-
	Fujian Port(1)	5.700	38,000,000	-
	Fujian Port(1)	5.700	50,000,000	-
	Fujian Port(1)	6.000	132,000,000	132,000,000
	Fujian Port(1)	6.462	70,000,000	70,000,000
	Fujian Port(1)	6.462	780,000,000	780,000,000
	Fujian Port(1)	6.462	303,000,000	303,000,000
	Fujian Port(1)	6.462	246,800,000	246,800,000
	Diandong Energy(1)	5.700	100,000,000	-
	Diandong Energy(1)	5.201	1,000,000,000	1,000,000,000
	Diandong Energy(1)	5.700	60,000,000	-
	Diandong Energy(1)	5.700	60,000,000	-
	Diandong Energy(1)	6.000	175,000,000	-

Diandong Energy(1)	5.600	100,000,000	-
Diandong Energy(1)	5.600	1,000,000,000	-
Diandong Energy(1)	6.462	200,000,000	-
Diandong Energy(1)	5.762	100,000,000	100,000,000
Diandong Energy(1)	5.885	150,000,000	150,000,000
Diandong Energy(1)	5.885	20,000,000	20,000,000
Diandong Energy(1)	5.350	100,000,000	100,000,000
Diandong Energy(1)	5.350	200,000,000	200,000,000
Diandong Energy(1)	5.350	200,000,000	200,000,000
Diandong Energy(1)	5.350	148,000,000	148,000,000
Diandong Energy(1)	5.350	1,100,000,000	1,100,000,000

Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Yuwang Energy(1)	5.320	200,000,000	-
	Yuwang Energy(1)	5.320	90,000,000	-
	Yuwang Energy(1)	5.600	500,000,000	-
	Yuwang Energy(1)	5.762	300,000,000	100,000,000
	Yuwang Energy(1)	5.885	40,000,000	40,000,000
	Yuwang Energy(1)	5.350	60,000,000	60,000,000
	Yuwang Energy(1)	5.350	60,000,000	60,000,000
	Yuwang Energy(1)	5.350	60,000,000	60,000,000
	Yuwang Energy(1)	5.885	250,000,000	250,000,000
	Yuwang Energy(1)	5.350	480,000,000	480,000,000
	Suzihe Hydropower(1)	6.000	350,400,000	-
	Suzihe Hydropower(1)	5.350	367,100,000	367,100,000
	Suzihe Hydropower(1)	5.350	33,790,000	33,790,000
	Enshi Maweigou Hydropower(1)	5.700	10,000,000	-
	Enshi Maweigou Hydropower(1)	5.700	5,000,000	-
	Enshi Maweigou Hydropower(1)	5.700	100,000,000	-
	Enshi Maweigou Hydropower(1)	5.700	10,000,000	-
	Enshi Maweigou Hydropower(1)	5.700	5,000,000	-
	Enshi Maweigou Hydropower(1)	6.000	234,000,000	-
	Enshi Maweigou Hydropower(1)	6.000	10,000,000	-
	Enshi Maweigou Hydropower(1)	6.462	5,000,000	-
	Enshi Maweigou Hydropower(1)	6.462	10,000,000	-
	Enshi Maweigou Hydropower(1)	6.462	10,000,000	-
	Enshi Maweigou Hydropower(1)	6.462	10,000,000	-
	Enshi Maweigou Hydropower(1)	6.462	40,000,000	-
	Enshi Maweigou Hydropower(1)	6.600	20,000,000	-
	Tongxiang CCGT(1)	5.700	142,000,000	-
	Tongxiang CCGT(1)	5.700	108,000,000	-
	Tongxiang CCGT(1)	5.600	140,000,000	-
	Tongxiang CCGT(1)	5.600	260,000,000	-
	Tongxiang CCGT(1)	6.462	40,000,000	-
	Tongxiang CCGT(1)	5.350	80,000,000	80,000,000

	Tongxiang CCGT(1)	5.350	30,000,000	30,000,000
	Tongxiang CCGT(1)	5.350	200,000,000	200,000,000
	Qingdao Co-generation(1)	5.700	20,000,000	-
	Qingdao Co-generation(1)	5.432	50,000,000	50,000,000
	Qingdao Co-generation(1)	5.350	20,000,000	20,000,000
	Liangjiang CCGT(1)	5.700	150,000,000	-
	Liangjiang CCGT(1)	5.700	300,000,000	-
	Liangjiang CCGT(1)	5.700	252,000,000	-
	Liangjiang CCGT(1)	5.700	5,000,000	-

Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Liangjiang CCGT(1)	5.700	23,000,000	-
	Liangjiang CCGT(1)	5.700	30,000,000	-
	Liangjiang CCGT(1)	5.700	40,000,000	-
	Liangjiang CCGT(1)	5.600	30,000,000	30,000,000
	Liangjiang CCGT(1)	5.320	200,000,000	200,000,000
	Jiangxi Clean Energy(1)	5.600	20,000,000	-
	Jiangxi Clean Energy(1)	6.031	5,000,000	5,000,000
	Jiangxi Clean Energy(1)	5.762	10,000,000	10,000,000
	Jiangxi Clean Energy(1)	5.762	10,000,000	10,000,000
	Jiangxi Clean Energy(1)	5.350	20,000,000	20,000,000
	Suzhou CCGT(1)	5.600	180,000,000	-
	Suzhou CCGT(1)	5.600	20,000,000	-
	Suzhou CCGT(1)	5.600	20,000,000	-
	Suzhou CCGT(1)	5.762	67,264,000	67,264,000
	Suzhou CCGT(1)	5.350	220,000,000	220,000,000
	Subaoding Wind Power(1)	5.700	20,000,000	-
	Subaoding Wind Power(1)	5.700	52,000,000	-
	Subaoding Wind Power(1)	6.462	20,000,000	-
	Dongshan CCGT(1)	5.600	120,000,000	-
	Dongshan CCGT(1)	5.885	50,000,000	50,000,000
	Dongshan CCGT(1)	5.885	30,000,000	30,000,000
	Dongshan CCGT(1)	5.350	11,000,000	11,000,000
	Dongshan CCGT(1)	5.350	34,000,000	34,000,000
	Dongshan CCGT(1)	5.600	200,000,000	-
	Dongshan CCGT(1)	5.350	120,000,000	120,000,000
	International Fuel(1)	6.462	500,000,000	-
	International Fuel(1)	6.462	500,000,000	-
	Fuyuan Wind Power(1)	5.350	20,000,000	20,000,000
	Fuyuan Wind Power(1)	5.762	30,000,000	30,000,000
	Fuyuan Wind Power(1)	5.885	70,000,000	70,000,000
	Fuyuan Wind Power(1)	5.350	32,000,000	32,000,000
	Fuyuan Wind Power(1)	5.885	30,000,000	30,000,000
	Haimen Power(1)	6.250	1,400,000,000	1,120,000,00
	Haimen Power(1)	6.939	1,000,000,000	-
	Haimen Power(1)	6.250	600,000,000	600,000,000
	Haimen Power(1)	5.350	160,000,000	160,000,000
	Haimen Power(1)	5.350	240,000,000	240,000,000
	Haimen Power(1)	5.350	110,000,000	110,000,000
	Haimen Power(1)	5.350	730,000,000	730,000,000
	Luoyang Co-generation(1)	6.490	20,000,000	20,000,000
	Luoyang Co-generation(1)	6.462	80,000,000	80,000,000
	Yingkou Port(1)	5.885	30,000,000	30,000,000
	Yingkou Port(1)	5.885	50,000,000	50,000,000
	Yingkou Xianrendao Co-generation(1)	5.885	40,000,000	40,000,000

Yingkou Xianrendao Co-generation(1)	5.885	16,250,000	16,250,000
Guidong Wind Power(1)	5.762	10,000,000	10,000,000
Guidong Wind Power(1)	5.350	40,000,000	40,000,000
Guidong Wind Power(1)	5.350	60,000,000	60,000,000
Luhe Wind Power(1)	5.762	10,000,000	10,000,000
Luhe Wind Power(1)	5.762	10,000,000	10,000,000

Lender	Borrower	Interest Rate	Largest Amount Outstanding in 2014	Outstanding Balance as of December 31, 2014
	Mianchi Co-generation(1)	5.885	100,000,000	100,000,000
	Mianchi Co-generation(1)	5.885	80,000,000	80,000,000
	Mianchi Co-generation(1)	5.885	20,000,000	20,000,000
	Mianchi Co-generation(1)	5.885	50,000,000	50,000,000
	Mianchi Co-generation(1)	5.885	50,000,000	50,000,000
	Anbei Third Wind Power(1)	6.000	80,000,000	-
	Anbei Third Wind Power(1)	5.350	100,000,000	100,000,000
	Jingling Power(1)	6.000	300,000,000	-
	Panxian Wind Power(1)	5.885	10,000,000	10,000,000
	Panxian Wind Power(1)	5.885	10,000,000	10,000,000
	Panxian Wind Power(1)	5.885	20,000,000	20,000,000
	Panxian Wind Power(1)	5.600	36,000,000	-
	Nanjing CCGT(1)	6.000	400,000,000	400,000,000
	Huaining Wind Power(1)	6.600	10,000,000	10,000,000
	Si'an Photovoltaic(1)	5.350	18,000,000	18,000,000

Note:

(1) These entities are subsidiaries of the Company.

Lease Agreement

Pursuant to a leasing agreement and a supplemental agreement entered into by Huaneng Property Co., Ltd. (formerly known as Beijing Huaneng Mansion Construction and Management Co., Ltd.) and us on April 1, 2010 and July 1, 2011, respectively, Huaneng Construction agreed to lease the designated offices of Huaneng Mansion to us until March 31, 2014. On April 1, 2014, we renewed the leasing agreement with Huaneng Property Co., Ltd. with a total leasing area of 30,428.70 square meters for three years. After renewal, such leasing agreement will expire on March 31, 2017 and the annual rent is RMB116.62 million.

Transactions with Huaneng Group

On December 27, 2013, we entered into the Framework Agreement with Huaneng Group, our ultimate controlling shareholder, for a term commencing on January 1, 2014 and expiring on December 31, 2014. Pursuant to the Huaneng Group Framework Agreement, we will conduct the following transactions with Huaneng Group and its subsidiaries and associates: (i) the purchase of ancillary equipment and parts; (ii) the purchase of coal and transportation services; (iii) the sale of products; (iv) leasing of facilities, land and office spaces; (v) technical services, engineering contracting services and other services; (vi) the provision of entrusted sale services and (vii) trust loans and the entrusted loan. On November 19, 2014, we renewed the Huaneng Group Framework Agreement with Huaneng Group, for a term commencing on January 1, 2015 and expiring on December 31, 2015.

Transactions with Huaneng Finance

On January 5, 2012, we entered into the Huaneng Finance Framework Agreement with Huaneng Finance, a subsidiary of Huaneng Group, for a term commencing on January 1, 2012 and expiring on December 31, 2014. Pursuant to the Huaneng Finance Framework Agreement, we will enter into the following transactions with Huaneng Finance: (i) placing cash deposits by us with Huaneng Finance; (ii) provision of discounting services by Huaneng Finance to us;

and (iii) provision of loan advancement by Huaneng Finance to us. Such transactions will be conducted on an on-going basis and will constitute continuing connected transactions under the Hong Kong Listing Rules. During the period from 2012 to 2014, the maximum outstanding balance of the deposits to be placed with Huaneng Finance under the Huaneng Finance Framework Agreement, on a daily basis, will not exceed RMB6 billion. As of December 31, 2014, we placed with Huaneng Finance current deposits of approximately RMB5,048.72 million, which bore interest rates ranging from 0.35% to 1.35% per annum.

Transactions with Jiangsu Guoxin

On December 27, 2013, we entered into a framework agreement with Jiangsu Province Guoxin Asset Management Group Company Limited ("Jiangsu Guoxin") for a term commencing on January 1, 2014 and expiring on December 31, 2014, pursuant to which our Company and its subsidiaries will provide entrusted sale services to Jiangsu Guoxin. On November 19, 2014, we renewed the agreement with Jiangsu Guoxin for a term commencing on January 1, 2015 and expiring on December 31, 2015.

Entrusted Management Agreement with Huaneng Group

We have entered into certain entrusted management agreement with Huaneng Group in connection with mutual management of electricity assets. Services under such entrusted management arrangements include preliminary project planning, annual budget and comprehensive planning, power marketing, production management of power plants, construction management, financial management, human resources and labor wages management, administration management, legal service management, assets operation and shareholding management, information disclosure management, related party transaction management, risk and internal control management, comprehensive affairs management and reporting/co-ordination management. By entering into these entrusted management arrangements, we aim to further improve the overall and management efficiency of our electricity assets in several provinces via the province level management system of Huaneng Group.

Coal purchases and service fee occurred for transportation

In 2014, we paid RMB373.88 million, RMB1,569.65 million, RMB84.01 million, RMB1,105.10 million and RMB2,705.87 million, respectively, to Huaneng Energy & Communications Holdings Co., Ltd. and its subsidiaries, Rizhao Power Company, North United Power Coal Transportation and Marketing Co., Ltd., Gansu Huating Coal Power Co., Ltd. and Shanghai Time Shipping for coal purchase and service fees incurred for transportation.

Transactions with Huaneng Group and HIPDC

On October 13, 2014, we entered into certain agreements with Huaneng Group on the transfer of equity interests in certain companies previously owned by Huaneng Group, pursuant to which we acquired from Huaneng Group 91.8% equity interests in Huaneng Hainan Power Inc., 75% equity interests in Huaneng Wuhan Power Generation Co. Ltd., 53.45% equity interests in Huaneng Suzhou Thermal Power Co. Ltd., 97% equity interests in Enshi Qingjiang Dalongtan Hydropower Development Co. Ltd. and 100% equity interests in Huaneng Hualiangting Hydropower Co., Ltd. for the consideration of RMB7,337,647,400.

On October 13, 2014, we entered into certain agreements with HIPDC on the transfer of equity interests in certain companies previously owned by HIPDC, pursuant to which we acquired from HIPDC 60% equity interests in Huaneng Chaohu Power Generation Co. Ltd., 100% equity interests in Huaneng Ruijin Power Generation Co., Ltd., 100% equity interests in Huaneng Anyuan Power Generation Co., Ltd., 100% equity interests in Huaneng Jingmen Thermal Power Co., Ltd. and 100% equity interests in Huaneng Yingcheng Thermal Power Co., Ltd. for the consideration of RMB1,938,178,900.

According to the aforesaid transfer agreements, we paid 50% of the consideration of these transactions to Huaneng Group and HIPDC on January 8, 2015. Upon the completion of these transactions, we increased a total installed operational capacity of 7,087.5 MW, installed attributable operational capacity of 5,737.7 MW, and capacity under construction of 2,300 MW.

Establishing Joint Venture with Hua Neng HK

On November 19, 2014, we entered into a joint venture contract with Hua Neng HK to jointly establish Huaneng Rudong Baxianjiao Offshore Wind Power Company Limited (“Baxianjiao Wind Power”), pursuant to which, Baxianjiao Wind Power shall have registered capital of RMB610 million, we will hold 70% of its equity interest and contribute capital of RMB427 million, and Hua Neng HK will hold 30% of its equity interest and contribute capital equivalent to RMB 183 million by U.S. dollars cash remittance.

For a detailed discussion of related party transactions, see Note 35 to the Financial Statements.

C. Interests of experts and counsel

Not applicable.

ITEM 8 Financial Information

A. Consolidated statements and other financial information

See pages F-1 to F-105.

Legal proceedings

Other than that disclosed under “Item 5. Operating and Financial Review and Prospects – G. Guarantees and pledges on loans and restricted assets”, we are not a defendant in any material litigation or arbitration and no litigation or claim of material importance is known to us or any member of the Board of Directors of us to be pending or threatened against us.

Dividend distribution policy

Our articles of association clearly define our cash dividend policy, i.e. when our earnings and accumulative undistributable profits for the current year are positive, and on the condition that our cash flow can satisfy our normal operation and sustainable development, we shall adopt a cash dividend appropriation policy on the principle that the cash dividend payout will not be less than 50% of the distributable profit realized in the then-current year’s consolidated financial statement.

Our Board of Directors will determine the payment of dividends, if any, with respect to our shares on a per share basis. Any final dividend for a financial year shall be subject to shareholders' approval. The Board may declare interim and special dividends at any time under general authorization by a shareholders' ordinary resolution. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on our results of operations, cash flows, financial condition, future prospects and other factors which our Directors may determine as important.

For holders of our H shares, cash dividend payments, if any, shall be declared by our Board of Directors in Renminbi and paid in HK Dollars. The depositary will convert the HK Dollar dividend payments and distribute them to holders of ADSs in U.S. dollars, less expenses of conversion.

Dividends may be paid only out of our distributable profits (less allocation to the statutory funds of 10% of our net income determined in accordance with PRC GAAP) and may be subject to any applicable PRC withholding tax. Our Articles of Association limit our distributable profits to the lower of the amounts determined in accordance with PRC GAAP, and IFRS. Subject to the above, we expect to carry a positive, balanced and stable dividend distribution policy.

Our board has proposed a cash dividend of RMB0.38 per ordinary share (tax inclusive) for the year ended December 31, 2014, which is equivalent to RMB15.2 per ADS. The total dividend to be paid amounts to approximately RMB5,480 million.

B. Significant changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9 The Offer and Listing

A. Offer and listing details and markets

The Company's ADSs have been listed on the New York Stock Exchange since October 6, 1994. The table below sets forth, for the periods indicated, the high and low closing prices of the ADSs on the New York Stock Exchange.

		Closing Price per ADS	
		High (US$)	Low (US$)
2010		25.68	20.77
2011		23.87	15.67
2012		37.15	21.02
2013		49.37	33.83
2014		56.44	31.51
2013	First Quarter	43.95	35.35
	Second Quarter	49.37	33.83
	Third Quarter	43.43	37.22
	Fourth Quarter	44.01	35.58
2014	First Quarter	39.06	31.51
	Second Quarter	45.24	39.17

	Third Quarter	49.21	43.66
	Fourth Quarter	56.44	42.65
2015	First Quarter	59.94	44.2
2014	October	49.55	42.65
	November	49.48	44.56
	December	56.44	46.72
2015	January	59.94	52.79
	February	55.83	46.81
	March	50.43	44.2

Source: Reuters

Each ADS represents 40 H shares. As of March 31, 2015, there were 122 registered holders of American Depositary Receipts evidencing ADS.

On January 21, 1998, we listed our H shares on the Hong Kong Stock Exchange. On February 26, 1998, we placed 250 million H Shares at the price of HK$4.40 per H share or US$22.73 per ADS. In May 2004, we affected a two-for-one stock split by way of a stock dividend for all our outstanding shares including H shares. The table below sets forth, for the periods indicated, the high and low closing prices of H shares on the Hong Kong Stock Exchange.

		Closing Price per H Share	
		High (HK$)	Low (HK$)
2010		5.04	4.10
2011		4.65	3.02
2012		7.19	4.13
2013		9.64	6.21
2014		10.92	6.21
2013	First Quarter	8.54	6.83
	Second Quarter	9.64	6.78
	Third Quarter	8.5	7.13
	Fourth Quarter	8.74	6.87
2014	First Quarter	7.61	6.21
	Second Quarter	8.75	7.57
	Third Quarter	9.52	8.48
	Fourth Quarter	10.92	8.3
2015	First Quarter	11.3	8.54
2014	October	9.52	8.3
	November	9.52	8.56
	December	10.92	8.98
2015	January	11.3	10.28
	February	10.82	9.09
	March	9.75	8.54

As of March 31, 2015, there were 401 registered holders of H Shares.

ITEM 10 Additional Information

A. Share capital

Not applicable.

B. Memorandum and articles of association

The following is a brief summary of certain provisions of our Articles of Association, as amended, the Company Law and certain other applicable laws and regulations of the PRC. Such summary does not purport to be complete. For further information, you and your advisors should refer to the text of our Articles of Association, as amended, and to the texts of the applicable laws and regulations.

Objects and Purposes

We are a joint stock limited company established in accordance with the Standard Opinion for Joint Stock Limited Companies (the "Standard Opinion") and certain other relevant laws and regulations of the PRC. We are registered with the PRC State Administration for Industry and Commerce with business license number Qi Gu Guo Zi No. 000496. Article 10 of our Articles of Association provides that our scope of businesses includes, among other things, investment, construction, operation and management of power plants; development, investment and operation of other export-oriented enterprises related to power plants; and production and supply of thermal heat.

Directors

Our directors shall be elected at our shareholders' general meeting. Because the shares do not have cumulative voting rights, a holder of a majority of the shares is able to elect all of the directors. Our directors shall be elected for a term of three years and may serve consecutive terms upon re-election, except that independent directors may only serve a maximum of two consecutive terms of six years. Our directors are not required to hold any shares in us, and there is no age limit requirement for the retirement or non-retirement of our directors.

Where a director is materially interested, directly or indirectly, in a contract, transaction or arrangement (including any proposed contract, transaction or arrangement) with us, he or she shall declare the nature and extent of his or her interests to the board of directors at the earliest opportunity, whether or not such contract, transaction or arrangement is otherwise subject to the approval of the board. A director shall not vote, and shall not be counted in the quorum of the meeting, on any resolution concerning any contract, transaction or arrangement where the director owns material rights or interests therein. A director is deemed to be interested in a contract, transaction or arrangement in which his associate (as defined by Article 133 of the Articles of Association) is interested.

Unless the interested director discloses his interests to the board and the contract, transaction or arrangement in which the director is materially interested is approved by the board at a meeting in which the director neither votes nor is counted in the quorum, such contract, transaction or arrangement may be revoked by us except with respect to a bona fide party thereto who does not have notice of the director's interests.

We are prohibited from making loans or providing guarantees to our directors and their associates except where such loan or guarantee is made or provided under a service contract as approved by our shareholders at the shareholders' general meeting and to meet expenditure requirement incurred or to be incurred by the director for the purposes of the Company or for the purpose of enabling the director to perform his or her duties properly.

Matters relating to the remuneration of our directors shall be determined by the shareholders' general meeting.

Dividends

Distribution of dividends may be proposed by our board of directors for approval by an ordinary resolution of our shareholders at the shareholders' general meeting. The Articles of Association allows for cash dividends, stock dividends and combination of cash and stock dividends.

Dividends may only be distributed after allowance has been made for:

- recovery of losses, if any;
- allocations to the statutory surplus reserve fund; and
- allocations to a discretionary surplus reserve fund.

The allocation to the statutory surplus reserve fund is 10% of our net income determined in accordance with the PRC accounting rules. Where the accumulated statutory surplus reserve fund has reached 50% or more of our registered capital, no allocation is needed.

The Articles of Association require that cash dividends and other distribution with respect of H Shares be declared in Renminbi and paid by the Company in U.S. dollars or Hong Kong dollar in terms of the H Shares listed on the Hong Kong Stock Exchange. The Articles of Association further stipulate that for dividends and other distributions paid in currencies other than Renminbi, we shall use an exchange rate equal to the median closing exchange rate of Renminbi for such currencies announced by the PBOC for two working days in the week preceding the date on which such dividends or other distributions are declared.

We will appoint receiving agents to receive, on behalf of the holders of H Shares, any dividend distributions and all other money owing by us in respect of such shares (Receiving Agents). The Receiving Agents will comply with the laws and regulations of the applicable stock exchanges on which our shares are listed. Any Receiving Agent appointed on behalf of the holders of H Shares listed on the Hong Kong Stock Exchange will be a company registered as a trust

corporation under the Trustee Ordinance of Hong Kong.

Dividends payments may be subject to PRC withholding tax.

Voting Rights and Shareholders' Meetings

Our board of directors shall convene a shareholders' annual general meeting once every year and within six months from the end of the preceding financial year. Our board shall convene an extraordinary general meeting within two months after the occurrence of any one of the following events:

- where the number of directors is less than the number required by the PRC Company Law or two-thirds of the number specified in our Articles of Association;
- where our unrecovered losses reach one-third of the total amount of our share capital;
- where shareholder(s) holding 10% or more of our issued shares so request(s);

- whenever our board deems necessary or our supervisory committee so requests; or
- other circumstances as provided in the Articles of Association.

Resolutions proposed by shareholder(s) holding 3% or more of the total number of voting shares shall be included in the agenda for the relevant annual general meeting if (i) they are submitted to the board of directors no later than 10 days before the annual general meeting is to be held and (ii) they are matters which fall within the scope of the functions and powers of shareholders' general meeting and have clear subject and concrete terms to be voted upon. The board of directors shall publish a supplementary notice of annual general meeting specifying the resolutions proposed to other shareholders. Upon publication of the supplementary notice, no alteration to the proposed resolutions or addition of other proposed resolutions will be accepted.

All shareholders' meetings must be convened by our board by written notice given to shareholders not less than 45 days before the meeting. Based on the written replies received by us 20 days before a shareholders' meeting, we shall calculate the number of voting shares represented by shareholders who have indicated that they intend to attend the meeting. When the number of voting shares represented by those shareholders amount to more than one-half of our total voting shares, we shall convene the shareholders' general meeting. Otherwise, we shall, within five days before holding the shareholders' general meeting, inform the shareholders again of the motions to be considered and the date and venue of the meeting by way of a public announcement. After the announcement is made, the shareholders' meeting may be convened. The accidental omission by us to give notice of a meeting to, or the non-receipt of notice of a meeting by, a shareholder will not invalidate the proceedings at that shareholders' meeting.

Shareholders at meetings have the power, among other things, to examine and approve our profit distribution plans and plans to recover losses, the annual budget, an increase or reduction of registered share capital, the reports of our board of directors and supervisory committee, the issuance of debentures, and the plans for merger, division, dissolution or liquidation; to elect or remove our directors and supervisors who are not elected as employees' representatives; and to review and amend our Articles of Association. In addition, the rights of a class of shareholders may not be modified or abrogated, unless approved by a special resolution of shareholders at a general shareholders' meeting and by a special resolution of shareholders of that class of shares at a separate meeting. Our Articles of Association enumerate, without limitation, certain amendments which would be deemed to be a modification or abrogation of the rights of a class of shareholders, including increasing or decreasing the number of shares of such class or the number of shares of a class with voting or distribution rights or privileges equal or superior to the shares of such class, removing or reducing rights to receive dividends in a particular currency, and creating shares with voting or distribution rights or privileges equal or superior to the shares of such class.

Each share is entitled to one vote on all such matters submitted to a vote of our shareholders at the shareholders' general meetings, except for meetings of a special class of shareholders where only holders of shares of the affected class are entitled to vote on the basis of one vote per share of the affected class.

Shareholders are entitled to attend and vote at meetings either in person or by proxy. Proxies must be in writing and deposited at our legal address, or such other place as is specified in the meeting notice, not less than 24 hours before the start of the meeting at which the proxy proposes to vote or the time appointed for the passing of the relevant resolution(s). When the instrument appointing a proxy is executed by the shareholder's attorney-in-fact, such proxy when deposited must be accompanied by a notary-certified copy of the relevant power of attorney or other authority under which the proxy was executed.

Except for those actions discussed below which require supermajority votes ("special resolutions"), resolutions of the shareholders are passed by a simple majority of the voting shares held by shareholders who are present in person or by proxy. Special resolutions must be passed by more than two-thirds of the voting shares held by shareholders who are

present in person or by proxy.

The following decisions must be adopted by special resolution:

- an increase or reduction of our registered share capital or the issuance of shares, including stock distributions, of any class, warrants and other similar securities;
- issuance of debentures;
- our division, merger, dissolution, liquidation and change of the legal form;
- amendments to our Articles of Association;
- acquisition or disposal of material assets or providing a guarantee in the amount exceeding 30% of our most recent audited total assets within one year;
- adjustments to our profit distribution policy; and
- any other matters our shareholders have resolved by way of an ordinary resolution at a general meeting to be of a nature which may have a material impact on us and should be adopted by special resolution.

In addition, amendments to the Articles of Association require the approval and consent of the relevant PRC authorities.

All other actions taken by the shareholders, including the appointment and removal of our directors and supervisors and the declaration of cash dividend payments, will be decided by an ordinary resolution of the shareholders.

Any shareholder resolution which is in violation of any laws or regulations of the PRC will be null and void.

Liquidation Rights

In the event of our liquidation, the ordinary shares held by overseas shareholders will rank pari passu with the ordinary shares held by the domestic shareholders, and any of our assets remaining after payments (in order of priority) of (a) the costs of liquidation (b) wages and social insurance fees payable to or for our employees for the past three years prior to the date of liquidation; (c) overdue taxes and tax surcharges, funds and other amounts payable pursuant to the applicable administrative regulations; and (d) bank loans, corporate bonds and other debts, will be divided among our shareholders in accordance with the class of shares and their proportional shareholdings.

Further Capital Call

Shareholders are not liable to make any further contribution to the share capital other than according to the terms, which were agreed to by the subscriber of the relevant shares at the time of subscription.

Increases in Share Capital and Preemptive Rights

The Articles of Association require the approval by a special resolution of the shareholders prior to authorizing, allotting, issuing or granting shares, securities convertible into shares or options, warrants or similar rights to subscribe for any shares or such convertible securities. New issues of shares must also be approved by the relevant PRC authorities.

Shareholders do not have preemptive rights with respect to new issues of shares of the Company.

Reduction of Share Capital and Purchase by Us of Our Shares and General Mandate to Repurchase Shares

We may reduce our registered share capital only upon obtaining the approval of the shareholders by a special resolution and, in certain circumstances, of relevant PRC authorities. The number of H Shares which may be purchased is subject to the Hong Kong Takeovers and Share Repurchase Codes.

Restrictions on Large or Controlling Shareholders

Our Articles of Association provide that, in addition to any obligation imposed by laws and administration regulations or required by the listing rules of the stock exchanges on which our shares are listed, a controlling shareholder shall not exercise his voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders:

(1) to relieve a director or supervisor from his or her duty to act honestly in our best interests;

(2) to approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person) of our assets in any way, including, without limitation, opportunities which may benefit us; or

(3) to approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person) of the individual rights of other shareholders, including, without limitation, rights to distributions and voting rights (save according to a restructuring of our Company which has been submitted for approval by the shareholders in a general meeting in accordance with our Articles of Association).

A controlling shareholder, however, will not be precluded by our Articles of Association or any laws and administrative regulations or the listing rules of the stock exchanges on which our shares are listed from voting on these matters.

A controlling shareholder is defined by our Articles of Association as a shareholder whose capital contribution represents 50% or more of the total capital of our Company, or a shareholder whose shares represent 50% or more of the total issued share capital of our Company, or a shareholder whose capital contribution or shares are less than 50% but obtains significant voting rights to influence the result of the shareholder's general meeting or the resolutions passed thereby.

Disclosure

The Listing Agreement imposes a requirement on us to keep the Hong Kong Stock Exchange, our shareholders and other holders of our listed securities informed as soon as reasonably practicable of any information relating to us and our subsidiaries, including information on any major new developments which are not public knowledge, which:

- is necessary to enable them and the public to appraise the position of us and our subsidiaries;

- is necessary to avoid the establishment of a false market in its securities; and
- might be reasonably expected to materially affect market activity in and the price of its securities.

There are also requirements under the Listing Rules for us to obtain prior shareholders' approval and/or to disclose to shareholders details of certain acquisitions or disposals of assets and other transactions (including transactions with controlling shareholders).

Sources of Shareholders' Rights

The PRC's legal system is based on written statutes and is a system in which decided legal cases have little precedent value. Prior to the effectiveness of the Company Law, the PRC did not have a comprehensive body of laws governing joint stock limited companies. The rights and obligations of our shareholders are principally contained in our constitutive documents and the Standard Opinion, under which we were established. In December 1993, the Standing Committee of the 8th National People's Congress adopted the PRC Company Law, which superseded the Standard Opinion. In accordance with Article 229 of the Company Law, we must comply with the relevant requirements of the Company Law within an unspecified time period. As a result, we amended our Articles of Association pursuant to the Company Law on June 6, 1995. On October 27, 2005, the Company Law was amended by the Standing Committee of the 10th National People's Congress, and came into force on January 1, 2006.

Currently, the primary sources of shareholder's rights are our Articles of Association, as amended, the PRC Company Law and the Listing Rules of the Hong Kong Stock Exchange, which, among other things, impose certain standards of conduct, fairness and disclosure on us, our directors and our controlling shareholders. To facilitate the offering and listing of shares of PRC companies overseas, and to regulate the behavior of companies whose shares are listed overseas, the State Council Securities Committee and the State Commission for Restructuring the Economic System issued on August 27, 1994 the Mandatory Provisions for Articles of Association of Company Listing Overseas (the "Mandatory Provisions"). These Mandatory Provisions become entrenched in that, once they are incorporated into the Articles of Association of a PRC Company, any amendment to those provisions will only become effective after approval by the State-owned Assets Supervision and Administration Commission of the State Council. The Listing Rules require a number of additional provisions to the Mandatory Provisions to be included in the Articles of Association of PRC companies listing H Shares on the Hong Kong Stock Exchange (the "Additional Provisions"). The Mandatory Provisions and the Additional Provisions have been incorporated into our Articles of Association.

In addition, upon the listing of and for so long as the H Shares are listed on the Hong Kong Stock Exchange, we are subject to the relevant ordinances, rules and regulations applicable to companies listed on the Hong Kong Stock Exchange, including the Listing Rules of the Hong Kong Stock Exchange, the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), the Securities (Insider Dealing) Ordinance and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (the "Hong Kong Takeovers and Repurchase Codes").

Enforceability of Shareholders' Rights

There has not been any public disclosure in relation to the enforcement by holders of H Shares of their rights under constitutive documents of joint stock limited companies or the Company Law or in the application or interpretation of the PRC or Hong Kong regulatory provisions applicable to the PRC joint stock limited companies.

The Company Law, as amended in October 2005 and effective in January 2006, has granted shareholders with the rights to bring derivative suits. Within the Company Law, shareholders holding more than 1 percent of the shares of the company for more than 180 consecutive days are entitled to request the supervisory committee (in terms of directors and senior management) or the board of directors (in terms of supervisors) to bring legal proceedings, or

bring legal proceedings in their own name on behalf of the company where it is in emergency and the company will be subject to irreparable loss if not to do so, against directors, supervisors or senior management who fail to comply with the laws and regulations or the company's Articles of Association in the course of performing their duties and cause loss to the company;

Our Articles of Association provide that all differences or claims:

- between a holder of H Shares and us;
- between a holder of H Shares and any of our directors, supervisors, general managers or other senior officers; or
- between a holder of H Shares and a holder of domestic ordinary shares, arising from any provision of our Articles of Association, any right or obligation conferred or imposed by the Company Law or any other relevant law or administrative regulation which concerns our affairs

must, with certain exceptions, be referred to arbitration at either the China International Economic and Trade Arbitration Commission in the PRC or the Hong Kong International Arbitration Center. Our Articles of Association provide that such arbitration will be final and conclusive. In June 1999, an arrangement was made between the People's Courts of the PRC and the courts of Hong Kong to mutually enforce arbitration rewards rendered in the PRC and Hong Kong according to their respective laws. This new arrangement was approved by the Supreme Court of the PRC and the Hong Kong Legislative Council and became effective on February 1, 2000.

The holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The SDI Ordinance establishes certain obligations in relation to disclosure of shareholder's interests in Hong Kong listed companies, the violation of which is subject to prosecution by the Securities and Futures Commission of Hong Kong. The Hong Kong Takeovers and Repurchase Codes do not have the force of law and are the only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong as established by the Securities and Futures Commission and the securities and futures industry in Hong Kong.

We have appointed CT Corporation System, New York, as our agent to receive service of process with respect to any action brought against us in certain courts in New York under the United States federal and New York State's securities laws. However, as the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts within the United States, the United Kingdom, Japan or most other of the Organization for Economic Cooperation and Development countries, administrative actions brought by regulatory authorities, such as the Commission, and other actions which result in foreign court judgments, could (assuming such actions are not required by PRC law and the Articles of Association to be arbitrated) only be enforced in the PRC on a reciprocal basis or according to relevant international treaties to which China is a party if such judgments or rulings do not violate the basic principles of the law of the PRC or the sovereignty, security and public interest of the society of the PRC, as determined by a People's Court of the PRC which has the jurisdiction for recognition and enforcement of judgments. We have been advised by our PRC counsel, Haiwen & Partners, that there is uncertainty as to the enforceability in the PRC of actions to enforce judgments of United States courts arising out of or based on the ownership of H Shares or ADSs, including judgments arising out of or based on the civil liability provisions of United States federal or state securities laws.

Restrictions on Transferability and the Share Register

As provided in the Articles of Associations we may refuse to register a transfer of H Shares listed on Hong Kong Stock Exchange unless:

- a fee (for each instrument of transfer) of HK dollar 2.50, or any higher fee as agreed by the Hong Kong Stock Exchange, has been paid to us;
- the instrument of transfer only involves H Shares;
- the stamp duty chargeable on the instrument of transfer has been paid;
- the relevant share certificate and upon the reasonable request of the board of directors, any evidence in relation to the right of the transferor to transfer the shares have been submitted;
- if it is intended to transfer the shares to joint owners, then the maximum number of joint owners must not exceed four;
- we do not have any lien on the relevant shares.

We are required to maintain an original share register for holders of H Shares in Hong Kong and a copy of the register at our legal address. Shareholders have the right to inspect and, for a reasonable charge, to copy the share register. No transfers of ordinary shares shall be recorded in our share register within 20 days prior to the date of a shareholders' general meeting or within 5 days prior to the record date established for the purpose of distributing a dividend.

We have appointed Hong Kong Registrars Limited to act as the registrar of our H Shares. This registrar maintains our register of holders of H Shares in Hong Kong and enters transfers of shares in such register upon the presentation of the documents described above.

C. Material contracts

See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions” for certain arrangements we have entered into with HIPDC and Huaneng Group.

D. Exchange controls

The existing foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. We may undertake current account foreign exchange transactions without prior approval from the State Administration of Foreign Exchange or its local branch offices. The PRC Government has stated publicly that it intends to make the Renminbi freely convertible in the future. However, we cannot predict whether the PRC Government will continue its existing foreign exchange policy and when the PRC Government will allow free conversion of Renminbi to foreign currency.

Foreign exchange transactions under the capital account, under most circumstances, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of the State Administration of Foreign Exchange or its local branch offices. These limitations could affect our ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. On July 21, 2005, the PRC government introduced a floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of foreign currencies. Renminbi appreciated by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. On June 19, 2010, the PBOC decided to further promote the reform of the Renminbi exchange rate formation mechanism, and improve the flexibility of the Renminbi exchange rate. Since June 2010, Renminbi has regained steady appreciation against the U.S. dollar, which was reversed by slight depreciation of the Renminbi against the U.S. dollar at the turn to and early 2014. On March 15, 2014, the PBOC announced to further widen the Remninbi's daily trading band against the U.S. dollar from 1% to 2% on either side of the daily reference rate, allowing for greater fluctuations of the exchange rate. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC Government to further liberalize its currency policy, which could result in further fluctuations in the value of the Renminbi against the U.S. dollar. However, there is no assurance that there will not be a devaluation of Renminbi in the future. If there is such a devaluation, our debt servicing cost will increase and the return to our overseas investors may decrease.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods indicated:

		Noon Buying Rate			
Period		End	Average(1)	High	Low
		(RMB per US$1.00)			
2010		6.6000	6.7603	6.6000	6.8330
2011		6.2939	6.4475	6.2939	6.6364
2012		6.2301	6.2990	6.2221	6.3879
2013		6.0537	6.1412	6.0537	6.2438
2014		6.2046	6.1704	6.0402	6.2591
	October	6.1124	6.1251	6.1107	6.1385
	November	6.1429	6.1249	6.1117	6.1429
	December	6.2046	6.1886	6.1490	6.2256
2015	January	6.2495	6.2181	6.1870	6.2535
	February	6.2695	6.2518	6.2399	6.2695
	March	6.1990	6.2386	6.1955	6.2741
	April (through April 10, 2015)	6.2082	6.1989	6.1930	6.2082

Source: Federal Reserve Statistical Release, Board of Governors of the Federal Reserve System.

Note:

(1) Annual averages are calculated by using the average of the exchange rates on the last day of each month during the relevant year. Monthly averages are calculated by using the average of the daily rates during the relevant month.

E. Taxation

The following is a summary of (i) certain tax consequences from acquiring, owning and disposing of the H Shares and ADSs based on tax laws of the PRC, the United States and the Income Tax Treaty between the PRC and the United States (the "Tax Treaty") as in effect on the date of this annual report, and is subject to changes in PRC or United States law, including changes that could have retroactive effect, and (ii) the principal PRC taxes to which we are subject. The following summary does not take into account or discuss the tax laws of any countries or regions other than the PRC and the United States, nor does it take into account the individual circumstances of an investor. This summary does not purport to be a complete technical analysis or examination of all potential tax effects relevant to an investment in the H Shares or ADSs and current and prospective investors in all jurisdictions of the H Shares or ADSs are advised to consult their tax advisors as to PRC, United States or other tax consequences of the purchase, ownership and disposition of the H Shares or ADSs. This summary also does not purport to be a complete technical analysis or examination of all potential PRC taxes that may be levied upon us.

PRC tax considerations

Tax on dividends

Individual investors

According to the current PRC tax regulations, dividends paid by PRC companies to individual investors are ordinarily subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who has no domicile or does not stay in the territory of China or who has no domicile but has stayed in the territory of China for less than one year, the receipt of dividends from a company in China is normally subject to a withholding tax of 20% unless reduced or exempted by applicable laws and tax treaties.

Enterprises

In accordance with the New Enterprise Income Tax Law that became effective on January 1, 2008, dividends derived from the revenues accumulated from January 1, 2008 and paid by PRC companies to non-resident enterprises are generally subject to a PRC withholding tax levied at a rate of 10% unless exempted or reduced pursuant to an applicable double-taxation treaty or other exemptions. Dividends paid by PRC companies to resident enterprises, including enterprises established under the laws of non-PRC jurisdictions but whose “de facto management body” is located in the PRC, are not subject to any PRC withholding tax, unless the dividends are derived from the publicly traded shares which have not been held continuously by the resident enterprises for twelve months. According to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprise to H Share Holders Which Are Overseas Non-resident Enterprises issued by the State Administration of Taxation on November 6, 2008, Chinese resident enterprises are required to withhold PRC enterprise income tax at the rate of 10% on dividends paid for 2008 and later years payable to their respective H Shares holders who are non-resident enterprises.

Capital gains tax on sales of shares

In accordance with the New Enterprise Income Tax Law, capital gains realized by foreign enterprises which are non-resident enterprises in China upon the sale of overseas shares are generally subject to a PRC withholding tax levied at a rate of 10%, unless exempted or reduced pursuant to an applicable double-taxation treaty or other exemptions. The capital gains realized by resident enterprises, including enterprises established under the laws of non-PRC jurisdictions but whose “de facto management body” is located in the PRC, upon the sales of overseas shares are subject to the PRC enterprise income tax.

Tax treaties

Non-PRC Investors residing in countries which have entered into double-taxation treaties with the PRC may be entitled to a reduction of the withholding tax imposed on the payment of dividends to such Foreign Holders of us. The PRC currently has double-taxation treaties with a number of countries, including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Stamp tax

Under the Provisional Regulations of The People’s Republic of China Concerning Stamp Tax, which became effective in October 1988, PRC stamp tax should not be imposed on the transfer of H Shares or ADSs of PRC publicly traded companies.

Taxation of the Company

Income tax

Prior to January 1, 2008, according to the relevant income tax law, foreign invested enterprises were, in general, subject to a statutory income tax of 33% (30% enterprise income tax and 3% local income tax). If these enterprises are

located in certain specified locations or cities, or are specifically approved by the State Administration of Taxation, a lower tax rate would be applied. Effective from January 1, 1999, in accordance with the practice notes on the PRC income tax laws applicable to foreign invested enterprises investing in energy and transportation infrastructure businesses, a reduced enterprise income tax rate of 15% (after the approval of State Administration of Taxation) was applicable across the country. We applied this rule to all of our wholly owned operating power plants after obtaining the approval of the State Administration of Taxation. In addition, certain power plants were exempted from the enterprise income tax for two years starting from the first profit-making year, after offsetting all tax losses carried forward from the previous years (at most of five years), followed by a 50% reduction of the applicable tax rate for the next three years. The statutory income tax was assessed individually based on each of their results of operations.

On March 16, 2007, the Enterprise Income Tax Law of PRC, or the New Enterprise Income Tax Law, was enacted, and became effective on January 1, 2008. The New Enterprise Income Tax Law imposes a uniform income tax rate of 25% for domestic enterprises and foreign invested enterprises. Therefore, our power plants that were subject to a 33% income tax rate prior to January 1, 2008 are subject to a lower tax rate of 25% starting on January 1, 2008. With regard to our power plants entitled to a reduced enterprise income tax rate of 15% prior to January 1, 2008, their effective tax rate is being gradually increased to 25% within a five-year transition period commencing on January 1, 2008. Accordingly, the effective tax rate of our wholly owned power plants will increase over time. In addition, although our power plants entitled to tax exemption and reduction under the income tax laws and regulations that are effective prior to the New Enterprise Income Tax Law will continue to enjoy such preferential treatments until the expiration of the same, newly established power plants will not be able to benefit from such tax incentives, unless they can satisfy specific qualifications, if any, provided by then effective laws and regulations on preferential tax treatment.

Pursuant to Measures for the Collection and Administration of Consolidated Payment of Enterprises Income Tax on Trans-Regional Operation, effective on January 1, 2013, the Company and its branches calculate and pay income tax on a combined basis according to relevant tax laws and regulations. The income tax of subsidiaries remains to be calculated individually based on their individual operating results.

Value-added tax

Since January 1, 1994, the government has implemented a turnover tax system applicable to FIEs. Under the turnover tax provisions, we have to collect from our electricity customers and pay to the PRC tax authorities a value-added tax ("VAT") on our sales. The tax rate on sales of electricity by us is 17% of total sales. The amount of VAT payable by us is the VAT on sales reduced by the VAT paid by us on our purchases of coal, fuel and other inputs.

Effective from January 1, 2009, VAT payers are allowed to credit against output VAT in respect of input VAT on fixed assets purchased or self-manufactured based on the relevant VAT credit receipts in accordance with the revised VAT regulations and its implementation rules.

In addition, effective from August 1, 2012, according to the relevant regulations of Ministry of Finance of PRC and State Administration of Taxation, nine pilot regions including Shanghai, Beijing, Tianjin, Jiangsu Province, Anhui Province, Zhejiang Province, Fujian Province, Hubei Province and Guangdong Province have been under the pilot program for the transformation from Business Tax to VAT since January 1, 2012 and all other regions have been since August 1, 2013 for specified industry. The applicable tax rate of VAT for the Company and its subsidiaries in respect of the lease of tangible movable properties, transportation industry and other modern services industries are 17%, 11% and 6%, respectively.

United States federal income tax considerations

The following discussion is a summary of United States federal income tax considerations relating to the ownership and disposition of our H shares or ADSs by a U.S. Holder (as defined below). This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. This discussion does not address all aspects of United States federal income taxation which may be important to particular holders in light of their particular circumstances, such as holders subject to special tax rules including: banks or other financial institutions, insurance companies, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, regulated investment companies, real estate investment trusts, cooperatives, pension plans, tax-exempt organizations (including private foundations), holders who are not U.S. Holders, holders who own (directly, indirectly, or constructively) 10% or more of the voting power or value of our stock, holders that hold H shares or ADSs as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for United States federal income tax purposes, holders who acquired their ADSs or H shares pursuant to any employee share option or otherwise as compensation, or holders that have a functional currency other than the United States dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any state, local, non-United States, non-income tax (such as the United States federal gift and estate tax), or alternative minimum tax considerations or the Medicare tax. This discussion only addresses holders that hold their H shares or ADSs as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the "Code"). U.S. Holders are urged to consult their tax advisors regarding the United States federal, state, local, and non-United States income and other tax considerations relating to the ownership and disposition of our H shares or ADSs.

For purposes of this summary, a U.S. Holder is a beneficial owner of H shares or ADSs that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in or organized under the laws of the United States or any State thereof or the District of Columbia;

- an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or

- a trust (a) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (b) a trust that has otherwise elected to be treated as a United States person under the Code.

If a partnership (including any entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of H shares or ADSs, the tax treatment of a partner in such partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our H shares or ADSs are urged to consult their tax advisors regarding the United States federal income tax considerations relating to the ownership and disposition of our H shares or ADSs.

For United States federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a holder of ADSs will be treated in this manner. Accordingly, deposits or withdrawals of H shares for ADSs will generally not be subject to United States federal income tax.

Passive Foreign Investment Company Considerations

A non-United States corporation, such as our Company, will be a "passive foreign investment Company" (a "PFIC"), for United States federal income tax purposes for any taxable year, if either (a) 75% or more of its gross income for such year consists of certain types of "passive" income or (b) 50% or more of its average quarterly assets as generally determined on the basis of fair market value during such year produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the Company's unbooked intangibles are taken into account for determining the value of its assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

We do not believe that we were classified as a PFIC for the taxable year ending 2014. The determination of whether we will be or become a PFIC will depend, in part, upon the composition of our income and our assets (which are subject to change from year to year) and the market price of our ADSs (of which we cannot control). Although we do not expect that our business plans will change in a manner that will affect our PFIC status, no assurance can be given in this regard. Because there are uncertainties in the application of the relevant rules and PFIC status is a fact-intensive determination made on an annual basis, no assurance may be given with respect to our PFIC status for any taxable year.

The discussion below under "Dividends" and "Sale or Other Disposition" of H shares or ADSs assumes that we will not be classified as a PFIC for United States federal income tax purposes. See the discussion below under the heading "Passive Foreign Investment Company Rules" for a brief summary of the PFIC rules.

Dividends

The gross amount of any cash distributions (including the amount of any tax withheld) paid on our H shares or ADSs out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will be subject to tax as dividend income on the day actually or constructively received by a U.S. Holder, in the case of H shares, or by the depositary bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be reported as a "dividend" for United States federal income tax purposes. A non-corporate recipient of dividend income will generally be subject to tax on dividend income from a "qualified foreign corporation" at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program or (ii) with respect to any dividend it pays on stock which is readily tradable on an established securities market in the United States. There is currently a tax treaty in effect between the United States and the People's Republic of China (the "U.S.-PRC Treaty") which the Secretary of Treasury of the United States determined is satisfactory for these purposes and we believe that we are eligible for the benefits of such treaty. Additionally, our ADSs (but not our H shares) trade on the New York Stock Exchange, an established securities market in the United States and the ADSs are expected to be readily tradable for so long as they continue to be listed on the New York Stock Exchange. Thus, while we presently believe that we are a qualified foreign corporation for purposes of the reduced treaty rate, there can be no assurance that the dividends we pay on our H shares or ADSs will meet the conditions required for the reduced tax rate in the current taxable year or future taxable years. Dividends received on H shares or ADSs will not be eligible for the dividends received deduction allowed to corporations. U.S. Holders are

urged to consult their tax advisors regarding the rate of tax that will apply to them with respect to dividends (if any) received from U.S.

Dividends paid in non-United States currency will be includible in income in a United States dollar amount based on the exchange rate prevailing at the time of receipt of such dividends by the depositary, in the case of ADSs, or by the U.S. Holder, in the case of H shares held directly by such U.S. Holder, regardless of whether the non-United States currency is actually converted into United States dollars at that time. Gain or loss, if any, recognized on a subsequent sale, conversion or other disposition of the non-United States currency will generally be United States source income or loss.

Dividends received on H shares or ADSs will generally be treated, for United States foreign tax credit purposes, as foreign source income and generally will constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any non-United States withholding taxes imposed on dividends received on H shares or ADSs. U.S. Holders who do not elect to claim a foreign tax credit for foreign income tax withheld may instead claim a deduction, for United States federal income tax purposes, in respect of such withholdings, but only for a year in which the U.S. Holder elects to do so for all creditable foreign income taxes. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of H shares or ADSs

A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of H shares or ADSs in an amount equal to the difference between the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such H shares or ADSs. Any capital gain or loss will be long-term if the H shares or ADSs have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. If any PRC tax were to be imposed on any gain from the disposition of H shares or ADSs between U.S. Holder that is eligible for the benefits of the U.S.PRC Treaty may elect to treat the gain as non-United States source gain or loss. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax credit purposes if a non-U.S. withholding tax is imposed on a disposition of our H shares or ADSs, including the availability of the foreign tax credit under their particular circumstances.

U.S. Holders that receive currency other than the United States dollar upon the sale or other disposition of H shares will realize an amount equal to the United States dollar value of the non-United States currency on the date of such sale or other disposition, or if the shares are traded on an established securities market, in the case of cash basis and electing accrual basis taxpayers, the settlement date. U.S. Holders will recognize currency gain or loss if the United States dollar value of the currency received on the settlement date differs from the amount realized. U.S. Holders will have a tax basis in the currency received equal to the United States dollar amount at the spot rate on the settlement date. Generally, any gain or loss realized by U.S. Holders on a subsequent conversion or disposition of such currency will be United States source ordinary income or loss.

Passive Foreign Investment Company Rules

If we were to be classified as a PFIC in any taxable year, a special tax regime will apply to both (a) any "excess distribution" by us to a U.S. Holder (generally, the U.S. Holder's ratable portion of distributions in any year which are greater than 125% of the average annual distribution received by such U.S. Holder in the shorter of the three preceding years or the U.S. Holder's holding period for our H shares or ADSs) and (b) any gain realized on the sale or other disposition of the H shares or ADSs. Under this regime, any excess distribution and realized gain will be treated as ordinary income and will be subject to tax as if (a) the excess distribution or gain had been realized ratably over the U.S. Holder's holding period, (b) the amount deemed realized in each year had been subject to tax in each year of that holding period at the highest marginal rate for such year (other than income allocated to the current period or any taxable period before we became a PFIC, which would be subject to tax at the U.S. Holder's regular ordinary income rate for the current year and would not be subject to the interest charge discussed below), and (c) the interest charge generally applicable to underpayments of tax had been imposed on the taxes deemed to have been payable in those years. In addition, dividends made to a U.S. Holder will not qualify for the lower rates of taxation applicable to long-term capital gains discussed above under "Dividends".

The above results may be eliminated if a "mark-to-market" election is available and a U.S. Holder validly makes such an election. If the election is made, such holder generally will be required to take into account the difference, if any, between the fair market value and its adjusted tax basis in H shares or ADSs at the end of each taxable year as ordinary income or ordinary loss (to the extent of any net mark-to-market gain previously included in income). In addition, any gain from a sale or other disposition of H shares or ADSs will be treated as ordinary income, and any loss will be treated as ordinary loss (to the extent of any net mark-to-market gain previously included in income).

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

As discussed above under “Dividends,” dividends that we pay on the ADSs or our H shares will not be eligible for the reduced tax rate that applies to qualified dividend income if we are a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. In addition, if a U.S. Holder owns the ADSs or our H shares during any taxable year that we are a PFIC, such holder would generally be required to file an annual IRS Form 8621. Each U.S. Holder is advised to consult its tax advisors regarding the potential tax consequences to such holder if we are or become a PFIC, including the possibility of making a mark-to-market election.

Information Reporting

U.S. Holders may be subject to information reporting to the United States Internal Revenue Service with respect to dividends on and proceeds from the sale or other disposition of our H shares or ADSs. U.S. Holders are urged to consult their tax advisors regarding the application of the United States information reporting and backup rules to their particular circumstances.

Certain U.S. Holders who hold “specified foreign financial assets”, including stock of a non-U.S. corporation that is not held in an account maintained by a U.S. “financial institution”, whose aggregate value exceeds $50,000 during the tax year, may be required to attach to their tax returns for the year certain specified information. An individual who fails to timely furnish the required information may be subject to a penalty. U.S. Holders are urged to consult their tax advisors regarding their reporting obligations under this legislation.

F. Dividends and paying agents

Not applicable.

G. Statement by experts

Not applicable.

H. Documents on display

We are subject to the information reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance with the Act, file certain reports and other information with the SEC. You may read and copy any report, statement or other information filed by us at the SEC's public reference rooms in Washington, D.C., New York and Chicago, Illinois. Please call the SEC at 1-800-0330 for further information on the public reference rooms. Our reports and other information filed with the SEC are also available to the public from commercial document retrieval services and the website maintained by the SEC at http://www.sec.gov.

I. Subsidiary information

Not applicable.

ITEM 11 Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposures are fluctuations of fuel prices, foreign exchange rates and interest rates.

Equity price risk

The available-for-sale financial assets and trading securities of the Company and its subsidiaries are exposed to equity security price risk. The trading securities were disposed of in 2014.

Detailed information relating to the available-for-sale financial assets is disclosed in Note 10 to the financial statements. The Company has a supervisor in the supervisory committee of the most significant investment in available-for-sale financial assets (China Yangtze Power Co., Ltd.) and exercises influence in safeguarding its interest. The Company also closely monitors the pricing trends in the open market in determining its long-term strategic stakeholding decisions.

The Company and its subsidiaries are exposed to fuel price risk on fuel purchases. In particular, SinoSing Power and its subsidiaries use fuel oil swap to hedge against such a risk and designate them as cash flow hedges. Please refer to Note 13 to the financial statements for details.

Foreign exchange rate risk

A portion of our Renminbi revenues are converted into other currencies to (i) repay our debts denominated in currencies other than RMB, and (ii) pay for imported equipment.

The exchange rate of Renminbi to foreign currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. On July 21, 2005, the PRC government introduced a floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of foreign currencies. Renminbi appreciated by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. On June 19, 2010, the PBOC decided to further promote the reform of the Renminbi exchange rate formation mechanism, and improve the flexibility of the Renminbi

exchange rate. Since June 2010, the Renminbi has regained steady appreciation against the U.S. dollar, which was reversed by a slight depreciation of Renminbi against the U.S. dollar at the turn to and early 2014. On March 15, 2014, the PBOC announced to further widen the Remninbi's daily trading band against the U.S. dollar from 1% to 2% on either side of the daily reference rate, allowing for greater fluctuations of the exchange rate. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC Government to further liberalize its currency policy. We cannot assure you that any future movements in the exchange rate of the Renminbi against the U.S. dollar and other currencies will not adversely affect our results of operations and financial conditions.

SinoSing Power and its subsidiaries are exposed to foreign exchange risk on fuel purchases that is denominated primarily in U.S. dollars. They use forward exchange contracts to hedge almost all of their estimated foreign exchange exposure in respect of forecast fuel purchases over the following three months. The Company and its subsidiaries account for their forward foreign currency contracts as cash flow hedges.

The following table provides information, by maturity date, regarding our foreign currency sensitive financial instruments, which consist of bank balances and cash, short-term and long-term debt obligations, capital commitments and forward exchange contracts as of December 31, 2014 and average interest rates for the year ended December 31, 2014.

(RMB expressed in millions, except interest rate and exchange rate)

	As of December 31, 2014							
	Expected Maturity Date						Total Carrying Amount	Fair Value
	2015	2016	2017	2018	2019	Thereafter		
On-balance sheet financial instruments								
Bank balances and cash:								
In U.S. Dollar	753	-	-	-	-	-	753	753
In Japanese Yen	0.004	-	-	-	-	-	0.004	0.004
In Hong Kong Dollar	2,445	-	-	-	-	-	2,445	2,445
Debts								
Fixed rate bank loans (U.S. Dollar)	16	-	-	-	-	-	16	16
Average interest rate	6.360	-	-	-	-	-	—	—
Fixed rate bank loans(Euro)	70	70	70	63	44	115	432	373
Average interest rate	2.065	2.065	2.065	2.071	2.102	2.137	—	—
Variable rate bank and other loans								
(U.S. Dollar)	408	389	389	389	389	1334	3,298	3,298
Average interest rate	1.696	1.740	1.740	1.740	1.740	1.740	—	—
Gas purchase commitments (U.S. Dollar)	6,247	6,247	6,336	6,336	6,336	33,529	65,031	65,031

	As of December 31, 2014							
	Expected Maturity Date						Total Carrying Amount	Fair Value
	2015	2016	2017	2018	2019	Thereafter		
Forward exchange contracts (Receive US $ / Pay S$)								
Contract amount	2,481	688	182	-	-	-	3,351	117
Average Contractual Exchange Rate	1.28	1.26	1.26	-	-	-	—	—

	As of December 31, 2013							
	Expected Maturity Date						Total Carrying	Fair Value

	2014	2015	2016	2017	2018	Thereafter	Amount	
On-balance sheet financial instruments								
Bank balances and cash:								
In U.S.Dollar	543	-	-	-	-	-	543	543
In Japanese Yen	0.0150	-	-	-	-	-	0.0150	0.0150
In Hong Kong Dollar	-	-	-	-	-	-	-	-
Debts								
Fixed rate bank loans								
(U.S. Dollar)	32	16	-	-	-	-	48	47
Average interest rate	6.360	6.360	-	-	-	-	—	—
Fixed rate bank loans(Euro)	78	78	78	78	72	182	566	417
Average interest rate	2.089	2.093	2.100	2.111	2.127	2.127	—	—
Variable rate bank and other loans								
(U.S. Dollar)	423	404	384	384	384	1,730	3,709	3,709
Average interest rate	1.734	1.740	1.740	1.740	1.740	1.740	—	—
Gas purchase commitments								
(U.S. Dollar)	1,759	1,103	1,103	1,103	1,103	6,885	13,056	13,056

	Notional Amount Expected Maturity Date						Total Notional Amount	Fair Value
	2014	2015	2016	2017	2018	Thereafter		
Forward exchange contracts (Receive US$/Pay S$)								
Contract amount	2,431	299	82	-	-	-	2,812	34
Average Contractual Exchange Rate	1.25	1.25	1.25	-	-	-	—	—

Note:

(1) The interest rates for variable rate bank and other loans are calculated based on the individual year beginning indices.

The outstanding balance of the Company's loans denominated in foreign currencies has changed continually as a result of repayments of the loans by the Company according to agreed-upon repayment schedules. The loans denominated in U.S. dollars decreased from RMB3.77 billion as of December 31, 2013 to RMB3.31 billion as of December 31, 2014. The loans denominated in Euros decreased from RMB566 million as of December 31, 2013 to RMB431 million as of December 31, 2014.

Interest rate risk

We are exposed to interest rate risk primarily resulting from fluctuations in interest rates on our debts. Upward fluctuations in interest rates increase the cost of new variable rate debts and the interest cost of outstanding floating rate borrowings.

At present, the interest rate of the Company's loans denominated in RMB is subject to the change of the benchmark interest rate published and adjusted by the PBOC. Different interest rate levels correspond to loans with different terms. New loan contracts entered into hereafter will be subject to current benchmark interest rates. A portion of the Company's loans denominated in foreign currency are fixed rate loans, which are not subject to the changes in market interest rates. Due to the loans borrowed in relation to the acquisition of SinoSing Power, the portion of the loans denominated in foreign currency with floating interest rates increased, which subjects the finance cost of the Company to the fluctuation of market interest rates. In 2009, the Company entered into a floating-to-fixed interest rate swap agreement to hedge against the cash flow interest rate risk of part of the loan. According to the interest rate swap agreement, the Company agrees with the counterparty to settle the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts quarterly until 2019. The notional amount of the outstanding interest rate swap at December 31, 2014 was US$278 million.

In 2009, Tuas Power completed its refinancing, through which all of its outstanding loans denominated in U.S. dollars were refinanced through loans denominated in Singapore dollars, matching the functional currency of its operation. The loans borrowed by Tuas Power were denominated in Singapore dollars, and the majority of them are with floating interest rates, which subjects the finance cost of the Company to the fluctuation of market interest rates. In 2012 and 2013, TPG also entered into a number of floating-to-fixed interest rate swap agreements to hedge against the cash flow interest rate risk of the loan. According to these interest rate swap agreements, TPG agrees with the counterparty to settle the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amount semi-annually until 2020. The notional amount of the outstanding interest rate swap at December 31, 2014 was S$1,440.9 million.

The table below provides information about the Company and its subsidiaries' derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including interest rate swaps and debt obligations. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and weighted average interest rates by expected (contractual) maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the reporting date.

(RMB expressed in millions, except interest rates)

	As of December 31, 2014							
	Expected Maturity Date						Total Carrying Amount	Fair Value
	2015	2016	2017	2018	2019	Thereafter		
Debts								
Fixed rate shareholder's, bank and other loans	16,386	3,932	3,991	4,554	5,602	12,936	47,401	47,261
Average interest rate	6,646	7.183	8.140	7.022	5.469	5.469	—	—
Variable rate bank and other loans	34,536	5,065	5,302	1,114	1,268	13,875	61,160	61,160
Average interest rate	3.542	3.216	2.594	2.556	2.498	2.498	—	—
Short-term bonds	18,245	-	-	-	-	-	18,245	18,245
Average interest rate	4.784	-	-	-	-	-	—	—
Long-term bonds	5,021	11,479	3,279	3,974	3,993	-	27,746	28,032
Average interest rate	5.494	5.621	5.395	5.370	5.370	-	—	—

	As of December 31, 2014							
	Notional Amount Expected Maturity Date						Total Carrying Amount	Fair Value
	2015	2016	2017	2018	2019	Thereafter		
Debts								
Interest Rate Derivatives (US$)								
Variable to Fixed	196	196	196	196	881	-	1,665	99
Average receive rate	1.48 %	2.43 %	3.23 %	3.56 %	3.73 %	-	—	—
Average pay rate	4.40 %	4.40 %	4.40 %	4.40 %	4.40 %	-	—	—
Interest Rate Derivatives (S$)								
Variable to Fixed	190	190	1,347	1,094	172	3,692	6,685	224
Average receive rate	0.51 %	0.76 %	1.10 %	1.45 %	1.73 %	1.90 %	—	—
Average pay rate	2.452 %	2.452 %	2.468 %	2.508 %	2.531 %	2.531 %	—	—

	As of December 31, 2013							
	Expected Maturity Date						Total Carrying Amount	Fair Value
	2014	2015	2016	2017	2018	Thereafter		
Debts								
Fixed rate shareholder's, bank and other loans	49,906	6,799	4,138	4,129	4,690	19,815	89,477	89,161
Average interest rate	5.871	5.901	5.977	5.996	6.003	5.996	—	—
Variable rate bank and other loans	828	878	4,474	1,135	851	13,605	21,771	21,771
Average interest rate	1.909	1.914	1.917	1.921	1.926	1.740	—	—
Short-term bonds	15,135	-	-	-	-	-	15,135	15,135
Average interest rate	5.32	-	-	-	-	-	—	—
Long-term bonds	5,678	4,998	11,473	3,297	3,972	-	29,418	29,275
Average interest rate	4.673	5.540	5.460	6.170	5.42	-	—	—

	As of December 31, 2013							
	Notional Amount Expected Maturity Date						Total Carrying Amount	Fair Value
	2014	2015	2016	2017	2018	Thereafter		
Debts								
Interest Rate Derivatives (US$)								
Variable to Fixed	195	195	195	195	195	878	1,853	116
Average receive rate	1.40 %	1.70 %	2.70 %	3.90 %	4.70 %	5.20 %	—	—
Average pay rate	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	—	—
Interest Rate Derivatives (S$)								
Variable to Fixed	383	383	383	383	383	5,177	7,092	265
Average receive rate	0.26 %	0.34 %	0.56 %	0.91 %	1.32 %	1.80 %	—	—
Average pay rate	2.452 %	2.452 %	2.452 %	2.452 %	2.452 %	2.452 %	—	—

Note:

(1) The interest rates for variable rate bank and other loans are calculated based on the individual year beginning indices.

As of December 31, 2014, the Company's floating rate loans denominated in foreign currency amounted to RMB3,298 million, accounting for approximately 88.04% of the total foreign loans, most of which was denominated in U.S. dollars, and the average credit spread is 99 bps. In addition, SinoSing Power's loans denominated in Singapore dollars are floating rate loans and amounted to RMB12,871 million as of December 31, 2014. The interest rates of the loans denominated in U.S. dollars and Singapore dollars are relatively low at the current market condition and it is not expected that a significant fluctuation would occur within the foreseeable period, thus it is not expected to cause any material adverse effect on the finance cost of the Company. The Company has paid special attention to the trend of the international interest rate market by keeping up with the market conditions and predicting the future trend, and has made efforts to explore the feasibility of risk management by application of derivative financial instruments. The

Company expects to implement the relevant plan according to its internal approval procedures and use interest rate swaps and other derivative financial instruments to control its interest rate risk upon appropriate time.

Commodity price risk

We are exposed to fuel price risk on fuel purchases. SinoSing Power and its subsidiaries use fuel oil swap to hedge against such risk. The table below provides information about the fuel swap contracts that are sensitive to changes in fuel prices, including contract volumes, the weighted average contract prices, and the total contract amount by expected maturity dates.

(RMB expressed in millions, except interest rates and exchange rates)

	As of December 31, 2014							
	Expected Maturity Date						Total	Fair Value
	2015	2016	2017	2018	2019	Thereafter		
Fuel swap contracts								
Contract Volumes (MT)	631,530	207,775	54,965	-	-	-	894,270	-
Weighted Average Price (US$/MT)	531.01	545.44	551.09	-	-	-	—	—
Contract Amount (RMB million)	2,056	695	186	-	-	-	2,937	(991)
Contract Volumes (BBL)	927,900	-	-	-	-	-	927,900	-
Weighted Average Price (US$/BBL)	90.47	-	-	-	-	-	—	—
Contract Amount (RMB million)	515	-	-	-	-	-	515	17

	As of December 31, 2013							
	Expected Maturity Date						Total	Fair Value
	2014	2015	2016	2017	2018	Thereafter		
Fuel swap contracts								
Contract Volumes (MT)	710,410	148,890	29,855	-	-	-	889,155	—
Weighted Average Price (US$/MT)	603.99	598.95	591.78	-	-	-	—	—
Contract Amount (RMB million)	2,616	544	108	-	-	-	3,268	32

For other detailed information of the market risk, please refer to the Note 3(a)(i) to the “Financial Statements”.

ITEM 12 Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Depositary Fees and Charges

Under the terms of the Deposit Agreement for Huaneng Power International, Inc.'s American Depositary Shares (ADSs), an ADS holder may have to pay the following services fees to the Depositary:

Services	Fees
Issuance of ADSs	$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) issued
Cancellation of ADSs	$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) canceled
Distribution of cash dividends or other cash distributions	$2.00 (or less) per 100 ADSs (or portion of 100 ADSs) held
Distribution of ADSs pursuant to stock dividends, free stock distributions or exercises of rights	$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) held
Distribution of securities other than ADSs or rights to purchase additional ADSs	$5.00 (or less) per 100 ADSs (or portion of 100 ADSs) held

An ADS holder will also be responsible to pay certain fees and expenses incurred by the Depositary and certain taxes and governmental charges such as:

- taxes and other governmental charges;
- such registration fees as may from time to time be in effect for the registration of transfers of H Shares generally on the H Share register of the Company or Foreign Registrar and applicable to transfers of H Shares to the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals;
- such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement;
- such expenses as are incurred by the Depositary in the conversion of foreign currency; and
- any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of H Shares or other Deposited Securities.

Depositary Payments for the Year 2014

In 2014, we received the payment of US$0.283 million (inclusive of withholding tax) from the Bank of New York Mellon, the Depositary for our ADR program, for the reimbursement of our expenses related to investors' relation activities and training activities.

PART II

ITEM 13 Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14 Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

ITEM 15 Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2014 (the "Evaluation Date"), the end of the fiscal year covered by this annual report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f). The Company conducted an evaluation of the effectiveness of the design and implementation of our internal control over financial reporting based upon the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission as of the end of the period covered by this annual report. The evaluation is conducted under the supervision and with the participation of our management including the chairman of the board, or principal executive officer, and the chief accountant, or principal financial officer, of the Company. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2014. The effectiveness of the Company's internal control over financial reporting as of December 31, 2014 has been audited by KPMG, an independent registered public accounting firm, as stated in their report which appears herein.

Because of its inherent limitations, internal control over financial reporting may only provide reasonable assurance for preventing or detecting misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Huaneng Power International, Inc.:

We have audited Huaneng Power International, Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The management of Huaneng Power International, Inc. is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the internal control over

financial reporting of Huaneng Power International, Inc. based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Huaneng Power International, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Huaneng Power International, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2014, and our report dated March 24, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG

Hong Kong, China
March 24, 2015

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2014, no changes occurred in our internal controls over financial reporting that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting. On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published an updated Internal Control-Integrated Framework (2013) and related illustrative documents. The Company adopted the new framework in 2014.

ITEM 16 Reserved

ITEM 16A Audit Committee Financial Expert

The Board of Directors has determined that Mr. Yue Heng and Mr. Qi. Yudong qualify as Audit Committee Financial Experts in accordance with the terms of Item 16A of Form 20-F. We held election at expiration of office terms of the Board in 2014 and adjusted the members of the Audit Committee accordingly. Mr. Yue Heng and Mr. Qi Yudong were respectively qualified as Financial Experts at the first Board meeting of 18th session of the Board in September 2014. See “Item 6 Directors, Senior Management and Employees – A. Directors, members of the supervisory committee and senior management”.

ITEM 16B Code of Ethics

Although, as of the date of this annual report, we do not have, in form, a code of ethics that applies to the Company’s principal executive officer, principal financial officer and principal accounting officer (collectively, the “Senior Corporate Officers”), we believe that, as a substantive matter, the Senior Corporate Officers are subject to a set of written requirements under the PRC law that are substantially similar to the ethical standards described under Item 16B (b) of Form 20-F. Joint stock companies that are incorporated in China and listed on both PRC and foreign stock exchanges are heavily regulated by the central government. To a large extent, these requirements, which are designed to promote honest and ethical conduct and compliance with applicable laws and regulations by the directors and senior executives of such companies, are not merely ethical requirements, but more importantly, statutory obligations that are legally binding on these individuals under the PRC Company Law, relevant rules and regulations promulgated by China Securities Regulatory Commission and the Mandatory Provisions of Articles of Association of Overseas Listed Companies.

ITEM 16C Principal Accountant Fees and Services

KPMG has served as our independent registered public accounting firm for the fiscal years ended December 31, 2014 and 2013, for which audited consolidated financial statements appear in this annual report on Form 20-F.

The following table shows information about fees payable by us to KPMG in 2013 and 2014, respectively.

(RMB million)	For the Year Ended December 31,	
	2014	2013
Audit fees	26.2	25.3
Audit-related fees	1.5	0.4
Tax fees	0.4	0.4
All other fees	2.0	-
Total	30.1	26.1

Audit services are defined as the standard audit work that needs to be performed each year in order to issue an opinion on the consolidated financial statements and internal control over financial reporting of the Company and its subsidiaries. It also includes other audit services, which are those services that only the external auditors reasonably can provide, such as reviews of quarterly financial results.

Audit-related services include those other assurances and related services provided by auditors, but not restricted to those that can only reasonably be provided by the external auditors signing the auditors' report, that are reasonably related to the performance of the audit or review of the Company's financial statements, such as acquisition due diligence, consultations concerning financial accounting and reporting standards. The increase of audit-related fees was mainly due to service fees related to acquisitions.

Tax services include the assistance with compliance and reporting of corporate income tax and value-added tax, assistance with our assessment of new or changing tax regimes, assessment of our transfer pricing policies and practices, and assistance with assessing relevant rules, regulations and facts going into our correspondence with tax authorities.

All other services provided by KPMG in 2014 include the non-audit services related to the Company's investment projects.

Audit Committee Pre-approval Policies and Procedures

The Audit Committee of the Company's Board of Directors is responsible, among other things, for the oversight of the external auditors subject to the requirements of the PRC Law and the Company's Articles of Association. The Audit Committee has adopted a policy regarding pre-approval of audit and permissible non-audit services to be provided by our independent auditors (the "Policy"). Under the Policy, proposed services either (i) may be pre-approved by the Audit Committee without consideration of specific case-by-case services ("general pre-approval"); or (ii) require the specific pre-approval of the Audit Committee ("specific pre-approval"). General pre-approval applies to services of recurring and predictable nature. These types of services, once approved by the Audit Committee in the beginning, will not require further approval in the future, except when actual fees and expenses exceed pre-approved budget levels. In such a case, the Audit Committee may authorize one of its members to approve budget increases subject to the requirement that such member provide a report on his decision to approve or deny an application for budget increases to the Audit Committee at an Audit Committee meeting held immediately after such member grants or denies the approval.

Specific pre-approval applies to all other services. These services must be approved by the Audit Committee on a case-by-case basis after an application including proposed budget and scope of services to be provided by our independent auditors is submitted to the Audit Committee.

For 2014, all of the services provided by KPMG were pre-approved by the Audit Committee.

ITEM 16D Exemptions from the Listing Standard forAudit Committees

Not applicable.

ITEM 16E Purchase of Equity Securities by the Issuer and Affiliated Purchase

Not applicable.

ITEM 16F Change in Registrant's Certifying Account

Not applicable.

ITEM 16G Corporate Governance

Comparison of New York Stock Exchange corporate governance rules and China corporate governance rules for listed companies: under the amended Corporate Governance Rules of New York Stock Exchange ("NYSE"), foreign issuers (including the Company) listed on the NYSE are required to disclose a summary of the significant differences between their domestic corporate governance rules and NYSE corporate governance rules that would apply to a U.S. domestic issuer. A summary of such differences is listed below:

NYSE corporate governance rules	Corporate governance rules applicable to the domestically listed companies in China and the Company's governance practices
Director Independence	
A listed company must have a majority of independent directors on its board of directors.	It is required in China that any listed company must establish an independent director system and set forth specific requirements for the qualification of

No director qualifies as "independent" unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). In addition, a director must meet certain standards to be deemed independent. For example, a director is not independent if the director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company, or if the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than US$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).	independent directors. For example, an independent director shall not hold any other position in the listed Company other than being a director and shall not be influenced by the main shareholders or the controlling persons of the listed company, or by any other entities or persons with whom the listed company has a significant relationship. The Company has complied with the relevant Chinese corporate governance rules and has implemented internal rules governing the independence and responsibilities of independent directors. The Company determines the independence of independent directors every year.
To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	No similar requirements.

Nominating/Corporate Governance Committee	
Listed companies must have a nominating/corporate governance committee composed entirely of independent directors.	The board of directors of a listed company may, through the resolution of the shareholders' meeting, establish a nominating committee composed entirely of directors, of which the independent directors shall be the majority and the convener. The Company has established a nominating committee.
The nominating/corporate governance committee must have a written charter that addresses the committee's purposes and responsibilities which, at minimum, must be to: search for eligible people for the board of directors, select and nominate directors for the next session of the shareholders' annual meeting, study and propose corporate governance guidelines, supervise the evaluation of the board of directors and management, and evaluate the performance of the committee every year.	Relevant responsibilities of the nominating/corporate governance committee are similar to those stipulated by the NYSE rules, but the main responsibilities do not include the research and recommendation of corporate governance guidelines, the supervision of the evaluation of the board of directors and management, or the annual evaluation of the committee.
Compensation Committee	
Listed companies must have a compensation committee composed entirely of independent directors.	The board of directors of a listed company can, through the resolution of shareholders' meeting, have a compensation and evaluation committee composed entirely of directors, of whom the independent directors are the majority and act as the convener.
The compensation committee must have a written charter that addresses, at least, the following purposes and responsibilities:	The responsibilities are similar to those stipulated by the NYSE rules, but the committee is not required to produce a report on the executive compensation or make an annual performance evaluation of the committee. The board of directors of the Company has established a compensation and evaluation committee composed mainly of independent directors who act as the convener, and the committee has a written charter.
(1) review and approve the corporate goals associated with CEO's compensation, evaluate the performance of the CEO in fulfilling these goals, and, either as a committee or together with the other independent directors (as directed by the board) based on such evaluation, determine and approve the CEO's compensation level;	
(2) make recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that	

are subject to board approval; (3) produce a committee report on executive compensation as required by the SEC to be included in the annual proxy statement or annual report filed with the SEC. The charter must also include the requirement for an annual performance evaluation of the compensation committee. The compensation committee may, in its sole discretion, retain or consult a compensation consultant, independent legal counsel or other advisor. The compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of such advisor. A listed company must provide for appropriate funding for payment of reasonable compensation to such advisor. The compensation committee may select such advisor to the compensation committee only after taking into consideration all factors relevant to that person's independence from management.	
Audit Committee	
Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 of Exchange Act. It must have a minimum of three members, and all audit committee members must satisfy the requirements for independence set forth in Section 303A.02 of NYSE Corporate Governance Rules as well as the requirements of Rule 10A-3(b)(1) of the Exchange Act.	The board of directors of a listed company can, through the resolution of the shareholders' meeting, establish an audit committee composed entirely of directors, of which the independent directors are the majority and act as the convener, and, at minimum, one independent director is an accounting professional.
The audit committee must have a written charter that specifies the purpose of the audit committee is, at minimum, to assist the board oversight of the integrity of financial statements, the Company's compliance with legal and regulatory requirements, qualifications and independence of independent auditors and the performance of the listed company's internal audit function and independent auditors.	The responsibilities of the audit committee are similar to those stipulated by the NYSE rules, but according to the domestic practices, the Company is not required to make an annual performance evaluation of the audit committee, and the audit committee is not required to prepare an audit report to be included in the Company's annual proxy statement. The Board of Directors of the Company has established an audit committee that satisfies relevant domestic requirements and the audit committee has a written charter.

The written charter must also require the audit committee to prepare an audit committee report as required by the SEC to be included in the listed company's annual proxy statement as well as an annual performance evaluation of the audit committee.	
The written charter must also specify the duties and responsibilities of the audit committee, which, at a minimum, must include those set out in Rules 10A-3(b)(2), (3), (4) and (5) of the Exchange Act, as well as other duties and responsibilities, such as to obtain and review a report by the independent auditor at least annually, meet to review and discuss the listed company's annual audited financial statements and quarterly financial statements with management and independent auditor.	
Each listed company must have an internal audit department.	China has a similar regulatory provision, and the Company has an internal audit department.
Shareholder approval of equity compensation plan	
Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, except for, among others, plans that are made available to shareholders generally, such as typical dividend reinvestment plan, certain awards and plans in the context of mergers and acquisitions.	The relevant regulations of China require the board of directors to propose plans on the amount and types of director compensation for the shareholders' meeting to approve. The compensation plan of executive officers is subject to approval by the board and announced at the shareholders' meeting and disclosed to the public upon the approval of the board of directors.
Corporate governance guidelines	
Listed companies must adopt and disclose corporate governance guidelines, involving director qualification standards, director responsibilities, director compensation, director continuing education, annual performance evaluation of the board of directors, etc.	CSRC has issued the Corporate Governance Rules, with which the Company has complied.
Code of ethics for directors, officers and employees	
Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Each code of business conduct and ethics must require that any waiver of the code for executive officers or directors may be made only by the board or a board committee.	China does not have such requirement for a code for ethics. But, the directors and officers must perform their legal responsibilities in accordance with the Company Law of PRC, relative requirements of CSRC and Mandatory Provisions to the Charter of Companies Listed Overseas.

Each listed company's CEO must certify to the NYSE each year that he or she is not aware of any violation by the listed company of NYSE corporate governance listing standards and he or she must promptly notify the NYSE in writing of any non-compliance with any applicable provisions of Section 303A.	No similar requirements.

ITEM 16H Mine Safety Disclosure

Not applicable.

ITEM 17 Financial Statements

Not applicable.

ITEM 18 Financial Statements

See page F-1 through F-105 following Item 19.

ITEM 19 Exhibits

1.1	Articles of Association amended and adopted by the Shareholders' meeting on March 12, 2013.
8	A list of subsidiaries.
12.1	Certifications of Principal Executive Officer pursuant to Rule 13a-14(a) promulgated under the U.S. Securities Exchange Act of 1934.
12.2	Certifications of Principal Financial Officer pursuant to Rule 13a-14(a) promulgated under the U.S. Securities Exchange Act of 1934.
13.1	Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Huaneng Power International, Inc.:

We have audited the accompanying consolidated balance sheets of Huaneng Power International, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Huaneng Power International, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the internal control over financial reporting of Huaneng Power International, Inc. as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 24, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG

Hong Kong, China
March 24, 2015

Huaneng Power International, Inc.
Consolidated Statements of Comprehensive Income
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB, except per share data)

	Note	For the year ended 31 December 2014 RMB	2013 RMB	2012 RMB
Operating revenue	5	125,406,855	133,832,875	133,966,659
Tax and levies on operations		(932,485)	(1,043,855)	(672,040)
Operating expenses				
Fuel	6	(64,762,908)	(73,807,817)	(82,355,449)
Maintenance		(3,729,912)	(3,856,975)	(2,846,521)
Depreciation		(11,646,683)	(11,293,522)	(11,032,748)
Labor		(6,259,588)	(5,762,884)	(5,112,484)
Service fees on transmission and transformer facilities of HIPDC	35(b)	(140,771)	(140,771)	(140,771)
Purchase of electricity		(5,055,076)	(4,955,603)	(7,101,878)
Others	6	(7,604,790)	(8,860,409)	(7,747,828)
Total operating expenses		(99,199,728)	(108,677,981)	(116,337,679)
Profit from operations		25,274,642	24,111,039	16,956,940
Interest income		159,550	170,723	175,402
Financial expenses, net				
Interest expense	6	(7,814,114)	(7,787,472)	(8,897,097)
Exchange (loss)/ gain and bank charges, net		(9,492)	94,109	(166,778)
Total financial expenses, net		(7,823,606)	(7,693,363)	(9,063,875)
Share of profits less losses of associates and joint ventures	8	1,315,876	615,083	622,358
Gain/ (loss) on fair value changes of financial assets/liabilities		42,538	(5,701)	(1,171)
Other investment income		80,580	224,908	187,131
Profit before income tax expense	6	19,049,580	17,422,689	8,876,785
Income tax expense	32	(5,487,208)	(4,522,671)	(2,510,370)
Net profit		13,562,372	12,900,018	6,366,415

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Statements of Comprehensive Income (continued)
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB, except per share data)

	Note	For the year ended 31 December 2014 RMB	2013 RMB	2012 RMB
Other comprehensive (loss)/income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Fair value changes of available-for-sale financial asset		840,289	(106,244)	98,516
Shares of other comprehensive income/ (loss) of investees accounted for under the equity method		87,579	(35,481)	30,070
Effective portion of cash flow hedges		(789,915)	417,891	(325,375)
Translation differences of the financial statements of foreign operations		(377,889)	(782,063)	536,231
Other comprehensive (loss)/income, net of tax		(239,936)	(505,897)	339,442
Total comprehensive income		13,322,436	12,394,121	6,705,857
Net profit attributable to:				
- Equity holders of the Company		10,757,317	10,426,024	5,512,454
- Non-controlling interests		2,805,055	2,473,994	853,961
		13,562,372	12,900,018	6,366,415
Total comprehensive income attributable to:				
- Equity holders of the Company		10,517,694	9,920,884	5,850,701
- Non-controlling interests		2,804,742	2,473,237	855,156
		13,322,436	12,394,121	6,705,857
Earnings per share attributable to the equity holders of the Company (expressed in RMB per share)				
- Basic and diluted	33	0.76	0.74	0.39

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Balance Sheets
As at 31 December 2014 and 2013
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Note	As at 31 December 2014 RMB	2013 RMB
ASSETS			
Non-current assets			
Property, plant and equipment	7	188,379,057	181,415,181
Investments in associates and joint ventures	8	17,626,910	16,678,694
Available-for-sale financial assets	10	4,333,377	3,111,164
Land use rights	11	4,953,844	4,491,285
Power generation licenses	12	3,720,959	3,837,169
Mining rights		1,922,655	1,922,655
Deferred income tax assets	30	884,274	652,358
Derivative financial assets	13	40,598	14,245
Goodwill	14	11,725,555	12,758,031
Other non-current assets	15	3,719,255	3,165,067
Total non-current assets		237,306,484	228,045,849
Current assets			
Inventories	16	6,702,274	6,469,026
Other receivables and assets	17	3,411,720	2,072,981
Accounts receivable	18	14,881,963	15,562,121
Derivative financial assets	13	261,135	91,727
Bank balances and cash	34	12,608,192	9,433,385
Assets held for sale	19	-	557,671
Total current assets		37,865,284	34,186,911
Total assets		275,171,768	262,232,760

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Balance Sheets (continued)
As at 31 December 2014 and 2013
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Note	As at 31 December 2014 RMB	2013 RMB
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company			
Share capital	20	14,420,383	14,055,383
Capital surplus		19,622,199	17,347,068
Surplus reserves	21	7,196,349	7,085,454
Currency translation differences		(1,194,819)	(817,243)
Retained earnings			
-Proposed dividend	22	5,479,746	5,341,046
-Others		24,605,633	19,438,957
		70,129,491	62,450,665
Non-controlling interests		14,653,215	12,742,309
Total equity		84,782,706	75,192,974
Non-current liabilities			
Long-term loans	23	57,638,458	60,513,671
Long-term bonds	24	22,725,535	23,726,550
Deferred income tax liabilities	30	1,810,755	2,032,417
Derivative financial liabilities	13	649,513	383,405
Other non-current liabilities	25	2,718,680	1,404,898
Total non-current liabilities		85,542,941	88,060,941
Current liabilities			
Accounts payable and other liabilities	26	27,035,864	25,321,374
Taxes payable	27	1,858,024	1,647,925
Dividends payable		431,681	166,270
Salary and welfare payables		171,262	188,837
Derivative financial liabilities	13	832,727	43,591
Short-term bonds	28	18,244,806	15,135,024
Short-term loans	29	43,529,004	37,937,046
Current portion of long-term loans	23	7,392,433	12,796,956
Current portion of long-term bonds	24	5,020,760	5,690,650
Current portion of other non-current liabilities	25	329,560	-
Liabilities held for sale	19	-	51,172
Total current liabilities		104,846,121	98,978,845

Total liabilities	190,389,062	187,039,786
Total equity and liabilities	275,171,768	262,232,760

These financial statements were approved for issue by the Board of Directors on 24 March 2015 and were signed on its behalf.

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Statement of Changes in Equity
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company								
	Share capital	Capital surplus				Surplus reserves	Currency translation differences	R e
		Share premium	Hedging reserve	Available-for-sale financial assets revaluation reserve	Other capital reserve	Subtotal			
Balance as at 1 January 2012	14,055,383	16,780,924	(393,710)	358,398	1,070,883	17,816,495	7,013,849	(570,973)	12,5
Profit for the year ended 31 December 2012	-	-	-	-	-	-	-	-	5,51
Other comprehensive income/(loss):									
Fair value changes from available-for-sale financial asset - gross	-	-	-	131,355	-	131,355	-	-	-
Fair value changes from available-for-sale financial asset - tax	-	-	-	(32,839)	-	(32,839)	-	-	-
Shares of other comprehensive income/(loss) of investees accounted for under the equity method - gross	-	-	-	48,083	(5,992)	42,091	-	-	-
Shares of other comprehensive income/(loss) of investees accounted for under the equity method - tax	-	-	-	(12,021)	-	(12,021)	-	-	-
Changes in fair value of effective	-	-	(474,555)	-	-	(474,555)	-	-	-

portion of cash flow hedges - gross										
Changes in fair value of effective portion of cash flow hedges - tax	-	-	86,086	-	-	86,086	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to inventories - gross	-	-	(243,312)	-	-	(243,312)	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to inventories - tax	-	-	41,363	-	-	41,363	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to exchange gain and bank charges, net - gross	-	-	98,187	-	-	98,187	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to exchange gain and bank charges, net - tax	-	-	(16,692)	-	-	(16,692)	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - gross	-	-	226,910	-	-	226,910	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - tax	-	-	(43,362)	-	-	(43,362)	-	-	-	
Currency translation differences	-	-	-	-	-	-	-	535,036	-	
Total comprehensive (loss)/income for	-	-	(325,375)	134,578	(5,992)	(196,789)	-	535,036	5,51	

the year ended 31 December 2012									
Capital injection	-	100,840	-	-	-	100,840	-	-	-
Transfer to surplus reserves	-	-	-	-	-	-	71,605	-	(71,
Dividends relating to 2011	-	-	-	-	-	-	-	-	(702
Net capital injection from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-
Other capital transaction with non-controlling interests	-	-	-	-	(1,469)	(1,469)	-	-	-
Balance as at 31 December 2012	14,055,383	16,881,764	(719,085)	492,976	1,063,422	17,719,077	7,085,454	(35,937)	17,3

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc. and its subsidiaries
Consolidated Statements of Changes in Equity (continued)
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company								
			Capital surplus						
	Share capital	Share premium	Hedging reserve	Available-for-sale financial assets revaluation reserve	Other capital reserve	Subtotal	Surplus reserves	Currency translation differences	I
Balance as at 1 January 2013	14,055,383	16,881,764	(719,085)	492,976	1,063,422	17,719,077	7,085,454	(35,937)	17,
Profit for the year ended 31 December 2013	-	-	-	-	-	-	-	-	10,
Other comprehensive (loss)/income:									
Fair value changes from available-for-sale financial asset - gross	-	-	-	(141,658)	-	(141,658)	-	-	-
Fair value changes from available-for-sale financial asset - tax	-	-	-	35,414	-	35,414	-	-	-
Shares of other comprehensive loss of investees accounted for under the equity method - gross	-	-	-	(47,236)	-	(47,236)	-	-	-
Shares of other comprehensive loss of investees accounted for under the equity method - tax	-	-	-	11,755	-	11,755	-	-	-
Changes in fair value of effective portion of cash flow hedges -	-	-	303,472	-	-	303,472	-	-	-

gross										
Changes in fair value of effective portion of cash flow hedges - tax	-	-	(54,371)	-	-	(54,371)	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to inventories - gross	-	-	7,116	-	-	7,116	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to inventories - tax	-	-	(1,210)	-	-	(1,210)	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to exchange loss and bank charges, net - gross	-	-	(1,759)	-	-	(1,759)	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to exchange loss and bank charges, net - tax	-	-	299	-	-	299	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - gross	-	-	203,673	-	-	203,673	-	-	-	
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - tax	-	-	(39,329)	-	-	(39,329)	-	-	-	
Currency translation differences	-	-	-	-	-	-	-	(781,306)	-	
Total comprehensive (loss)/income for the year ended 31	-	-	417,891	(141,725)	-	276,166	-	(781,306)	10,	

December 2013									
Dividends relating to 2012	-	-	-	-	-	-	-	-	(2,9
Capital injections from non-controlling interests of subsidiaries	-	40,005	-	-	-	40,005	-	-	-
Acquisitions of subsidiaries (Note 39)	-	-	-	-	-	-	-	-	-
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	-	(55
Others*	-	(688,180)	-	-	-	(688,180)	-	-	9
Balance as at 31 December 2013	14,055,383	16,233,589	(301,194)	351,251	1,063,422	17,347,068	7,085,454	(817,243)	24,

*Others mainly represented state-owned fund allocated from government budget received from the Ministry of Finance of PRC through China Huaneng Group (“ ”) of approximately RMB640 million in previous years, w repaid to China Huaneng Group in 2013 and subsequently lent to the Company as an entrusted loan pursuant to relevant regulation in the PRC.

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc. and its subsidiaries
Consolidated Statements of Changes in Equity (continued)
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Attributable to equity holders of the Company							
			Capital surplus					
	Share capital	Share premium	Hedging reserve	Available-for-sale financial assets revaluation reserve	Other capital reserve	Subtotal	Surplus reserves	Currency translation differences
Balance as at 1 January 2014	14,055,383	16,233,589	(301,194)	351,251	1,063,422	17,347,068	7,085,454	(817,243)
Profit for the year ended 31 December 2014	-	-	-	-	-	-	-	-
Other comprehensive (loss)/ income:								
Fair value changes from available-for-sale financial asset - gross	-	-	-	1,120,385	-	1,120,385	-	-
Fair value changes from available-for-sale financial asset - tax	-	-	-	(280,096)	-	(280,096)	-	-
Shares of other comprehensive income of investees accounted for under the equity method - gross	-	-	-	116,972	-	116,972	-	-
Shares of other comprehensive income of investees accounted for under the equity method - tax	-	-	-	(29,393)	-	(29,393)	-	-
Changes in fair value of effective	-	-	(1,479,632)	-	-	(1,479,632)	-	-

portion of cash flow hedges - gross								
Changes in fair value of effective portion of cash flow hedges - tax	-	-	254,590	-	-	254,590	-	-
Cash flow hedges recorded in shareholders' equity reclassified to inventories - gross	-	-	371,725	-	-	371,725	-	-
Cash flow hedges recorded in shareholders' equity reclassified to inventories - tax	-	-	(63,193)	-	-	(63,193)	-	-
Cash flow hedges recorded in shareholders' equity reclassified to exchange loss and bank charges, net - gross	-	-	(51,772)	-	-	(51,772)	-	-
Cash flow hedges recorded in shareholders' equity reclassified to exchange loss and bank charges, net - tax	-	-	8,801	-	-	8,801	-	-
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - gross	-	-	209,652	-	-	209,652	-	-
Cash flow hedges recorded in shareholders' equity reclassified to interest expense - tax	-	-	(40,086)	-	-	(40,086)	-	-
Currency translation differences	-	-	-	-	-	-	-	(377,576)
Total comprehensive	-	-	(789,915)	927,868	-	137,953	-	(377,576)

(loss)/ income for the year ended 31 December 2014								
Dividends relating to 2013 (Note 22)	-	-	-	-	-	-	-	-
Issuance of new H shares, net of issuance expenses (Note 20)	365,000	2,088,986	-	-	-	2,088,986	-	-
Capital injections from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-
Appropriation of surplus reserve (Note 21)	-	-	-	-	-	-	110,895	-
Acquisitions of subsidiaries (Note 39)	-	-	-	-	-	-	-	-
Disposal of a subsidiary (Note 19)	-	-	-	-	-	-	-	-
Disposal of non-controlling interests of a subsidiary (Note 19)	-	-	-	-	48,192	48,192	-	-
Balance as at 31 December 2014	14,420,383	18,322,575	(1,091,109)	1,279,119	1,111,614	19,622,199	7,196,349	(1,194,819)

The accompanying notes are an integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Statements of Cash Flows
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	For the year ended 31 December		
	2014 RMB	2013 RMB	2012 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense	19,049,580	17,422,689	8,876,785
Adjustments to reconcile profit before income tax expense to net cash provided by operating activities:			
Depreciation	11,646,683	11,293,522	11,032,748
Provision for impairment loss on property, plant and equipment	1,358,522	472,921	903,463
Provision for impairment loss on investment in an associate	120,050	-	-
Provision for impairment loss on goodwill	641,061	980,513	107,735
Provision for impairment loss on land use right	-	6,804	-
Amortization of land use rights	133,069	139,609	135,140
Amortization of other non-current assets	99,528	112,384	86,275
Amortization of employee housing subsidies	940	940	2,247
Recognition/ (reversal) of provision for doubtful accounts	4,577	(2,610)	(10,310)
(Reversal)/ recognition of provision for inventory obsolescence	(2,647)	(824)	12,155
(Gain)/loss on fair value changes of financial assets/liabilities	(42,538)	5,701	1,171
Other investment income	(80,580)	(224,908)	(187,131)
Net loss on disposals of property, plant and equipment	427,034	897,222	252,741
Unrealized exchange gain, net	(34,769)	(107,249)	(5,085)
Share of profits less losses of associates and joint ventures	(1,315,876)	(615,083)	(622,358)
Interest income	(159,550)	(170,723)	(175,402)
Interest expense	7,814,114	7,787,472	8,897,097
Others	(217,829)	106,484	45,136
Changes in working capital:			
Inventories	(195,853)	517,837	479,071
Other receivables and assets	(64,288)	992,322	329,263
Accounts receivable	466,878	(846,214)	303,586
Restricted cash	(243,624)	(7,091)	(1,877)
Accounts payable and other liabilities	(1,417,668)	4,598,219	(3,222,999)
Taxes payable	1,245,941	1,442,845	1,926,801
Salary and welfare payables	(17,566)	(26,492)	(34,835)
Interest received	97,374	100,278	109,635
Income tax expense paid	(5,992,496)	(4,637,139)	(2,312,970)
Net cash provided by operating activities	33,320,067	40,239,429	26,928,082

The accompanying notes are integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Statements of Cash Flows (continued)
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	For the year ended 31 December		
	2014 RMB	2013 RMB	2012 RMB
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for the purchase of property, plant and equipment	(19,858,216)	(17,691,382)	(15,474,614)
Proceeds from disposal of property, plant and equipment	70,712	166,459	949,469
Prepayments of land use rights	(500,100)	(5,947)	(81,382)
Payment for the purchase of other non-current assets	(21,576)	(32,601)	(51,615)
Cash dividends received	565,334	408,166	728,754
Payment for investment in associates and joint ventures	(266,877)	(2,017,853)	(947,574)
Cash paid for acquiring available-for-sale financial assets	-	(200,000)	(500,000)
Cash consideration paid for acquisitions of subsidiaries, net of cash acquired	(17,991)	36,599	(149,048)
Cash received from disposal of trading securities	-	102,784	-
Cash received from disposal of a subsidiary	503,809	6,199	-
Short-term loan repayment from an associate	-	-	100,000
Others	54,092	173,326	116,406
Net cash used in investing activities	(19,470,813)	(19,054,250)	(15,309,604)

The accompanying notes are integral part of these financial statements.

Huaneng Power International, Inc.
Consolidated Statements of Cash Flows (continued)
For the years ended 31 December 2014, 2013 and 2012
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB)

	Note	For the year ended 31 December 2014 RMB	2013 RMB	2012 RMB
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of short-term bonds		17,971,000	24,950,000	34,930,000
Repayments of short-term bonds		(15,000,000)	(45,000,000)	(11,000,000)
Proceeds from short-term loans		61,503,204	41,314,000	48,294,295
Repayments of short-term loans		(55,896,200)	(30,869,290)	(64,832,425)
Proceeds from long-term loans		9,647,090	5,091,175	19,425,661
Repayments of long-term loans		(17,522,953)	(12,889,078)	(32,483,848)
Issuance of long-term bonds		3,988,000	6,485,000	4,985,000
Repayments of long-term bonds		(5,700,000)	-	-
Interest paid		(8,097,216)	(8,290,433)	(8,941,814)
Net proceeds from the issuance of new H shares		2,453,986	-	-
Net capital injection from non-controlling interests of subsidiaries		606,719	868,225	665,333
Government grants		188,406	274,472	266,949
Dividends paid to shareholders of the Company		(5,341,046)	(2,951,631)	(702,867)
Dividends paid to non-controlling interests of subsidiaries		(1,474,329)	(539,876)	(460,607)
Proceeds from sales leaseback classified as finance lease		1,500,000	-	-
Repayment of state-owned fund received from China Huaneng Group in prior years		-	(640,485)	-
Cash received from disposal of non-controlling interests of a subsidiary		384,702	-	-
Others		(105,543)	(42,167)	37,423
Net cash used in financing activities		(10,894,180)	(22,240,088)	(9,816,900)
Effect of exchange rate fluctuations on cash held		(58,379)	(108,806)	151,027
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2,896,695	(1,163,715)	1,952,605
Cash and cash equivalents as at beginning of the year		9,341,672	10,505,387	8,552,782
	34	12,238,367	9,341,672	10,505,387

CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	

The accompanying notes are integral part of these financial statements.

HUANENG POWER INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
(Prepared in accordance with International Financial Reporting Standards)
(Amounts expressed in thousands of RMB unless otherwise stated)

1 Company organization and principal activities

Huaneng Power International, Inc. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a Sino-foreign joint stock limited company on 30 June 1994. The registered address of the Company is Huaneng Building, 6 Fuxingmennei Street, Xicheng District, Beijing, the PRC. The Company and its subsidiaries are principally engaged in the generation and sale of electric power to the respective regional or provincial grid companies in the PRC and in the Republic of Singapore ("Singapore"). The Company conducts its business in Singapore through SinoSing Power Pte Ltd. ("SinoSing Power") and its subsidiaries.

The directors consider Huaneng International Power Development Corporation ("HIPDC") and China Huaneng Group ("Huaneng Group") as the parent company and ultimate parent company of the Company, respectively. Both HIPDC and Huaneng Group are incorporated in the PRC. HIPDC does not produce financial statements available for public use.

2 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirement 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. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial assets and liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company and its subsidiaries' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)

As at and for the year ended 31 December 2014, a portion of the Company and its subsidiaries' funding requirements for capital expenditures were satisfied by short-term financing. Consequently, as at 31 December 2014, the Company and its subsidiaries have net current liabilities of approximately RMB67.0 billion. Taking into consideration of the expected operating cash flows of the Company and its subsidiaries and the undrawn available banking facilities of approximately RMB191.1 billion as at 31 December 2014, the Company and its subsidiaries are expected to refinance certain of its short term loans and bonds and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Company and its subsidiaries will be able to meet its liabilities as and when they fall due within the next twelve months and accordingly, these consolidated financial statements are prepared on a going concern basis.

Except as described below, the principal accounting policies adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2013 described in those annual financial statements.

The Company and its subsidiaries have adopted the following new amendments to standards and one interpretation that are first 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 consolidated financial statements as the Company and its subsidiaries do not qualify to be investment entities.

- Amendments to IAS 32, 'Financial instruments: Presentation – Offsetting financial assets and financial liabilities' clarify the offsetting criteria in IAS 32 . The amendments do not have any material impact on the consolidated financial statements as they are consistent with the policies already adopted by the Company and its subsidiaries.

- Amendments to IAS 36, 'Impairment of Assets – Recoverable amount disclosures for non-financial assets' 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 consolidated financial statements.

- Amendments to IAS 39, 'Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting' provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have any material impact on the consolidated financial statements as the Company and its subsidiaries have not novated any of its derivatives.

- IFRIC 21 'Levies' provides guidance on when a liability to pay a levy imposed by a government should be recognized. The amendments do not have any material impact on the consolidated financial statements as the guidance is consistent with the Company and its subsidiaries' existing accounting policies.

2 Principal accounting policies (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries.

Subsidiaries are investees over which the Company and its subsidiaries have the power to exercise control. The Company and its subsidiaries control an entity when it is exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. When assessing whether the Company and its subsidiaries have power, only substantive rights (held by the Company and its subsidiaries and other parties) are considered.

Subsidiaries are fully consolidated from the date when control is transferred to the Company and its subsidiaries. They are de-consolidated from the date when control ceases. Intra-group balances, transactions and cash flows, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The portion of the shareholders' equity of the subsidiaries, which is not attributable directly or indirectly to the parent company, is separately presented as non-controlling interests in the shareholders' equity in the consolidated financial statements.

When there is any inconsistency on the accounting policies or financial period adopted between subsidiaries and the Company, the financial statements of subsidiaries are adjusted according to the accounting policies or financial period adopted by the Company.

(i) Business combinations

The acquisition method is used to account for the business combinations of the Company and its subsidiaries (including business combination under common controls). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company and its subsidiaries. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company and its subsidiaries recognize any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2(i)). If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

2 Principal accounting policies (continued)

(b) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the equity owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates and joint ventures

Associates are investees over which the Company and its subsidiaries have significant influence on the financial and operating decisions. A joint venture is an arrangement whereby the Company and its subsidiaries and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

Investments in associates and joint ventures are initially recognized at cost and are subsequently measured using the equity method of accounting, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(p)). The excess of the initial investment cost over the proportionate share of the fair value of identifiable net assets of investee acquired is included in the initial investment cost (Note 2(i)). Any shortfall of the initial investment cost to the proportionate share of the fair value of identifiable net assets of investee acquired is recognized in current period profit or loss and long-term investment cost is adjusted accordingly.

When applying equity method, the Company and its subsidiaries adjust net profit or loss of the investees, including the fair value adjustments on the net identifiable assets of the associates and joint ventures and the adjustments to align with the accounting policies of the Company and the Company's financial reporting periods. Current period investment income is then recognized based on the proportionate share of the Company and its subsidiaries in the investees' net profit or loss. Net losses of investees are recognized to the extent of the carrying value of long-term equity investments and any other constituting long-term equity investments in investees that in substance form part of the investments in the investees. The Company and its subsidiaries continue to recognize investment losses and provision if they bear additional obligations which meet the recognition criteria.

The Company and its subsidiaries adjust the carrying amount of the investment and directly recognize into related other comprehensive income based on their proportionate share on the movements of the investees' other comprehensive income except net profit or loss, given there is no change in shareholding ratio.

When the investees appropriate profit or declare dividends, the carrying value of long- term equity investments are reduced correspondingly by the proportionate share of the distribution.

2 Principal accounting policies (continued)

(b) Consolidation (continued)

(iii) Associates and joint ventures (continued)

The Company and its subsidiaries determine at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Company and its subsidiaries calculate the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognize the amount in 'share of profit of associates and joint ventures' in the consolidated statement of comprehensive income.

Profits or losses resulting from transactions between the Company and its subsidiaries and the associates and joint ventures are recognized in the Company and its subsidiaries' financial statements only to the extent of the unrelated third party investor's interests in the associates and joint ventures. Loss from transactions between the Company and its subsidiaries and the associates and joint ventures is fully recognized and not eliminated when there is evidence for asset impairment.

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.

Gains and losses arising from dilution of investments in associates and joint ventures are recognized in the consolidated statement of comprehensive income.

In the Company's balance sheet, investments in associates and joint ventures are stated at cost less provision for impairment losses (Note 2(j)) unless classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(p)). Investment income from investments in associates and joint ventures is accounted for by the Company based on dividends received and receivable.

In all other cases, when the Company and its subsidiaries cease 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 recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(k)).

(c) Separate financial statements of the Company

Investments in subsidiaries are accounted for at cost less impairment unless classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(p)). Cost also includes direct attributable costs of investment. Investment income is recognized when the subsidiaries declare dividend.

2 Principal accounting policies (continued)

(d) Segment reporting

The Company and its subsidiaries determine the operating segment based on the internal organization structure, management requirement and internal reporting system for purposes of presenting reportable segment information.

An operating segment represents a component of the Company and its subsidiaries that meets all the conditions below: (i) the component earns revenue and incurs expenses in its daily operating activities; (ii) chief operating decision maker of the Company and its subsidiaries regularly reviews the operating results of the component in order to make decisions on allocating resources and assessing performance; (iii) the financial position, operating results, cash flows and other related financial information of the component are available. When the two or more operating segments exhibit similar economic characteristics and meet certain conditions, the Company and its subsidiaries combine them as one reportable segment.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Renminbi (“RMB”), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate on the transaction dates. On balance sheet date, foreign currency monetary items are translated into functional currency at the spot exchange rate on balance sheet date. Exchange differences are directly expensed in current period profit or loss unless they arises from foreign currency loans borrowed for purchasing or construction of qualifying assets which is eligible for capitalization or they arise from monetary items that qualify as hedging instruments in cash flow hedges which are recorded in other comprehensive income to the extent that the hedge is effective.

(iii) Foreign subsidiaries

The operating results and financial position of the foreign subsidiaries are translated into presentation currency as follows:

Asset and liability items in each balance sheet of foreign operations are translated at the closing rates at the balance sheet date; equity items excluding retained earnings are translated at the spot exchange rates at the date of the transactions. Income and expense items in the statement of comprehensive income of the foreign operations are translated at average exchange rates approximating the rate on transaction dates. All resulting translation differences are recognized in other comprehensive income.

2 Principal accounting policies (continued)

(e) Foreign currency translation (continued)

(iii) Foreign subsidiaries (continued)

The cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated at average exchange rates approximating the rates at the dates when cash flows incurred. The effect of the foreign currency translation on the cash and cash equivalents is presented in the statement of cash flows separately.

On the disposal of a foreign operation (that is, a disposal of the Company and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint ventures that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Company and its subsidiaries losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Company and its subsidiaries' ownership interest in associates or joint venture that includes a foreign operation that do not result in the Company and its subsidiaries losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(f) Property, plant and equipment

Property, plant and equipment consists of dam, port facilities, buildings, electric utility plant in service, transportation facilities, others and construction-in-progress ("CIP"). Property, plant and equipment acquired or constructed are initially recognized at cost and carried at the net value of cost less accumulated depreciation and accumulated impairment loss, unless classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(p)).

Cost of CIP comprises construction expenditures, other expenditures necessary for the purpose of preparing the CIP for its intended use, and those borrowing costs incurred before the assets are ready for intended use that are eligible for capitalization. CIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.

Subsequent costs about property, plant and equipment are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and its subsidiaries and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Other subsequent expenditures not qualifying for capitalization are charged in the current period profit or loss when they are incurred.

2 Principal accounting policies (continued)

(f) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is provided based on book value of the asset less estimated residual value over the estimated useful life using straight-line method. For those impaired property, plant and equipment, depreciation is provided based on book value after deducting impairment provision over the estimated useful life of the asset. The estimated useful lives are as follows:

	Estimated useful lives
Dam	8 – 50 years
Port facilities	20 – 40 years
Buildings	8 – 30 years
Electric utility plant in service	5 – 30 years
Transportation facilities	8 – 27 years
Others	5 – 14 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. At the end of each year, the Company and its subsidiaries review the estimated useful lives, residual values and the depreciation method of the property, plant and equipment and make adjustment when necessary.

Property, plant and equipment is derecognized when it is disposed of, or is not expected to bring economic benefit through use or disposal. The amount of disposal income arising from sale, transfer, disposal or write-off of the property, plant and equipment less book value and related tax expenses is recorded in ‘operating expenses – others’ in the statement of comprehensive income.

The carrying amount of property, plant and equipment is written down immediately to its recoverable amount when its carrying amount is greater than its recoverable amount (Note 2(j)).

(g) Power generation license

The Company and its subsidiaries acquired the power generation license as part of the business combination with Tuas Power Ltd. (“Tuas Power”). The power generation license is initially recognized at fair value at the acquisition date. The license has an indefinite useful life and is not amortized. The assessment that the license has an indefinite useful life is based on the expected renewal of power generation license without significant restriction and cost, together with the consideration on related future cash flows generated and the expectation of continuous operations. It is tested annually for impairment and carried at cost less accumulated impairment loss. Useful life of the power generation license is reviewed by the Company and its subsidiaries each financial period to determine whether events and circumstances continue to support the indefinite useful life assessment.

2 Principal accounting policies (continued)

(h) Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses and are amortised based on the units of production method utilising only recoverable coal reserves as the depletion base, unless the mining rights are classified as held for sale (or included in a disposal group that is classified as held for sale) (Note 2(p)).

(i) Goodwill

Goodwill arising from the acquisitions of subsidiaries, associates and joint ventures represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the Company and its subsidiaries' share of the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

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

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

(j) Impairment of non-financial assets

The carrying amounts of property, plant and equipment, intangible assets with definite useful lives, land use rights and long-term equity investments not accounted for as financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested for impairment annually regardless of whether there are indications of impairment or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

2 Principal accounting policies (continued)

(j) Impairment of non-financial assets (continued)

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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).

An impairment loss in respect of goodwill is not reversed. Except for goodwill, all impaired non-financial assets are subject to review for possible reversal of impairment at each reporting date. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior year. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Financial assets

Financial assets are classified in the following categories at initial recognition: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the intention and ability of the Company and its subsidiaries to hold the financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and designated upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables refer to the non-derivative financial assets for which there is no quotation in the active market with fixed or determinable amount. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are primarily included in as 'accounts receivable', 'other receivables and assets', 'loans to subsidiaries' and 'other non-current assets' in the balance sheets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in current assets when management intends to dispose of the available-for-sale financial assets within 12 months of the balance sheet date.

2 Principal accounting policies (continued)

(k) Financial assets (continued)

(iv) Recognition and measurement

Regular purchases and sales of financial assets are recognized at fair value initially on trade-date – the date on which the Company and its subsidiaries commit to purchase or sell the asset. Transaction costs relating to financial assets at fair value through profit or loss are directly expensed in the profit or loss as incurred. Transaction costs for other financial assets are included in the carrying amount of the asset at initial recognition. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and all risks and rewards related to the ownership of the financial assets have been transferred to the transferee.

Financial assets at fair value through profit or loss and available-for-sale are subsequently measured at fair value. When an active market exists for a financial instrument, fair value is determined based on quoted prices in the active market. When no active market exists, fair value is determined by using valuation techniques. When applying valuation techniques, the Company and its subsidiaries maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Changes in the fair value of financial assets at fair value through profit or loss are recorded in ‘gain/(loss) on fair value changes of financial assets/liabilities’.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Loans and receivables are carried at amortized cost using the effective interest method.

Except for impairment loss and translation differences on monetary financial assets, changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When these financial assets are derecognized, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as ‘other investment income’. Dividends on available-for-sale financial assets are recorded in ‘other investment income’ when the right of the Company and its subsidiaries to receive payments is established.

(v) Impairment of financial assets

Except for financial assets at fair value through profit or loss, the Company and its subsidiaries perform assessment on the book value of financial assets at the balance sheet date. Provision for impairment is made when there is objective evidence showing that a financial asset is impaired.

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

2 Principal accounting policies (continued)

(k) Financial assets (continued)

(v) Impairment of financial assets (continued)

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

When financial assets carried at amortized cost are impaired, the carrying amount of the financial assets is reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The impaired amount is recognized as assets impairment loss in the current period. If there is objective evidence that the value of the financial assets has recovered as a result of objective changes in circumstances occurring after the impairment loss was originally recognized, the originally recognized impairment loss is reversed through profit or loss. For the impairment test of receivables, please refer to Note 2(l).

(vi) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Gain or loss arising from subsequent change in the fair value of derivative financial instruments is recognized in profit or loss except for the effective portions of gain or loss on the derivative financial instruments designated as cash flow hedges which are recognized directly in other comprehensive income. Cash flow hedge represents a hedge against the exposure to variability in cash flows, which such cash flow is originated from a particular risk associated with highly probable forecast transactions and variable rate borrowings and which could affect the statement of comprehensive income.

The hedged items of cash flow hedge are the designated items with respect to the risks associated with future cash flow change resulting from variability in cash flows of a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction. Hedging instruments are designated derivative for cash flow hedge whose cash flows are expected to offset changes in the cash flows of a hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months.

The Company and its subsidiaries document their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The Company and its subsidiaries apply ratio analysis method to evaluate the ongoing effectiveness of the cash flow hedge.

2 Principal accounting policies (continued)

(k) Financial assets (continued)

(vi) Derivative financial instruments and hedging activities (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within ‘gain/(loss) on fair value changes of financial assets/liabilities’.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the statement of comprehensive income within ‘interest expense’. The gain or loss relating to the effective portion of exchange forward hedging foreign currency denominated payables is recognized in the statement of comprehensive income within ‘exchange gain/(loss) and bank charges, net’. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. In the case where the Company and its subsidiaries expect all or a portion of net loss previously recognized directly in other comprehensive income will not be recovered in future financial periods, the irrecoverable portion will be reclassified into profit or loss.

When a hedging instrument expires or is sold, terminated or exercised or when a hedge no longer meets the criteria for hedge accounting, the Company and its subsidiaries will discontinue hedge accounting. Any cumulative gain or loss existing in equity at that time remains in equity and is subsequently recognized when the forecast transaction is ultimately recognized in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income within ‘gain/(loss) on fair value changes of financial assets/liabilities’.

(l) Loans and receivables

Loans and receivables, which primarily include accounts receivable, other receivables, loan to subsidiaries and other non-current assets, are recognized initially at fair value. Loans and receivables are subsequently measured at amortized cost less provision for doubtful debts using the effective interest method.

The Company and its subsidiaries establish an allowance for impairment that represents its estimate of incurred losses in respect of receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

2 Principal accounting policies (continued)

(l) Loans and receivables (continued)

When there is objective evidence that the Company and its subsidiaries will not be able to collect all amounts due according to the original terms of the receivables, impairment test is performed and related provision for doubtful accounts is made based on the shortfall between carrying amounts and respective present value of estimated future cash flows. The carrying amounts of the receivables are reduced through the use of allowance accounts, and the amount of the provision is recognized in the statement of comprehensive income within 'operating expenses – others'. When a receivable is uncollectible, it is written off against the allowance account for the receivable. Subsequent recoveries of amounts previously written off are credited against 'operating expenses – others' in the statement of comprehensive income.

(m) Inventories

Inventories include fuel for power generation, materials for repairs and maintenance and spare parts, and are stated at lower of cost and net realizable values.

Inventories are initially recorded at cost and are charged to fuel costs or repairs and maintenance, respectively when used, or capitalized to property, plant and equipment when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation costs.

When the forecast transaction that is hedged results in the recognition of the inventory, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the inventory.

Provision for inventory obsolescence is determined by the excess of cost over net realizable value. Net realizable values are determined based on the estimated selling price less estimated conversion costs during power generation, selling expenses and related taxes in the ordinary course of business.

(n) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or jointly control of the same third party; one party is controlled or jointly controlled by a third party and the other party is an associate or a joint venture of the same third party.

(o) Cash and cash equivalents

Cash and cash equivalents listed in the statement of cash flows represents cash in hand, call deposits held with banks and other financial institutions, and other short-term (3 months or less), highly-liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow.

2 Principal accounting policies (continued)

(p) Non-current assets (or disposal group) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Company and its subsidiaries' other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(q) Borrowings

Borrowings are recognized initially at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Borrowings are classified as current liabilities unless the Company and its subsidiaries have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(r) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. The Capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

The amount of specific borrowing costs capitalized is net of the investment income on any temporary investment of the funds pending expenditure on the asset.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(s) Payables

Payables primarily include accounts payable and other liabilities, and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 Principal accounting policies (continued)

(t) Taxation

(i) Value-added tax (“VAT”)

The domestic power, heat and coal sales of the Company and its subsidiaries are subject to VAT. VAT payable is determined by applying 17% (or 13% on heat) on the taxable revenue after offsetting deductible input VAT of the period.

According to the relevant regulations of Ministry of Finance of PRC and State Administration of Taxation, certain pilot regions have been under the Pilot Program for the transformation from Business Tax to VAT since 1 January 2012 and all other regions since 1 August 2013 for specified industry. The applicable tax rate of VAT for the Company and its subsidiaries in respect of the lease of tangible movable properties, transportation industry and other modern services industry are 17%, 11% and 6%, respectively.

(ii) Business Tax (“BT”)

Port and transportation services of the Company and its subsidiaries are subject to BT at the applicable tax rate of 3% before the transformation became effective as stated in Note 2(t)(i).

(iii) Goods and service tax (“GST”)

The power sales of the subsidiaries in Singapore are subject to goods and service tax of the country where they operate. GST payable is determined by applying 7% on the taxable revenue after offsetting deductible GST of the period.

(iv) Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred income tax assets and liabilities are recognized based on the differences between tax bases of assets and liabilities and respective book values (temporary differences). For deductible tax losses or tax credit that can be brought forward in accordance with tax law requirements for deduction of taxable income in subsequent years, it is considered as temporary differences and related deferred income tax assets are recognized. No deferred income tax liability is recognized for temporary difference arising from initial recognition of goodwill. For those temporary differences arising from initial recognition of an asset or liability in a non-business combination transaction that affects neither accounting profit nor taxable profit (or deductible loss) at the time of the transaction, no deferred income tax asset and liability is recognized. The temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company and its subsidiaries control 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.

2 Principal accounting policies (continued)

(t) Taxation (continued)

(iv) Current and deferred income tax (continued)

The Company and its subsidiaries recognize deferred income tax assets to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference, deductible tax loss and tax credit.

On the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled.

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

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

(1) The Company and its subsidiaries have the legal enforceable right to offset current income tax assets and current income tax liabilities;

(2) Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax authority of the Company and its subsidiaries.

(u) Employee benefits

Employee benefits include all expenditures relating to the employees for their services. The Company and its subsidiaries recognize employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

In connection with pension obligations, the Company and its subsidiaries operate various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Company and its subsidiaries pay fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The Company and its subsidiaries have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit when incurred. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in the future payment is available.

2 Principal accounting policies (continued)

(v) Government grants

Government grants are recognized when the Company and its subsidiaries fulfill the conditions attaching to them and they are probable to be received. When government grants are received in the form of monetary assets, they are measured at the amount received or receivable. When the grant is in the form of non-monetary assets, it is measured at fair value. When fair value cannot be measured reliably, nominal amount is assigned.

Asset-related government grant is recognized as deferred income and is amortized evenly in profit or loss over the useful lives of related assets.

Income-related government grant that is used to compensate subsequent related expenses or losses of the Company and its subsidiaries are recognized as deferred income and recorded in the profit or loss when related expenses or losses incurred. When the grant is used to compensate expenses or losses that were already incurred, they are directly recognized in current period profit or loss.

(w) Revenue and income recognition

Revenue and income are recognized based the following methods:

Revenue and income are recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the amount of the revenue and income can be measured reliably.

(i) Electricity sales revenue

Electricity sales revenue represents the fair value of the consideration received or receivable for electricity sold in the ordinary course of the activities of the Company and its subsidiaries (net of VAT or GST). Revenue is earned and recognized upon transmission of electricity to the customers or the power grid controlled and owned by the respective regional or provincial grid companies.

(ii) Coal sales revenue

Coal sales revenue represents the fair value of the consideration received or receivable for the sale of the coal in the ordinary course of the activities of the Company and its subsidiaries. Coal sales revenue is recognized when the coal is delivered to the customers and there is no unfulfilled obligation that could affect the customer’s acceptance of the coal.

(iii) Service revenue

Service revenue refers to amounts received from service of port loading, conveying and transportation. The Company and its subsidiaries recognize revenue when the relevant service is provided.

(iv) Dividend income

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

2 Principal accounting policies (continued)

(w) Revenue and income recognition (continued)

(v) Interest income

Interest income from deposits is recognized on a time proportion basis using effective interest method. Interest income from the finance lease is recognized on a basis that reflects a constant periodic rate of return on the net investment in the finance lease.

(x) Leases

Leases where all the risks and rewards incidental to ownership of the assets are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

(i) Operating leases (lessee)

Operating lease expenses are capitalized or expensed on a straight-line basis over the lease term.

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

(ii) Finance lease

The Company and its subsidiaries recognize the aggregate of the minimum lease receipts and the initial direct costs on the lease inception date as the receivable. The difference between the aggregate of the minimum lease receipts and the initial direct costs and sum of their respective present values is recognized as unrealized finance income. The Company and its subsidiaries adopt the effective interest method to allocate such unrealized finance income over the lease term. On balance sheet date, the Company and its subsidiaries present the net amount of finance lease receivable after deducting any unrealized finance income in non-current assets and current assets, respectively.

Please refer to Note 2(k)(v) for impairment test on finance lease receivables.

Where the Company and its subsidiaries acquire 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 Company and its subsidiaries will obtain ownership of the asset, the life of the asset, as set out in note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2 Principal accounting policies (continued)

(y) Purchase of electricity

The overseas subsidiary of the Company recognizes electricity purchase cost when it purchases the electricity and transmits to its customers.

(z) Financial guarantee contracts

The Company issues financial guarantee contracts that transfer significant insurance risk. Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments. Where the Company issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within accounts payable and other liabilities. 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 recognized in accordance with the Company's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income. The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued.

(aa) Dividend distribution

Dividend distribution to the shareholders of the Company and its subsidiaries is recognized as a liability in the period when the dividend is approved in the shareholders' meeting.

(ab) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

(ac) Standards and amendments to published standards that are not yet effective but relevant to the Company and its subsidiaries

The following are standards or amendments to existing standards that have been published and are mandatory for the accounting periods beginning on or after 1 January 2015, but the Company and its subsidiaries have not early adopted:

- Amendments to IAS 19, "Defined benefit plans: Employee contributions", which will be effective for accounting periods beginning on or after 1 July 2014.
- Annual improvement to IFRSs 2010-2012 cycle, which will be effective for accounting periods beginning on or after 1 July 2014.
- Annual improvement to IFRSs 2011-2013 cycle, which will be effective for accounting periods beginning on or after 1 July 2014.

2 Principal accounting policies (continued)

(ac) Standards and amendments to published standards that are not yet effective but relevant to the Company and its subsidiaries (continued)

- Amendments to IFRS 11, "Accounting for acquisitions of interests in joint operations", which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38, "Clarification of acceptable methods of depreciation and amortization", which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 15, "Revenue from contracts with customers", which will be effective for accounting periods beginning on or after 1 January 2017.
- IFRS 9, "Financial instrument", which will be effective for accounting periods beginning on or after 1 January 2018.

The Company and its subsidiaries have not assessed full impact of adoption of these standards or amendments upon their effective date.

3 Financial, capital and insurance risks management

(a) Financial risk management

Risk management, including the management on the financial risks, is carried out under the instructions of the Strategic Committee of Board of Directors and the Risk Management Team. The Company works out general principles for overall management as well as management policies covering specific areas. In considering the importance of risks, the Company identifies and evaluates risks at head office and individual power plant level, and requires analysis and proper communication of the information collected periodically.

SinoSing Power and its subsidiaries are subject to financial risks that are different from the entities operating within the PRC. They have a series of controls in place to maintain the cost of risks occurring and the cost of managing the risks at an acceptable level. Management continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. SinoSing Power and its subsidiaries have their written policies and financial authorization limits in place which are reviewed periodically. These financial authorization limits seek to mitigate and eliminate operational risks by setting approval thresholds required for entering into contractual obligations and investments.

(i) Market risk

(1) Foreign exchange risk

Foreign exchange risk of the entities operating within the PRC primarily arises from loans denominated in foreign currencies of the Company and its subsidiaries. SinoSing Power and its subsidiaries are exposed to foreign exchange risk on accounts payable and other payables that are denominated primarily in US$, a currency other than Singapore dollar ("S$"), their functional currency. Please refer to Note 23, 26 and 29 for details. The Company and its subsidiaries manage exchange risk through closely monitoring interest and exchange market.

3 Financial, capital and insurance risks management

(a) Financial risk management (continued)

(i) Market risk (continued)

(1) Foreign exchange risk (continued)

As at 31 December 2014, if RMB had weakened/strengthened by 5% (2013 and 2012: 5%) against US$ and 3% (2013 and 2012: 3%) against EUR ("€") with all other variables constant, exchange gain of the Company and its subsidiaries would have been RMB155 million (2013 and 2012: RMB186 million and RMB217 million) and RMB13 million (2013 and 2012: RMB19 million and RMB19 million) lower/higher, respectively. The ranges of such sensitivity disclosed above were based on the observation on the historical trend of related exchange rates during the previous year under analysis.

As at 31 December 2014, if S$ had weakened/strengthened by 10% (2013 and 2012: 10%) against US$ with all other variables constant, exchange gain of the Company and its subsidiaries would have been RMB6 million (2013 and 2012: RMB12 million and RMB25 million) lower/higher, respectively. The ranges of such sensitivity disclosed above were based on the management's experience and forecast.

SinoSing Power and its subsidiaries also are exposed to foreign exchange risk on fuel purchases that are denominated primarily in US$. They substantially hedge their estimated foreign currency exposure in respect of forecast fuel purchases over the following three months using primarily foreign currency contracts.

(2) Price risk

The available-for-sale financial assets of the Company and its subsidiaries are exposed to equity security price risk.

Detailed information relating to the available-for-sale financial assets is disclosed in Note 10. The Company has a supervisor in the supervisory committee of the most significant investment in available-for-sale financial assets (China Yangtze Power Co., Ltd. ("Yangtze Power")) and exercises influence in safeguarding its interest. The Company also closely monitors the pricing trends in the open market in determining its long-term strategic stakeholding decisions.

The Company and its subsidiaries are exposed to fuel price risk on fuel purchases. In particular, SinoSing Power and its subsidiaries use fuel oil swap to hedge against such a risk and designate them as cash flow hedges. Please refer to Note 13 for details.

(3) Cash flow interest rate risk

The interest rate risk of the Company and its subsidiaries primarily arises from long-term loans. Loans borrowed at variable rates expose the Company and its subsidiaries to cash flow interest rate risk. The exposures of these risks are disclosed in Note 23 to the financial statements. The Company and its subsidiaries have entered into interest rate swap agreements with banks to hedge against a portion of cash flow interest rate risk.

3 Financial, capital and insurance risks management (continued)

(a) Financial risk management (continued)

(i) Market risk (continued)

(3) Cash flow interest rate risk (continued)

As at 31 December 2014, if interest rates on RMB-denominated borrowings had been 50 basis points (2013 and 2012: 50 basis points) higher/lower with all other variables held constant, interest expense for the year would have been RMB380 million (2013 and 2012: RMB389 million and RMB432 million) higher/lower. If interest rates on US$-denominated borrowings had been 50 basis points (2013 and 2012: 50 basis points) higher/ lower with all other variables held constant, interest expense for the year would have been RMB8 million (2013 and 2012: RMB9 million and RMB11 million) higher/ lower. If interest rates on S$-denominated borrowings had been 100 basis points (2013 and 2012: 100 basis points) higher/lower with all other variables held constant, interest expense for the year would have been RMB58 million (2013 and 2012: RMB64 million and RMB72 million) higher/lower. The ranges of such sensitivity disclosed above were based on the observation on the historical trend of related interest rates during the previous year under analysis.

The Company has entered into a floating-to-fixed interest rate swap agreement to hedge against cash flow interest rate risk of a loan. According to the interest rate swap agreement, the Company agrees with the counterparty to settle the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts quarterly until 2019. Tuas Power Generation Pte Ltd. (“TPG”) also entered into a number of floating-to-fixed interest rate swap agreements to hedge against cash flow interest rate risk of a loan. According to the interest rate swap agreements, TPG agrees with the counterparty to settle the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amount semi-annually until 2020. Please refer to Note 13 for details.

(ii) Credit risk

Credit risk arises from bank deposits, accounts receivable, other receivables, other non-current assets and loans to subsidiaries. The maximum exposures of bank deposits, accounts receivable, other receivables and other non-current assets are disclosed in Note 34, 18, 17 and 15 to the financial statements, respectively, and maximum exposures of loans to subsidiaries are disclosed in Note 9 (b).

Bank deposits are placed with reputable banks and financial institutions. In addition, a significant portion is deposited with a non-bank financial institution which is a related party of the Company. The Company has a director on the Board of this non-bank financial institution and exercises influence. Corresponding maximum exposures of these bank deposits are disclosed in Note 35(a)(i) to the financial statements.

3 Financial, capital and insurance risks management (continued)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Most of the power plants of the Company and its subsidiaries operating within the PRC sell electricity generated to their sole customers, the power grid companies of their respective provinces or regions where the power plants operate. These power plants communicate with their individual grid companies periodically and believe that adequate provision for doubtful accounts have been made in the financial statements.

Singapore subsidiaries derive revenue mainly from sale of electricity to the National Electricity Market of Singapore operated by Energy Market Company Pte Ltd., which does not have high credit risk. They also derive revenue mainly from retailing electricity to consumers with monthly consumption of more than 4,000kWh. These customers engage in a wide spectrum of manufacturing and commercial activities in a variety of industries. They hold cash deposits of RMB157.80 million (2013: RMB188.86 million) and guarantees from creditworthy financial institutions to secure substantial obligations of the customers.

Regarding balances with subsidiaries, the Company obtains the financial statements of all subsidiaries and assess the financial performance and cash flows of those subsidiaries periodically to manage the credit risk of loans to subsidiaries.

(iii) Liquidity risk

Liquidity risk management is to primarily ensure the ability of the Company and its subsidiaries to meet its liabilities as and when they are fall due. The liquidity reserve comprises the undrawn borrowing facility and cash and cash equivalents available as at each month end in meeting its liabilities.

The Company and its subsidiaries maintain flexibility in funding by cash generated by their operating activities and availability of committed credit facilities.

Financial liabilities due within 12 months are presented as the current liabilities in the balance sheets. The repayment schedules of the long-term loans and long-term bonds and cash flows of derivative financial liabilities are disclosed in Note 23, 24 and 13, respectively.

(b) Fair value estimation

(i) Fair value measurements

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3 Financial, capital and insurance risks management (continued)

(b) Fair value estimation (continued)

(i) Fair value measurements (continued)

The following table presents the assets and liabilities of the Company and its subsidiaries that are measured at fair value at 31 December 2014.

	The Company and its subsidiaries			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Trading derivatives (Note 13)	-	184,756	-	184,756
Derivatives used for hedging (Note 13)	-	116,977	-	116,977
Available-for-sale financial assets				
– Equity securities (Note 10)	2,748,162	-	-	2,748,162
Total assets	2,748,162	301,733	-	3,049,895
Liabilities				
Financial liabilities at fair value through profit or loss				
– Trading derivatives (Note 13)	-	149,989	-	149,989
Derivatives used for hedging (Note 13)	-	1,332,251	-	1,332,251
Total liabilities	-	1,482,240	-	1,482,240

The following table presents the assets and liabilities of the Company and its subsidiaries that are measured at fair value at 31 December 2013.

	The Company and its subsidiaries			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
– Trading derivatives (Note 13)	-	23,783	-	23,783
Derivatives used for hedging (Note 13)	-	82,189	-	82,189
Available-for-sale financial assets				

– Equity securities (Note 10)	1,627,777	-	-	1,627,777
Total assets	1,627,777	105,972	-	1,733,749
Liabilities				
Financial liabilities at fair value through profit or loss				
– Trading derivatives (Note 13)	-	29,814	-	29,814
Derivatives used for hedging (Note 13)	-	397,182	-	397,182
Total liabilities	-	426,996	-	426,996

3 Financial, capital and insurance risks management (continued)

(b) Fair value estimation (continued)

(i) Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company and its subsidiaries is the current bid price. These instruments are included in level 1. As at 31 December 2014 and 2013, instrument included in level 1 is an equity investment in Yangtze Power classified as available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The forward exchange contracts and fuel oil swaps are both valued using quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Instruments included in level 2 comprise forward exchange contracts, fuel oil swaps and interest rate swaps.

There were no significant transfers of financial instruments between level 1 and level 2 fair value hierarchy classifications in 2014.

(ii) Fair value disclosures

The carrying value less provision for doubtful accounts of accounts receivable, other receivables and assets, accounts payable and other liabilities, short-term bonds and short-term loans approximated their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company and its subsidiaries for similar financial instruments.

The estimated fair value of long-term loans and long-term bonds (both including current maturities) was approximately RMB64.89 billion and RMB28.03 billion as at 31 December 2014 (2013: RMB73.03 billion and RMB29.27 billion), respectively. The aggregate book value of these liabilities was approximately RMB65.03 billion and RMB27.75 billion as at 31 December 2014 (2013: RMB73.31 billion and RMB29.42 billion), respectively.

3 Financial, capital and insurance risks management (continued)

(c) Capital risk management

The objectives of the Company and its subsidiaries when managing capital are to safeguard the ability of the Company and its subsidiaries in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company and its subsidiaries monitor capital by using debt ratio analysis. This ratio is calculated as total liabilities (sum of current liabilities and non-current liabilities) divided by total assets as shown in the consolidated balance sheet. During 2014, the strategy of the Company and its subsidiaries remained unchanged from 2013. The debt ratio of the Company and its subsidiaries as at 31 December 2014 was 69.19% (2013: 71.33%).

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and its subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Accounting estimates on impairment of goodwill and power generation license

The Company and its subsidiaries perform test annually whether goodwill and power generation license have suffered any impairment in accordance with the accounting policies stated in Notes 2(j) and 2(g), respectively. The recoverable amounts of CGU or CGUs to which goodwill and the power generation license have been allocated are determined based on value-in-use calculations. These calculations require the use of estimates (Note 14 and 12). It is reasonably possible, based on existing knowledge, that outcomes within the next financial period that are different from assumptions could require a material adjustment to the carrying amounts of goodwill and power generation license.

For goodwill allocated to CGUs in the PRC, changes of assumptions in tariff and fuel price could have affected the results of goodwill impairment assessment. As at 31 December 2014, if tariff had decreased by 1% or 5% from management’s estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against goodwill by approximately RMB357 million and RMB1,113 million, respectively. If fuel price had increased by 1% or 5% from the management’s estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against goodwill by RMB25 million and RMB124 million, respectively.

For sensitivity analysis of goodwill and power generation license of Tuas Power, please refer to Note 14 and 12.

4 Critical accounting estimates and judgements (continued)

(b) Useful life of power generation license

As at year end, management of the Company and its subsidiaries assessed that the estimated useful life for its power generation license is indefinite. This assessment is based on the expected renewal of power generation license without significant restriction and cost, together with the consideration on related future cash flows generated and the expectation of continuous operations. Based on existing knowledge, outcomes within the next financial period that are different from assumptions could require a change to the carrying amount of power generation license.

(c) Useful lives of property, plant and equipment

Management of the Company and its subsidiaries determines the estimated useful lives of property, plant and equipment and respective depreciation. The accounting estimate is based on the expected wears and tears incurred during power generation. Wears and tears can be significantly different following renovation each time. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment.

(d) Estimated impairment of property, plant and equipment

The Company and its subsidiaries test whether property, plant and equipment suffered any impairment whenever an impairment indication exists. In accordance with Note 2(j), an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. It is reasonably possible, based on existing knowledge, that outcomes within the next financial period that are different from assumptions could require a material adjustment to the carrying amount of property, plant and equipment.

Changes of assumptions in tariff and fuel price will affect the result of property, plant and equipment impairment assessment. For power plants assets that are subject to impairment testing, as at 31 December 2014, if tariff had decreased by 1% or 5% from management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against property, plant and equipment by approximately RMB108 million and RMB1,186 million, respectively. If fuel price had increased by 1% or 5% from the management's estimates with other variables constant with the expectations, the Company and its subsidiaries would have to further recognize impairment against property, plant and equipment by approximately RMB8 million and RMB39 million, respectively.

(e) Approval of construction of new power plants

The receiving of the ultimate approvals from National Development and Reform Commission ("NDRC") on certain power plant construction projects of the Company and its subsidiaries is a critical estimate and judgment of the directors. Such estimates and judgments are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Company and its subsidiaries will receive final approvals from NDRC on the related power plant projects. Deviation from the estimate and judgment could result in significant adjustment to the carrying amount of property, plant and equipment.

4 Critical accounting estimates and judgements (continued)

(f) Deferred tax assets

The Company and its subsidiaries recognized the deferred tax assets to the extent that it is probable that future taxable profit will be available against which the asset can be utilized, using tax rates that are expected to be applied in the period when the asset is recovered. The management assesses the deferred tax assets based on the expected amount and timing of future taxable profit, the enacted tax laws and applicable tax rates. It is reasonably possible, based on existing knowledge, the outcomes within the next financial period that are different from assumptions could require a material adjustment to the carrying amount of deferred tax assets.

5 Revenue and segment information

Revenues recognized during the year are as follows:

	For the year ended 31 December		
	2014	2013	2012
Sales of power and heat	124,561,854	132,478,643	131,936,955
Port service	204,763	352,988	330,518
Transportation service	135,256	133,147	101,205
Others	504,982	868,097	1,597,981
Total	125,406,855	133,832,875	133,966,659

Directors and certain senior management of the Company perform the function as the chief operating decision maker (collectively referred to as the “senior management”). The senior management reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. The Company has determined the operating segments based on these reports. The reportable segments of the Company are the PRC power segment, Singapore segment and all other segments (mainly including port and transportation operations). No operating segments have been aggregated to form a reportable segment.

Senior management assesses the performance of the operating segments based on a measure of profit before income tax expense under China Accounting Standard for Business Enterprises (“PRC GAAP”) excluding dividend income received from available-for-sale financial assets and operating results of the centrally managed and resource allocation functions of headquarters (“Segment results”). Other information provided, except as noted below, to the senior management of the Company is measured under PRC GAAP.

Segment assets exclude prepaid income tax, deferred income tax assets, available-for-sale financial assets and assets related to the centrally managed and resource allocation functions of headquarters that are not attributable to any operating segment (“corporate assets”). Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and liabilities related to the centrally managed and resource allocation functions of headquarters that are not attributable to any operating segment (“corporate liabilities”). These are part of the reconciliation to total balance sheet assets and liabilities.

5 Revenue and segment information (continued)

All sales among the operating segments were performed at market price or close to market price, and have been eliminated as internal transactions when preparing consolidated financial statements.

(Under PRC GAAP)

	PRC power segment	Singapore segment	All other segments	Total
For the year ended 31 December 2014				
Total revenue	110,650,856	14,370,406	537,452	125,558,714
Inter-segment revenue	-	-	(151,859)	(151,859)
Revenue from external customers	110,650,856	14,370,406	385,593	125,406,855
Segment results	19,345,641	138,143	(779,964)	18,703,820
Interest income	86,609	72,128	813	159,550
Interest expense	(7,035,601)	(426,019)	(172,189)	(7,633,809)
Impairment loss	(1,427,976)	3,228	(696,812)	(2,121,560)
Depreciation and amortization	(10,877,905)	(821,574)	(180,484)	(11,879,963)
Net loss on disposal of non-current assets	(427,026)	(5)	(8)	(427,039)
Share of profits less losses of associates and joint ventures	1,143,326	-	43,655	1,186,981
Income tax expense	(5,503,402)	(8,767)	1,590	(5,510,579)
For the year ended 31December 2013				
Total revenue	119,084,406	14,239,562	660,029	133,983,997
Inter-segment revenue	-	-	(151,122)	(151,122)
Revenue from external customers	119,084,406	14,239,562	508,907	133,832,875
Segment results	17,630,165	157,079	(108,246)	17,678,998
Interest income	98,737	70,445	1,541	170,723
Interest expense	(6,968,512)	(448,876)	(138,139)	(7,555,527)
Impairment loss	(570,833)	(431,985)	(453,431)	(1,456,249)
Depreciation and amortization	(10,633,399)	(686,619)	(158,583)	(11,478,601)
Net (loss)/gain on disposal of non-current assets	(899,403)	(987)	10,560	(889,830)
Share of profits less losses of associates and joint ventures	587,062	-	(127,659)	459,403
Income tax expense	(4,486,588)	(43,774)	(14,591)	(4,544,953)
For the year ended 31 December 2012				
Total revenue	113,685,824	19,841,166	614,688	134,141,678
Inter-segment revenue	-	-	(175,019)	(175,019)
Revenue from external customers	113,685,824	19,841,166	439,669	133,966,659

Segment results	8,391,022	1,242,808	(51,308)	9,582,522
Interest income	104,777	70,047	578	175,402
Interest expense	(8,006,824)	(481,124)	(126,882)	(8,614,830)
Impairment loss	(846,751)	(24,775)	(40)	(871,566)
Depreciation and amortization	(10,280,131)	(619,823)	(147,239)	(11,047,193)
Net (loss)/gain on disposal of non-current assets	(263,479)	(162)	13,334	(250,307)
Share of profits less losses of associates and joint ventures	608,958	-	(102,887)	506,071
Income tax expense	(2,350,097)	(212,188)	(12,525)	(2,574,810)

5 Revenue and segment information (continued)

(Under PRC GAAP)

	PRC power segment	Singapore segment	All other segments	Total
31 December 2014				
Segment assets	225,513,728	28,899,723	10,622,010	265,035,461
Including:				
Additions to non-current assets (excluding financial assets and deferred income tax assets)	24,202,811	444,658	872,615	25,520,084
Investments in associates	11,638,862	-	2,264,565	13,903,427
Investments in joint ventures	1,121,082	-	1,009,180	2,130,262
Segment liabilities	(159,459,852)	(15,865,147)	(5,511,400)	(180,836,399)
31 December 2013				
Segment assets	213,582,220	29,722,516	11,409,260	254,713,996
Including:				
Additions to non-current assets (excluding financial assets and deferred income tax assets)	16,730,985	1,103,389	1,504,584	19,338,958
Investments in associates	10,991,166	-	2,379,531	13,370,697
Investments in joint ventures	798,000	-	978,013	1,776,013
Segment liabilities	(156,529,664)	(15,926,935)	(5,106,756)	(177,563,355)

A reconciliation of revenue from external customers to operating revenue is provided as follows:

	For the year ended 31 December		
	2014	2013	2012
Revenue from external customers (PRC GAAP)	125,406,855	133,832,875	133,966,659
Reconciling item:			
Impact of IFRS adjustment*	-	-	-
Operating revenue per IFRS consolidated statement of comprehensive income	125,406,855	133,832,875	133,966,659

A reconciliation of segment result to profit before income tax expense is provided as follows:

	For the year ended 31 December		
	2014	2013	2012
Segment results (PRC GAAP)	18,703,820	17,678,998	9,582,522
Reconciling items:			
Loss related to the headquarter	(87,313)	(381,830)	(466,430)
Investment income from China Huaneng Finance Co., Ltd. (“Huaneng Finance”)	156,061	166,734	124,092
Dividend income of available-for-sale financial assets	102,225	185,399	187,080

Impact of IFRS adjustments*	174,787	(226,612)	(550,479)
Profit before income tax expense per IFRS consolidated statement of comprehensive income	19,049,580	17,422,689	8,876,785

5 Revenue and segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December 2014	2013
Total segment assets (PRC GAAP)	265,035,461	254,713,996
Reconciling items:		
Investment in Huaneng Finance	1,347,956	1,270,016
Deferred income tax assets	998,870	762,561
Prepaid income tax	19,899	5,119
Available-for-sale financial assets	4,383,377	3,161,164
Corporate assets	379,385	361,996
Impact of IFRS adjustments*	3,006,820	1,957,908
Total assets per IFRS consolidated balance sheet	275,171,768	262,232,760

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December 2014	2013
Total segment liabilities (PRC GAAP)	(180,836,399)	(177,563,355)
Reconciling items:		
Current income tax liabilities	(750,750)	(700,082)
Deferred income tax liabilities	(1,595,025)	(1,788,922)
Corporate liabilities	(5,562,871)	(6,177,875)
Impact of IFRS adjustments*	(1,644,017)	(809,552)
Total liabilities per IFRS consolidated balance sheet	(190,389,062)	(187,039,786)

Other material items:

	Reportable segment total	Headquarters	Investment income from Huaneng Finance	Impact of IFRS adjustments*	Total
For the year ended 31 December 2014					
Interest expense	(7,633,809)	(180,305)	-	-	(7,814,114)
Depreciation and amortization	(11,879,963)	(54,896)	-	55,579	(11,879,280)
Share of profits less losses of associates and joint ventures	1,186,981	-	156,061	(27,166)	1,315,876
Net (loss)/gain on disposal of non-current assets	(427,039)	5	-	-	(427,034)

Income tax expense	(5,510,579)	-	-	23,371	(5,487,208)
For the year ended 31 December 2013					
Interest expense	(7,555,527)	(231,945)	-	-	(7,787,472)
Depreciation and amortization	(11,478,601)	(23,540)	-	(43,374)	(11,545,515)
Share of profits less losses of associates and joint ventures	459,403	-	166,734	(11,054)	615,083
Net (loss)/gain on disposal of non-current assets	(889,830)	108	-	-	(889,722)
Income tax expense	(4,544,953)	-	-	22,282	(4,522,671)

5 Revenue and segment information (continued)

	Reportable segment total	Headquarters	Investment income from Huaneng Finance	Impact of IFRS adjustments*	Total
For the year ended 31 December 2012					
Interest expense	(8,614,830)	(282,267)	-	-	(8,897,097)
Depreciation and amortization	(11,047,193)	(42,749)	-	(166,468)	(11,256,410)
Share of profits less losses of associates and joint ventures	506,071	-	124,092	(7,805)	622,358
Net (loss)/gain on disposal of non-current assets	(250,307)	(1)	-	(70)	(250,378)
Income tax expense	(2,574,810)	-	-	64,440	(2,510,370)

*The GAAP adjustments above primarily represented the classification adjustments and other adjustments. The GAAP adjustments other than classification adjustments were primarily brought forward from prior years. Such differences will be gradually eliminated following subsequent depreciation and amortization of related assets or the extinguishment of liabilities.

Geographical information (Under IFRS):

(i) External revenue generated from the following countries:

	For the year ended 31 December		
	2014	2013	2012
PRC	111,036,449	119,593,313	114,125,493
Singapore	14,370,406	14,239,562	19,841,166
Total	125,406,855	133,832,875	133,966,659

(ii) Non-current assets (excluding financial assets and deferred income tax assets) are located in the following countries:

	As at 31 December	
	2014	2013
PRC	207,709,257	198,621,517
Singapore	23,808,140	24,920,351
Total	231,517,397	223,541,868

The information on sales to major customers of the Company and its subsidiaries at amount equal to or more than 10% of external revenue is as follows:

	For the year ended 31 December								
	2014			2013			2012		
	Amount	Proportion		Amount	Proportion		Amount	Proportion	
Shandong Electric Power Corporation	16,621,611	13	%	16,545,732	12	%	16,492,367	12	%
Jiangsu Electric Power Company	15,573,769	12	%	16,950,098	13	%	16,289,628	12	%

6 Profit before income tax expense

Profit before income tax expense was determined after charging/(crediting) the following:

	For the year ended 31 December		
	2014	2013	2012
Interest on loans and bonds wholly repayable within five years	6,707,204	6,512,297	6,957,103
Interest on other loans and bonds	1,664,302	1,773,639	2,589,261
Total interest expense	8,371,506	8,285,936	9,546,364
Less: amounts capitalized in property, plant and equipment	557,392	498,464	649,267
	7,814,114	7,787,472	8,897,097
Auditors' remuneration	33,840	32,340	31,030
Operating leases	422,749	331,559	269,833
Fuel	64,762,908	73,807,817	82,355,449
Depreciation of property, plant and equipment	11,646,683	11,293,522	11,032,748
Amortization of other non-current assets	99,528	112,384	86,275
Impairment loss of property, plant and equipment (Note 7)	1,358,522	472,921	903,463
Impairment loss of goodwill (Note 14)	641,061	980,513	107,735
Impairment loss of investment in an associate (Note 8)	120,050	-	-
Recognition / (reversal) of provision for doubtful accounts	4,577	(2,610)	(10,310)
(Reversal)/ Recognition of provision for inventory obsolescence	(2,647)	(824)	12,155
Net loss on disposals of property, plant and equipment	427,034	897,222	252,741
Government grants	(787,988)	(253,729)	(491,465)

Other operating expenses consist of impairment loss of property, plant and equipment, goodwill and investment in an associate, environmental protection expenses, substituted power arrangement expenses, insurance, government grants and other miscellaneous expenses.

7 Property, plant and equipment

	Dam	Port facilities	Buildings	Electric utility plant in service	Transportation facilities	Others	CIP	Total
As at 1 January 2013								
Cost	606,141	2,479,629	5,297,159	251,732,881	723,816	4,327,587	18,724,052	283,891,265
Accumulated depreciation	(14,652)	(284,397)	(1,727,304)	(97,189,822)	(219,667)	(2,413,135)	-	(101,848,977)
Accumulated impairment loss	-	-	-	(4,914,159)	-	(46,697)	(67,805)	(5,028,661)
Net book value	591,489	2,195,232	3,569,855	149,628,900	504,149	1,867,755	18,656,247	177,013,627
Year ended 31 December 2013								
Beginning of the year	591,489	2,195,232	3,569,855	149,628,900	504,149	1,867,755	18,656,247	177,013,627
Reclassification	11,144	670,128	135,903	(837,941)	(58,604)	79,370	-	-
Acquisition of subsidiaries (Note 39)	-	-	-	38	-	1,788	762,661	764,487
Additions	-	-	2,173	374,196	100,990	207,529	17,076,945	17,761,833
Transfer from CIP	56,105	528,151	471,852	13,350,005	8,251	180,716	(14,595,080)	-
Reclassification to assets held for sale (Note 19)	-	(261,484)	(10,703)	-	-	(48,881)	(42,880)	(363,948)
Disposals	(4,094)	(5,607)	(266,578)	(951,162)	(3,607)	(44,356)	(49,231)	(1,324,635)
Disposal of a subsidiary	-	-	-	(7,745)	-	(124)	-	(7,869)
Depreciation charge	(16,410)	(80,933)	(174,495)	(10,662,926)	(37,423)	(343,416)	-	(11,315,603)
Impairment charge	-	-	(11,539)	(456,021)	-	(5,361)	-	(472,921)
Currency translation differences	-	-	-	(385,072)	-	(1,868)	(252,850)	(639,790)
End of the year	638,234	3,045,487	3,716,468	150,052,272	513,756	1,893,152	21,555,812	181,415,181
As at 31 December 2013								
Cost	668,650	3,479,480	5,644,172	260,624,078	768,203	4,610,653	21,584,252	297,379,488
Accumulated depreciation	(30,416)	(433,993)	(1,883,488)	(105,512,124)	(254,447)	(2,647,293)	-	(110,761,761)

Accumulated impairment loss	-	-	(44,216)	(5,059,682)	-	(70,208)	(28,440)	(5,202,546)
Net book value	638,234	3,045,487	3,716,468	150,052,272	513,756	1,893,152	21,555,812	181,415,181
Year ended 31 December 2014								
Beginning of the year	638,234	3,045,487	3,716,468	150,052,272	513,756	1,893,152	21,555,812	181,415,181
Reclassification	-	-	227,917	(344,746)	31,812	85,017	-	-
Acquisition of a subsidiary (Note 39)	-	-	-	-	-	156	10,594	10,750
Additions	-	-	68	331,026	85,465	134,743	20,150,978	20,702,280
Transfer from CIP	167,544	1,648,442	806,588	18,474,896	2,082	659,735	(21,759,287)	-
Disposals	-	-	(89)	(457,662)	-	(832)	-	(458,583)
Net effect of sales leaseback finance lease	-	-	-	30,829	-	-	-	30,829
Depreciation charge	(17,630)	(115,444)	(182,472)	(10,946,184)	(44,624)	(364,520)	-	(11,670,874)
Impairment charge	(80,910)	(568,637)	(18,338)	(336,328)	-	(3,442)	(350,867)	(1,358,522)
Currency translation differences	-	-	-	(305,025)	-	(551)	13,572	(292,004)
End of the year	707,238	4,009,848	4,550,142	156,499,078	588,491	2,403,458	19,620,802	188,379,057
As at 31 December 2014								
Cost	836,194	5,127,923	6,711,769	276,801,979	893,417	5,480,587	20,000,109	315,851,978
Accumulated depreciation	(48,046)	(549,438)	(2,099,073)	(115,023,072)	(304,926)	(3,003,834)	-	(121,028,389)
Accumulated impairment loss	(80,910)	(568,637)	(62,554)	(5,279,829)	-	(73,295)	(379,307)	(6,444,532)
Net book value	707,238	4,009,848	4,550,142	156,499,078	588,491	2,403,458	19,620,802	188,379,057

Interest capitalization

Interest expense of approximately RMB557 million (2013 and 2012: RMB498 million and RMB649 million) arising on borrowings for the construction of property, plant and equipment was capitalized during the year and was included in ‘Additions’ in property, plant and equipment. The weighted average capitalization rate was approximately 5.98% (2013 and 2012: 5.74% and 6.40%) per annum.

Impairment

In 2014, impairment losses for certain property, plant and equipment of approximately RMB1,359 million have been recognized. Factors leading to the impairment primarily included continuous losses and external environment deterioration in respect of port industry, continuous low level of water inflow to the main dam of a hydropower plant and shut-down of a coal-fired power plant. Discount rates of 9.54%, 7.24% and 8.68% were adopted in the value in use model in the determination of the recoverable amounts for the port plant, hydropower plant and coal-fired power plant respectively.

7 Property, plant and equipment (continued)

Impairment (continued)

In 2013, impairment losses for certain property, plant and equipment of approximately RMB473 million have been recognized. Factors leading to the impairment primarily included shut-down of power plants and the continuous deterioration in utilization of certain non-power assets in a foreign subsidiary. Discount rates of 8.80% and 12.84% were adopted in the value in use model in the determination of the recoverable amounts for the coal-fired power plants and for the CGU of the foreign subsidiary respectively.

In 2012, impairment losses for certain property, plant and equipment of approximately RMB903 million have been recognized. The factors leading to the impairment were the continuous deterioration in utilization and the competition from non-coal fired power generation plants. The recoverable amounts are determined based on value in use of the related power generation units, which is a CGU. A discount rate of 7.24% was adopted in the model.

Property, plant and equipment held under finance leases

As at 31 December 2014, certain property, plant and equipment with original cost of RMB1,657 million (2013: RMB130 million) were held under finance leases, which mainly included power generation assets, ships and pipeline assets.

Security

As at 31 December 2014, certain property, plant and equipment were secured to a bank as collateral against a long-term loan (Note 23) and a short-term loan (Note 29).

8 Investments in associates and joint ventures

	2014	2013
Beginning of the year	16,678,694	14,596,771
Additional capital injections in associates	266,877	430,480
Additional capital injection in a joint venture	-	158,000
Acquisition of an associate	-	1,508,316
Share of net profits less loss	1,315,876	615,083
Share of other comprehensive income/ (loss)	87,579	(35,481)
Dividends	(602,066)	(541,960)
Impairment charge	(120,050)	-
Others	-	(52,515)
End of the year	17,626,910	16,678,694

As at 31 December 2014, investments in associates and joint ventures of the Company and its subsidiaries are unlisted except for Shenzhen Energy Corporation Limited (“SECL”) which is listed on the Shenzhen Stock Exchange. The following list contains only the particulars of material associates and joint ventures:

	Percentage of equity interest held

Name	Country of incorporation	Registered capital	Business nature and scope of operation	Direct	Indirect1
Associates:					
SECL*	PRC	RMB2,642,994,398	Energy and investment in related industries	25.02 %	-
Hebei Hanfeng Power Generation Limited Liability Company(“Hanfeng Power”)	PRC	RMB1,975,000,000	Power generation	40 %	-

8 Investments in associates and joint ventures (continued)

Name	Country of incorporation	Registered capital	Business nature and scope of operation	Percentage of equity interest held			
				Direct		Indirect1	
Associates: (continued)							
Huaneng Finance	PRC	RMB5,000,000,000	Provision for financial service including fund deposit services, lending, finance lease arrangements, notes discounting and entrusted loans and investment arrangement within Huaneng Group	20	%	-	
Huaneng Sichuan Hydropower Co., Ltd. (“Sichuan Hydropower”)	PRC	RMB1,469,800,000	Development, investment, construction, operation and management of hydropower	49	%	-	
China Huaneng Group Fuel Co., Ltd.(“Huaneng Group Fuel Company”) **	PRC	RMB3,000,000,000	Wholesale of coal, import and export of coal	50	%	-	
Joint ventures:							
Shanghai Time Shipping Co., Ltd. (“Shanghai Time Shipping”)	PRC	RMB1,200,000,000	International and domestic sea transportation	50	%	-	
Jiangsu Nantong Power Generation Co., Ltd. (“Nantong Power”)	PRC	RMB1,596,000,000	Operation and Management of power generation plants and transportation related projects	-		35	%

1

The indirect percentage of equity interest held represents the effective ownership interest of the Company and its subsidiaries.

* As at 31 December 2014, the fair value of the Company's shares in SECL was RMB7,379 million (2013: RMB3,636 million).

** In accordance with the articles of the association of the investee, the Company could excise significant influence on the investee and therefore accounts for the investment under the equity method.

In 2014, due to continuous loss as a result of deterioration of coal industry, impairment loss of RMB120 million was provided for the investment in an associate engaged in coal production and sales.

All the above associates and joint ventures are accounted for under the equity method in the consolidated financial statements.

8 Investments in associates and joint ventures (continued)

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

	Sichuan Hydropower		SECL		Huaneng Finance		Hanfeng Power	
	2014	2013	2014	2013	2014	2013	2014	201
Gross amounts of the associates'								
Current assets	1,004,545	714,010	10,877,590	8,505,710	17,210,954	13,422,872	442,559	696,0
Non-current assets	14,680,349	14,186,032	27,206,670	23,876,390	12,411,987	13,121,228	3,136,295	3,337
Current liabilities	(2,752,050)	(2,577,081)	(13,805,720)	(11,418,660)	(22,761,053)	(20,179,865)	(1,358,923)	(1,602
Non-current liabilities	(8,228,061)	(7,701,162)	(4,152,700)	(2,319,590)	(122,110)	(14,155)	(10,911)	(218,1
Equity	4,704,783	4,621,799	20,125,840	18,643,850	6,739,778	6,350,080	2,209,020	2,213
-Equity attributable to shareholders	3,617,367	3,568,759	17,563,160	16,203,300	6,739,778	6,350,080	2,209,020	2,213
-Non-controlling interests	1,087,416	1,053,040	2,562,680	2,440,550	-	-	-	-
Revenue	2,544,980	2,379,451	12,691,060	12,398,660	1,314,173	1,282,665	2,508,099	2,750
Profit from continuing operations attributable to shareholders	367,955	338,500	1,985,921	1,200,888	780,304	833,668	267,851	221,5
Other comprehensive (loss)/income attributable to shareholders	(588)	(441)	49,170	11,070	379,393	(190,172)	-	-
Total comprehensive income attributable to shareholders	367,367	338,059	2,035,091	1,211,958	1,159,697	643,496	267,851	221,5
Dividend received from the associate	172,894	265,026	165,290	66,116	154,000	110,000	-	-
Reconciled to the interests in the associates								
	3,617,367	3,568,759	17,563,160	16,203,300	6,739,778	6,350,081	2,209,020	2,213

Gross amounts of net assets of the associate								
The Company's effective interest	49%	49%	25.02%	25.02%	20%	20%	40%	40%
The Company's share of net assets of the associate	1,772,510	1,748,692	4,393,424	4,053,255	1,347,956	1,270,016	883,608	885,4
Impact of adjustments	224,288	240,990	1,165,428	1,161,809	-	-	347,108	347,1
Carrying amount in the consolidated financial statements	1,996,798	1,989,682	5,558,852	5,215,064	1,347,956	1,270,016	1,230,716	1,232

8 Investments in associates and joint ventures (continued)

Aggregate information of associates that are not individually material:

	2014	2013
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	3,737,967	3,648,004
Aggregate amounts of the Company and its subsidiaries' share of those associates		
Loss from continuing operations	(55,939)	(66,986)
Total comprehensive loss	(55,939)	(66,986)

As at 31 December 2014, the Company's share of losses of an associate exceeded its interest in the associate and the unrecognized further losses amounted to RMB35 million (2013: nil).

Summarized financial information of material joint ventures adjusted for any differences in accounting policies and acquisition adjustment, and reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Shanghai Time Shipping		Nantong Power	
	2014	2013	2014	2013
Gross amounts of joint ventures'				
Current assets	764,956	1,155,333	639,132	282,990
Non-current assets	6,010,052	6,307,235	6,706,755	6,346,736
Current liabilities	(2,853,997)	(3,260,857)	(1,688,700)	(1,695,196)
Non-current liabilities	(1,939,297)	(2,282,333)	(3,415,025)	(3,338,530)
Equity	1,981,714	1,919,378	2,242,162	1,596,000
Included in the above assets and liabilities:				
Cash and cash equivalents	236,737	210,326	72,549	5,941
Current financial liabilities (excluding trade and other payables and provisions)	(2,545,093)	(2,924,308)	(1,044,610)	(1,223,569)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,939,297)	(2,282,333)	(3,415,025)	(3,338,530)
Revenue	4,270,631	3,638,341	3,429,254	-
Profit / (loss) from continuing operations	62,335	(157,249)	646,163	-
Total comprehensive income / (loss)	62,335	(157,249)	646,163	-
Included in the above profit:				
Depreciation and amortization	338,690	305,863	342,520	-

Interest income	1,844	1,487	3,325	-
Interest expense	210,461	219,974	260,486	-
Income tax expense	7,797	318	262,335	-
Reconciled to the interest in the joint venture:				
Gross amounts of net assets	1,981,714	1,919,378	2,242,162	1,596,000
The Company’s effective interest	50%	50%	50%	50%
The Company’s share of net assets	990,857	959,689	1,121,081	798,000
Impact of adjustments	18,324	18,324	-	-
Carrying amount in the consolidated financial statements	1,009,181	978,013	1,121,081	798,000

9 Investments in subsidiaries and loans to subsidiaries

(a) Investments in subsidiaries

As at 31 December 2014, the investments in subsidiaries of the Company and its subsidiaries, all of which are unlisted, are as follows:

(i) Subsidiaries acquired from business combinations under common control

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held	
					Direct	Indirect1
Huaneng (Suzhou Industrial Park) Power Generation Co., Ltd.	PRC	Limited liability company	RMB 632,840,000	Power generation	75 %	-
Huaneng Qinbei Power Co., Ltd. (“Qinbei Power Company”)	PRC	Limited liability company	RMB 1,540,000,000	Power generation	60 %	-
Huaneng Yushe Power Generation Co., Ltd.	PRC	Limited liability company	RMB 615,760,000	Power generation	60 %	-
Huaneng Hunan Yueyang Power Generation Limited Liability Company (“Yueyang Power Company”)	PRC	Limited liability company	RMB 1,935,000,000	Power generation	55 %	-
Huaneng Chongqing Luohuang Power Generation Limited Liability Company(“Luohuang Power Company”)	PRC	Limited liability company	RMB 1,658,310,000	Power generation	60 %	-
Huaneng Pingliang Power Generation Co., Ltd.	PRC	Limited liability company	RMB 924,050,000	Power generation	65 %	-
Huaneng Nanjing Jinling Power Co.,	PRC	Limited liability	RMB 1,513,136,000	Power generation	60 %	-

Ltd. (“Jinling Power Company”)		company					
Huaneng Qidong Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 269,600,000	Development of wind power project, production and sales of electricity	65	%	-
Tianjin Huaneng Yangliuqing Co-generation Limited Liability Company (“Yangliuqing Cogeneration”)	PRC	Limited liability company	RMB 1,537,130,909	Power generation, heat supply, facilities installation, maintenance and related services	55	%	-
Huaneng Beijing Co-generation Limited Liability Company (i) (“Beijing Cogeneration”)	PRC	Limited liability company	RMB 1,600,000,000	Construction and operation of power plants and related construction projects	41	%	-

1 The indirect percentage of equity interest held represents the effective ownership interest of the Company and its subsidiaries.

The subsidiaries above and the Company are all controlled by Huaneng Group before and after the acquisitions.

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held		
					Direct		Indirect1
Huaneng Weihai Power Limited Liability Company(“Weihai Power Company”)	PRC	Limited liability company	RMB 1,781,838,288	Power generation	60	%	-
Huaneng Taicang Power Co., Ltd.	PRC	Limited liability company	RMB 804,146,700	Power generation	75	%	-
Huaneng Huaiyin Power Power Limited Company	PRC	Limited liability company	RMB 265,000,000	Power generation	100	%	-
Huaneng Huaiyin II Power Limited Company	PRC	Limited liability company	RMB 930,870,000	Power generation	63.64	%	-
Huaneng Xindian Power Co., Ltd.	PRC	Limited liability company	RMB 465,600,000	Power generation	95	%	-
Huaneng Shanghai Combined Cycle Power Limited Liability Company	PRC	Limited liability company	RMB 699,700,000	Power generation	70	%	-
Huaneng International Power Fuel Limited Liability Company	PRC	Limited liability company	RMB 200,000,000	Wholesale of coal	100	%	-
Huaneng Shanghai Shidongkou Power Generation Limited (ii) (“Shidongkou Power Company”)	PRC	Limited liability company	RMB 990,000,000	Power generation	50	%	-

Huade County Daditaihong Wind Power Utilization Limited Liability Company	PRC	Limited liability company	RMB 5,000,000	Wind power development and utilization	100	%	-
Huaneng Nantong Power Generation Limited Liability Company	PRC	Limited liability company	RMB 798,000,000	Power generation	70	%	-
Huaneng Yingkou Port Limited Liability Company (iii) (“Yingkou Port”)	PRC	Limited liability company	RMB 720,235,000	Loading and conveying service	50%		-
Huaneng Hunan Xiangqi Hydropower Co., Ltd.	PRC	Limited liability company	RMB 328,000,000	Construction, operation and management of hydropower and related projects	100	%	-
Huaneng Yingkou Power Generation Limited Liability Company	PRC	Limited liability company	RMB 844,030,000	Production and sales of electricity and heat sale of coal ash and lime	100	%	-
Huaneng Zuoquan Coal-fired Power Generation Limited Liability Company	PRC	Limited liability company	RMB 960,000,000	Construction, operation and management of power plants and related projects	80	%	-
Huaneng Kangbao Wind Power Utilization Limited Liability Company	PRC	Limited liability company	RMB 370,000,000	Construction, operation and management of wind power generation and related projects	100	%	-
Huaneng Jiuquan Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 1,360,170,000	Construction, operation and management of wind power generation and related projects	100	%	-

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held		
					Direct		Indirect1
Huaneng Jiuquan II Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 10,000,000	Construction, operation and management of wind power generation and related projects	100	%	-
Huaneng Yumen Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 349,580,000	Construction, operation and management of wind power generation and related projects	100	%	-
Huaneng Wafangdian Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 50,000,000	Construction, operation and management of wind power generation and related projects	100	%	-
Huaneng Changtu Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 50,000,000	Construction, operation and management of wind power generation and related projects	100	%	-
Huaneng Rudong Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 90,380,000	Construction and management of wind power generation projects	90	%	-
	PRC				100	%	-

Huaneng Guangdong Haimen Port Limited Liability Company		Limited liability company	RMB 93,000,000	Loading warehousing and conveying services, providing facilities services				
Huaneng Taicang Port Limited Liability Company	PRC	Limited liability company	RMB 428,000,000	Port development and construction, coal mixture, machinery leasing and repair	85	%	-	
Kaifeng Xinli Power Generation Co., Ltd.	PRC	Limited liability company	RMB 146,920,000	Power generation	-		60	%
Huaneng Zhanhua Cogeneration Limited Liability Company	PRC	Limited liability company	RMB 190,000,000	Production and sales of electricity and steam	100	%	-	
Shandong Hualu Sea Transportation Limited Company (“Hualu Sea Transportation”)	PRC	Limited liability company	RMB 100,000,000	Cargo transportation along domestic coastal areas	53	%	-	
Huaneng Qingdao Port Limited Company(“Qingdao Port”)	PRC	Limited liability company	RMB 219,845,000	Loading and conveying warehousing (excluding dangerous goods), conveying, supply of water carriage materials	51	%	-	
Huaneng Qingdao Co-generation Limited Liability Company	PRC	Limited liability company	RMB 214,879,000	Construction, operation and management of cogeneration Power plants and related projects, production and sales of electricity and heat	100	%	-	

Huaneng Yunnan Diandong Energy Limited Company(“Diandong Energy”)	PRC	Limited liability company	RMB 3,543,140,000	Power generation and coal exploitation	100	%	-
Huaneng Yunnan Diandong Yuwang Energy Limited Company (“Diandong Yuwang”)	PRC	Limited liability company	RMB 1,626,740,000	Power generation and coal exploitation	100	%	-

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held	
					Direct	Indirect1
Huaneng (Fujian) Harbour Limited Company(“Luoyuanwan Harbour”)	PRC	Limited liability company	RMB 652,200,000	Port management, cargo loading, water transport material supply	51 %	-
Huaneng Suzihe Hydropower Development Limited Company	PRC	Limited liability company	RMB 50,000,000	Hydropower, aquaculture, agriculture irrigation	100 %	-
Fujian Yingda Property Development Limited Company	PRC	Limited liability company	RMB 50,000,000	Real estate development, leasing, real estate agency services, warehousing, loading and conveying	-	51 %
Fujian Xinhuanyuan Industrial Limited Company	PRC	Limited liability company	RMB 93,200,000	Mineral water production and sale	-	51 %
Enshi City Mawei Valley Hydropower Development Co., Ltd. (“Enshi Hydropower”)	PRC	Limited liability company	RMB 101,080,000	Hydro-resource development, hydropower, aquaculture	100 %	-
Huaneng Tongxiang Combined Cycle Cogeneration Co., Ltd.	PRC	Limited liability company	RMB 300,000,000	Investment in related industries	95 %	-
Huaneng Nanjing Combined Cycle Cogeneration Co., Ltd	PRC	Limited liability company	RMB 582,000,000	Power generation	60 %	-

Huaneng Jinling Combined Cycle Cogeneration Co., Ltd (iv) (“Jinling CCGT”)	PRC	Limited liability company	RMB 356,350,000	Power generation	51	%	-
Huaneng Fuyuan Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 10,000,000	Wind Power Project investment and management	100	%	-
Huaneng Panxian Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 10,000,000	Construction and management of wind power plants and related projects	100	%	-
Huaneng Luoyang Cogeneration Limited Liability Company	PRC	Limited liability company	RMB 600,000,000	Production and sales of electricity and heat to the electricity and heat networks sales of ancillary products of electricity and heat generation	80	%	-
Huaneng Jiangxi Clean Energy Limited Liability Company	PRC	Limited liability company	RMB 5,000,000	Development, management and construction of clean energy project	100	%	-
Huaneng HunanSubaoding Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 6,000,000	Construction and operation of wind power plants and related projects	100	%	-
Huaneng Suixian Jieshan Wind Power Generation Co., Ltd.	PRC	Limited liability company	RMB 2,000,000	Construction and operation of wind power plants and related projects	100	%	-

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held		
					Direct		Indirect1
Huaneng Taiyuan Dongshan Combined Cycle Co-generation Co., Ltd.	PRC	Limited liability company	RMB 10,000,000	Construction and operation of power plants; thermal heating services	100	%	-
Huaneng Suzhou Combined Cycle Co-generation Co., Ltd.	PRC	Limited liability company	RMB 60,000,000	Construction and management of natural gas power plant and related projects;	100	%	-
Huaneng Shantou Haimen Power Limited Liability Company	PRC	Limited liability company	RMB 1,508,000,000	construction, operation and management of power plants and related projects	80	%	-
Huaneng Chongqing Liangjiang Power Generation Limited Liability Company	PRC	Limited liability company	RMB 360,000,000	construction, operation and management of natural gas power plants and related projects	100	%	-
Jiangsu Huayi Energy Co., Ltd.	PRC	Limited liability company	RMB 5,000,000	Development of new energy distribution of coal and coal products	100	%	-
Huaneng Xuzhou Tongshan Wind Power Co., Ltd.	PRC	Limited liability company	RMB 169,000,000	Wind power generation	70	%	-
	PRC				-		100%

Huaneng Eastern Yunnan Energy Mine Construction Co., Ltd.		Limited liability company	RMB 10,000,000	Constructing and operating of mine and related construction projects			
Huaneng Zhumadian Wind Power Generation Co., Ltd. (Zhumadian Wind Power)*	PRC	Limited liability company	RMB 30,000,000	Wind power generation	90	%	-
Huaneng Nanjing Co-generation Limited Liability Company**	PRC	Limited liability company	RMB 300,000,000	Construction and operation of power plants and related projects	70	%	-
Huaneng Hunan Guidong Wind Power Generation Co., Ltd. **	PRC	Limited liability company	RMB 2,000,000	Construction and operation of wind power plants and related projects	100	%	-
Huaneng Nanjing Luhe Wind Power Generation Co., Ltd.**	PRC	Limited liability company	RMB 5,000,000	Research and development of wind power technology, construction and operation of wind power plants	100	%	-
Huaneng Luoyuan Power Limited Liability Company**	PRC	Limited liability company	RMB 1,000,000,000	Construction and operation of power plants and related projects	100	%	-
Huaneng Lingang(Tianjin) Gas Co-generation Co., Ltd. **	PRC	Limited liability company	RMB 180,000,000	Power generation, installation and maintenance of power equipment	100	%	-
Huaneng Anhui Huaining Wind Power Generation Co., Ltd. **	PRC	Limited liability company	RMB 6,000,000	Construction and operation of wind power plants and related projects	100	%	-

Huaneng Mianchi Co-generation Limited Liability Company**	PRC	Limited liability company	RMB 570,000,000	Construction and operation of coal-fired plants and related projects	60	%	-
Huaneng Yingkou Xianrendao Co-generation Co., Ltd. **	PRC	Limited liability company	RMB 277,690,000	Construction and operation of wind power plants and related projects	100	%	-

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held		
					Direct		Indirect1
Huaneng Nanjing Xingang Heating Co., Ltd. **	PRC	Limited liability company	RMB 10,000,000	Construction and operation of heat supply network and related projects	65	%	-
Huaneng Changxing Guangfu Power Limited Liability Company**	PRC	Limited liability company	RMB 16,000,000	Construction and operation of distributed photovoltaic power generation and related projects	100	%	-
Huaneng Rudong Baxianjiao Offshore Wind Power Generation Co., Ltd. **	PRC	Limited liability company	RMB 610,000,000	Infrastructure construction of wind power plants	70	%	-
Huaneng Shanxi City of Science & Technology Project Management Co., Ltd **	PRC	Limited liability company	RMB 10,000,000	Construction and operation of supporting power project	100	%	-
Huaneng Guilin Gas distributed energy Co., Ltd. **	PRC	Limited liability company	RMB 267,450,000	Construction and operation of power plants and related projects	80	%	-
Huaneng Zhongxiang Wind Power Generation Co., Ltd **.	PRC	Limited liability company	RMB 10,000,000	Construction and operation of wind power plants and related projects	100	%	-

Huaneng (Dalian) Co-generation Co., Ltd **	PRC	Limited liability company	RMB 12,500,000	Construction and operation of cogeneration power plants and related projects	100	%	-	
Huaneng Guanyun Co-generation Co., Ltd. **	PRC	Limited liability company	RMB 15,000,000	Construction and operation of cogeneration power plants and related projects	100	%	-	
Huaneng Power International Hongkong Limited Company	Hong Kong	Limited liability company	100,000 shares	Construction and operation of Power supply, coal project and related investment and financing businesses	100	%	-	
SinoSing Power	Singapore	Limited liability company	US$ 1,476,420,585	Investment holding	100	%	-	
Tuas Power	Singapore	Limited liability company	S$ 1,433,550,000	Electricity and gas supply and investment holding	-		100	%
Tuas Power Supply Pte Ltd.	Singapore	Limited liability company	S$ 500,000	Power sales	-		100	%
TPG	Singapore	Limited liability company	S$ 1,183,000,001	Power generation and related by products, derivatives; developing power supply resources, operating electricity and power sales	-		100	%
TP Asset Management Pte Ltd.	Singapore	Limited liability company	S$ 2	Render of environment engineering services	-		100	%

TPGS Green Energy Pte Ltd.	Singapore	Limited liability company	S$ 1,000,000	Provision of utility services	-	75	%
New Earth Pte Ltd.	Singapore	Limited liability company	S$ 10,111,841	Consultancy in waste recycling	-	100	%
New Earth Singapore Pte Ltd.	Singapore	Limited liability company	S$ 17,816,050	Industrial waste management and recycling	-	100	%

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

Name of subsidiary	Country of incorporation	Type of legal entity	Registered capital	Business nature and scope of operations	Percentage of equity interest held		
					Direct	Indirect1	
TP Utilities Pte Ltd.	Singapore	Limited liability company	S$ 160,000,001	Provision of utility services	-	100	%
Chongqing Huaqing Energy Co., Ltd.	PRC	Limited liability company	RMB 44,420,000	Thermal energy, cold energy installation of instrumentation, promotion service for energy saving technology	-	60	%

1 The indirect percentage of equity interest held represents the effective ownership interest of the Company and its subsidiaries.

* In 2014, the Company acquired 90% equity interests of Zhumadian Wind Power. See Note 39 for more details of the acquisition.

** These companies were newly established in 2014.

Note:

(i) Pursuant to an agreement entered into between the Company and another shareholder, the Company is entrusted to vote the 25% voting rights held by the other shareholder as long as the Company remains as the largest shareholder of Beijing Cogeneration. Thus the Company has majority voting rights required by the article of association to control the operation and financial policies of Beijing Cogeneration. Accordingly, the Company has control over Beijing Cogeneration.

(ii) According to its article of association, the other shareholder who holds the remaining equity interests of Shidongkou Power Company entrusts the Company to exercise all its voting rights in relation to the operation and financial policies of Shidongkou Power Company. Accordingly, the Company has control over Shidongkou Power Company.

(iii) Pursuant to the shareholders' agreement, the other shareholder who holds the remaining shares of Yingkou Port entrusts the Company to exercise all its voting rights at shareholders' meetings in relation to the operation and financial policies. Accordingly, the Company has control over Yingkou Port.

(iv) According to the voting in concert agreement entered into between the Company and one of the non-controlling shareholders with 21% equity interests in Jinling CCGT, the shareholder agreed to vote the same in respect of significant financial and operating decisions made by the Company. As a result, the Company has control over Jinling CCGT.

(v) According to the equity transfer agreement entered into with a third party, the Company transferred its 49% equity interests in Luoyuanwan Harbour. Upon the completion of the transaction, the Company's percentage of equity interest held and voting rights on Luoyuanwan Harbour changed from 100% to 51% and the Company retains control over Luoyuanwan Harbour. Please refer to note 19 for more details.

9 Investments in subsidiaries and loans to subsidiaries (continued)

(a) Investments in subsidiaries (continued)

(ii) Subsidiaries acquired from business combinations not under common control or acquired through other ways (continued)

For the information of material non-controlling interest ("NCI"), please refer to Note 40.

In 2014, due to the continuous losses in a number of subsidiaries, impairment loss of RMB 2.70 billion was recorded for the investment in the subsidiaries at company level. (2013: RMB3.23 billion).

(b) Loans to subsidiaries

As at 31 December 2014, the unsecured current portion of loans to subsidiaries amounted to approximately RMB24.09 billion (2013: RMB26.95 billion) with annual interest rates ranging from 5.32% to 6.60% (2013: from 5.58% to 6.00%). The unsecured non-current portion loans to subsidiaries amounted to approximately RMB3.48 billion (2013: RMB1.79 billion) with annual interest rates ranging from 5.20% to 6.52% (2013: 3.72% to 5.54%). Since all interest rates were similar to the interest rates offered by the market, the carrying value of the loans to subsidiaries approximated their fair value.

10 Available-for-sale financial assets

Available-for-sale financial assets include the following:

	As at 31 December	
	2014	2013
Listed securities (Fair value measurement)		
257.56 million shares (representing 1.56% shareholding) of Yangtze Power	2,748,162	1,627,777
Unlisted securities (Cost measurement)		
10% of Jinxing Energy	531,274	431,274
9.09% of Ganlong Double-track Railway Co., Ltd.	1,000,000	1,000,000
Others	53,941	52,113
	1,585,215	1,483,387
Total	4,333,377	3,111,164

There were no impairment provisions on available-for-sale financial assets in 2014, 2013 and 2012.

11 Land use rights

Details of land use rights are as follows:

	As at 31 December	
	2014	2013

Outside Hong Kong, held on:		
Leases of between 10 to 50 years	4,913,119	4,449,886
Leases of over 50 years	40,725	41,399
Total	4,953,844	4,491,285

11 Land use rights (continued)

All the lands located in the PRC and Singapore are leased from respective governments according to corresponding regulations applied across the countries. The Company and its subsidiaries will renew the leases according to the operation requirements of the Company and its subsidiaries and the related regulations of respective countries.

12 Power generation license

The movements in the carrying amount of power generation license during the years are as follows:

	2014	2013
Beginning of the year	3,837,169	4,084,506
Movement:		
Opening net book value	3,837,169	4,084,506
Currency translation differences	(116,210)	(247,337)
Closing net book value	3,720,959	3,837,169
End of the year	3,720,959	3,837,169

The Company and its subsidiaries acquired the power generation license in connection with the acquisition of Tuas Power. The power generation license was initially recognized at fair value at the acquisition date. Tuas Power operates power plants in Singapore pursuant to the license granted by the Energy Market Authority for a period of 30 years from 2003 until 2032. The license was extended to 2044 during 2011 with minimal costs and is subject to further renewal. The Company and its subsidiaries expect that the applicable rules and regulations surrounding the renewal can be complied with based on the current market framework. The Company and its subsidiaries assessed the useful life of the power generation license at 31 December 2014 as indefinite and therefore the license is not amortized.

Impairment test of power generation license

Power generation license belongs to and has been assigned to Tuas Power, a CGU. The recoverable amount of the CGU is determined based on value-in-use calculation. Management prepared the impairment model based on budget approved by the Board and various factors, such as inflation, power demand and other factors as well as the terminal value.

Key assumptions used for value-in-use calculation:

Management has assessed that, amongst all assumptions used in the value-in-use calculations, the most sensitive key assumption is the discount rate which was arrived at based on weighted average cost of capital. The discount rate applied in determining the recoverable amounts of the CGU was 7.29% (2013: 7.05%). An absolute increase in the discount rate of 0.5% (2013: 0.5%) would result in approximately RMB1,540 million (2013: RMB1,599 million) decrease in the recoverable amount of the CGU.

12 Power generation license (continued)

Impairment test of power generation license (continued)

Key assumptions used for value-in-use calculation (continued):

Other key assumptions include projection of its business performance based on estimation of future electricity tariffs, volume of electricity sold, fuel prices and other operating expenses, which are largely with reference to advices from the financial advisor engaged and an external study conducted by industry specialist to project the market demand and supply situation, as well as forward trend of electricity prices. On average, the growth and inflation rates of 3.0% and 3.5% (2013: 2.2% and 2.8%) were used in consideration of future expansion plans and new development projects as part of the long-term strategy.

Based on the assessments, no impairment was provided for the power generation license.

13 Derivative financial instruments

Details of derivative financial instruments are as follows:

	As at 31 December	
	2014	2013
Derivative financial assets		
Hedging instruments for cash flow hedge (fuel swap contracts)	265	47,210
Hedging instruments for cash flow hedge (exchange forward contracts)	116,712	34,979
Financial instruments at fair value through profit or loss (fuel swap contracts)	184,756	23,783
Total	301,733	105,972
Less: non-current portion		
Hedging instruments for cash flow hedge (fuel swap contracts)	133	8,826
Hedging instruments for cash flow hedge (exchange forward contracts)	40,465	4,785
Financial instruments at fair value through profit or loss (fuel swap contracts)	-	634
Total non-current portion	40,598	14,245
Current portion	261,135	91,727

13 Derivative financial instruments (continued)

	As at 31 December 2014	2013
Derivative financial liabilities		
Hedging instruments for cash flow hedge (fuel swap contracts)	1,009,369	15,259
Hedging instruments for cash flow hedge (exchange forward contracts)	11	1,382
Hedging instruments for cash flow hedge (interest rate swap contract)	322,871	380,541
Financial instruments at fair value through profit or loss (fuel swap contracts)	149,989	29,814
Total	1,482,240	426,996
Less: non-current portion		
Hedging instruments for cash flow hedge (fuel swap contracts)	326,634	2,093
Hedging instruments for cash flow hedge (exchange forward contracts)	8	210
Hedging instruments for cash flow hedge (interest rate swap contract)	322,871	380,541
Financial instruments at fair value through profit or loss (fuel swap contracts)	-	561
Total non-current portion	649,513	383,405
Current portion	832,727	43,591

For the years ended 31 December 2014, 2013 and 2012, no material ineffective portion was recognized in the profit or loss arising from cash flow hedges.

The Company uses an interest rate swap contract to hedge its interest rate risk against one of its variable rate loans. The notional principal amount of the outstanding interest rate swap contract at 31 December 2014 was US$278 million (RMB equivalents of RMB1,701.08 million) (2013: US$304 million (RMB equivalents of RMB1,853.46 million)). Through this arrangement, the Company pays an annual fixed interest of 4.4% while the original annual floating interest expense (6-month LIBOR+1%) attached in the loan is offset by the receivable leg of the interest rate swap. Such a swap is settled on a quarterly basis from September 2009 to September 2019.

TPG uses exchange forward contracts to hedge its foreign exchange risk arising from highly probable forecast purchase transactions. It also uses fuel oil swap contracts to hedge its fuel price risk arising from highly probable forecast purchases of fuel purchases.

TPG also uses various interest rate swap contracts to hedge floating semi-annual interest payments on borrowings with maturity dates up to 2020. The notional principal amount of these outstanding interest rate swap contracts at 31 December 2014 was S$1,440.9 million (RMB equivalents of RMB6,685.2 million) (2013: S$1,482 million (RMB equivalents of RMB7,090.63 million)). Through these arrangements, TPG swaps original floating interest (6-month SOR) to annual fixed interest determined by individual swap contracts. Such swap contracts are settled semi-annually from September 2011 to March 2020. As at 31 December 2014, these interest rate swap contracts are carried on the balance sheet as financial liability of RMB223.71 million (2013: financial liability of RMB263.97 million).

13 Derivative financial instruments (continued)

The analysis of contractual cash inflows/(outflows) of major derivative financial instruments are as follows:

	Carrying amounts	Cash flows Contractual cash flows	Within 1 year	Between 1 and 5 years	After 5 years
As at 31 December 2014					
Derivative financial assets					
Fuel derivatives used for hedging (net settlement)	265	265	133	132	-
Forward exchange contracts used for hedging					
- inflows		2,827,425	1,969,596	857,829	-
- outflows		(2,714,818)	(1,895,789)	(819,029)	-
	116,712	112,607	73,807	38,800	-
Fuel derivatives that do not qualify as hedges (net settlement)	184,756	184,756	184,756	-	-
Derivative financial liabilities					
Fuel derivatives used for hedging (net settlement)	1,009,369	(1,009,369)	(682,735)	(326,634)	-
Forward exchange contracts used for hedging					
- inflows		552,840	538,402	14,438	-
- outflows		(553,505)	(539,020)	(14,485)	-
	11	(665)	(618)	(47)	-
Net-settled interest rate swaps used for hedging					
- net cash outflows	322,871	(508,178)	(175,843)	(320,678)	(11,657)
Fuel derivatives that do not qualify as hedges (net settlement)	149,989	(149,989)	(149,989)	-	-
As at 31 December 2013					
Derivative financial assets					
Fuel derivatives used for hedging (net settlement)	47,210	47,210	38,384	8,826	-

Forward exchange contracts used for hedging					
- inflows		2,401,875	1,967,829	434,046	-
- outflows		(2,366,753)	(1,937,889)	(428,864)	-
	34,979	35,122	29,940	5,182	-
Fuel derivatives that do not qualify as hedges (net settlement)	23,783	23,783	23,149	634	-
Derivative financial liabilities					
Fuel derivatives used for hedging (net settlement)	15,259	(15,259)	(13,166)	(2,093)	-
Forward exchange contracts used for hedging					
- inflows		1,155,192	1,107,633	47,559	-
- outflows		(1,156,600)	(1,108,862)	(47,738)	-
	1,382	(1,408)	(1,229)	(179)	-
Net-settled interest rate swaps used for hedging					
- net cash outflows	380,541	(734,300)	(208,667)	(487,961)	(37,672)
Fuel derivatives that do not qualify as hedges (net settlement)	29,814	(29,814)	(29,253)	(561)	-

14 Goodwill

The movements in the carrying amount of goodwill during the years are as follows:

As at 1 January 2013	
Cost	14,952,512
Accumulated impairment loss	(534,969)
Net book value	14,417,543
Movement in 2013:	
Opening net book value	14,417,543
Impairment charge	(980,513)
Currency translation differences	(678,999)
Closing net book value	12,758,031
As at 31 December 2013	
Cost	14,273,513
Accumulated impairment loss	(1,515,482)
Net book value	12,758,031
Movement in 2014:	
Opening net book value	12,758,031
Disposal	(78,002)
Impairment charge	(641,061)
Currency translation differences	(313,413)
Closing net book value	11,725,555
As at 31 December 2014	
Cost	13,865,890
Accumulated impairment loss	(2,140,335)
Net book value	11,725,555

Impairment tests for goodwill

Goodwill is allocated to the CGUs of the Company and its subsidiaries.

The carrying amounts of major goodwill allocated to individual CGUs are as follows:

	As at 31 December	
	2014	2013
PRC Power segment:		
Yueyang Power Company	100,907	100,907

Beijing Cogeneration	95,088	95,088
Yangliuqing Cogeneration	151,459	151,459
Diandong Energy	1,105,649	1,307,558
Diandong Yuwang	-	438,883
Singapore segment:		
Tuas Power	10,035,274	10,348,687

14 Goodwill (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. For domestic CGUs, these calculations use cash flow projections based on management's financial budgets covering periods of no more than five years. The Company expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing production capacity.

For the goodwill allocated to Tuas Power, management has based their assessment of recoverable amount on value-in-use calculations. Management prepared the impairment model based on budget approved by the Board and various factors, such as inflation, power demand and other factors as well as the terminal value. On average, the growth and inflation rates of 3.0% and 3.5% were used in consideration of future expansion plans and new development projects as part of the long-term strategy.

Discount rates used for value-in-use calculations:

PRC Power segment	9.72%~10.68%
Singapore segment	7.29 %

Key assumptions used for value-in-use calculations:

Key assumptions applied in the impairment tests include the expected tariff rates, demands of electricity in specific regions where these power plants are located, fuel cost and the expected throughput and price of the related port. Management determined these key assumptions based on past performance and its expectations on market development. The discount rates used reflect specific risks relating to individual CGUs. Management believes that any reasonably possible change in any of these key assumptions on which recoverable amounts of individual CGUs are based may cause carrying amounts of individual CGUs to exceed their recoverable amounts. Please refer to Note 4 and 12 for details of respective sensitivity analysis on domestic and oversea CGU impairment testing.

In 2014, due to the delay in coal mine construction schedule and continuous lower utilization of the power plants in Yunnan province, the goodwill arising from the acquisition of Diandong Energy and Diandong Yuwang were impaired based on the impairment testing result. The above mentioned goodwill impairment provided in 2014 approximately amounted to RMB641 million in total. For Singapore segment, the decrease of goodwill in respect of Tuas Power was due to currency translation differences.

In 2013, due to the external environment deterioration in respect of shipping market, the utilization of port was below expectation and the price was at a lower level. Based on the impairment testing results, the goodwill arising from the acquisition of Luoyuanwan Harbour, Qingdao Port and Hualu Sea Transportation were fully impaired. Besides, the goodwill arising from the acquisition of Enshi Hydropower was assessed as fully impaired due to the fact that the capital expenditure of the power plant was higher than the original expectation. The above mentioned goodwill impairment provided in 2013 approximately amounted to RMB586 million. For Singapore segment, the goodwill in respect of Tuas Power was impaired RMB392 million in 2013 as a result of the power market change in Singapore.

In 2012, no goodwill was impaired except for the goodwill arising from acquisition of Pingliang Power Company. The factors leading to the goodwill impairment were the continuous deterioration in utilization and the competition from non-coal fired power generation plants. As a result, management expects ongoing loss of Pingliang Power Company will be incurred in the future. A full impairment loss of the CGU's goodwill was provided based on the result of impairment assessment.

15 Other non-current assets

Details of other non-current assets are as follows:

	As at 31 December 2014	2013
Intangible assets*	452,109	466,111
Deferred employee housing subsidies	4,847	5,787
Prepayments for switchhouse and metering station	10,142	11,693
Prepaid connection fees	118,941	101,913
Prepaid territorial water use right**	775,493	793,410
Finance lease receivables	525,353	551,509
VAT recoverable	981,980	574,892
Others	850,390	659,752
Total	3,719,255	3,165,067

*The intangible assets consist of software, patented technologies and etc. In 2014, there is no impairment provided for the intangible assets (2013: RMB nil).

**The prepaid territorial water use right are amortized over the contractual period of 50 years. As at 31 December 2014, territorial water use right with net book value amounting to RMB80.36 million (2013: RMB82.42 million) was secured to a bank as collateral against a long-term loan of RMB37 million (2013: RMB69 million) (Note 23).

16 Inventories

Inventories comprised:

	As at 31 December 2014	2013
Fuel (coal and oil) for power generation	5,228,867	5,046,248
Material and supplies	1,636,865	1,593,074
	6,865,732	6,639,322
Less: provision for inventory obsolescence	163,458	170,296
	6,702,274	6,469,026

Movements of provision for inventory obsolescence during the years are analyzed as follows:

	2014	2013	2012
Beginning of the year	(170,296)	(182,352)	(179,724)
Provision	(878)	(2,336)	(14,612)
Reversal	3,525	3,160	2,457

Write-offs	632	3,551	14,625
Currency translation differences	3,559	7,681	(5,098)
End of the year	(163,458)	(170,296)	(182,352)

17 Other receivables and assets

Other receivables and assets comprised the following:

	As at 31 December	
	2014	2013
Prepayments for inventories	279,128	334,368
Prepayments for pre-construction cost	577,644	421,944
Prepaid income tax	20,499	88,854
Prepayments for capacity quota	303,399	-
Others	144,040	93,038
Total prepayments	1,324,710	938,204
Staff advances	17,648	15,566
Dividends receivable	188,958	150,000
Financial lease receivables	14,767	13,842
Interest receivables	350	70
Others	622,310	406,522
Subtotal other receivables	844,033	586,000
Less: provision for doubtful accounts	29,644	30,673
Total other receivables, net	814,389	555,327
VAT recoverable	1,272,621	579,450
Gross total	3,441,364	2,103,654
Net total	3,411,720	2,072,981

Please refer to Note 35 for details of other receivables and assets due from the related parties.

The gross amounts of other receivables of the Company and its subsidiaries are denominated in the following currencies:

	As at 31 December	
	2014	2013
RMB	781,426	523,279
S$ (RMB equivalent)	43,652	53,638
US$ (RMB equivalent)	18,955	9,083
Total	844,033	586,000

17 Other receivables and assets (continued)

Movements of provision for doubtful accounts during the years are analyzed as follows:

	2014	2013	2012
Beginning of the year	(30,673)	(28,641)	(26,505)
Reclassification to assets held for sale	-	51	-
Provision	-	(2,096)	(2,774)
Reversal	1,029	13	638
End of the year	(29,644)	(30,673)	(28,641)

As at 31 December 2014, there was no indication of impairment relating to other receivables which were not past due and no provision was made (2013: nil).

As at 31 December 2014, other receivables of RMB101 million (2013: RMB104 million) were past due but not impaired. These amounts mainly represent funds deposited in a government agency and are fully recoverable. The ageing analysis of these other receivables was as follows:

	As at 31 December 2014	2013
Within 1 year	32,330	15,120
Between 1 to 2 years	593	289
Between 2 to 3 years	236	20,648
Over 3 years	68,056	67,855
	101,215	103,912

As at 31 December 2014, other receivables of RMB35 million which were past due (2013: RMB37 million) were impaired and a provision of RMB30 million (2013: RMB31 million) has been provided against the receivables. The individually impaired receivables have been long outstanding without any repayment agreements in place or possibility of renegotiation. It was assessed that a substantial portion of the receivables is not expected to be recovered. The ageing of these other receivables was as follows:

	As at 31 December 2014	2013
Within 1 year	542	965
Between 1 to 2 years	-	120
Between 2 to 3 years	-	-
Over 3 years	34,540	35,546
	35,082	36,631

18 Accounts receivable

Accounts receivable comprised the following:

	As at 31 December	
	2014	2013
Accounts receivable	14,087,378	14,812,913
Notes receivable	806,394	755,331
	14,893,772	15,568,244
Less: provision for doubtful accounts	11,809	6,123
	14,881,963	15,562,121

The gross amounts of account receivables of the Company and its subsidiaries are denominated in the following currencies:

	As at 31 December	
	2014	2013
RMB	13,875,489	14,598,779
S$ (RMB equivalent)	1,014,881	963,349
US$ (RMB equivalent)	3,402	6,116
Total	14,893,772	15,568,244

The Company and its subsidiaries usually grant about one month’s credit period to local power grid customers from the end of the month in which the sales are made, except for SinoSing Power which provides credit period that ranged from 5 to 60 days from the dates of billings. Certain accounts receivables of Singapore subsidiaries are backed by bankers’ guarantees and/or deposit from customers. It is not practicable to determine the fair value of the collaterals that correspond to these accounts receivable.

As at 31 December 2014, accounts receivable of the Company and its subsidiaries of approximately RMB3,592 million (2013: RMB6,501 million) was secured to a bank as collateral against short-term loans of RMB3,150 million (2013: RMB 6,000 million) (Note 29).

For the collateral of notes receivable, please refer to Note 26 for details.

Movements of provision for doubtful accounts during the years are analyzed as follows:

	2014	2013	2012
Beginning of the year	(6,123)	(11,419)	(24,033)
Provision	(8,413)	(24)	(62)
Reversal	2,807	4,717	12,508

Write-off	-	50	28
Reclassification to assets held for sale	-	298	-
Currency translation differences	(80)	255	140
End of the year	(11,809)	(6,123)	(11,419)

18 Accounts receivable (continued)

Ageing analysis of accounts receivable was as follows:

	As at 31 December 2014	2013
Within 1 year	14,693,174	15,347,876
Between 1 to 2 years	123,700	188,778
Between 2 to 3 years	48,021	25,326
Over 3 years	28,877	6,264
	14,893,772	15,568,244

As at 31 December 2014, the maturity period of the notes receivable ranged from 1 to 6 months (2013: from 1 to 6 months).

As at 31 December 2014, and 2013, there was no indication of impairment relating to accounts receivable which were not past due and no provision was made.

As at 31 December 2014, accounts receivable of RMB11.81 million (2013: RMB6.12 million) were impaired. The amount of the provision was RMB11.81 million as at 31 December 2014 (2013: RMB6.12 million). The ageing of these accounts receivable was as follows:

	As at 31 December 2014	2013
Less than 1 year	274	-
Between 2 to 3 years	8,126	-
Over 3 years	3,409	6,123
	11,809	6,123

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

19 Disposal group held for sale

On 18 December 2013, the Company signed an equity transfer agreement with a third party to transfer its 49% equity interests in Luoyuanwan Harbour (with control retained by the Company), and all the controlling equity interests the Company held in Luoyuanwan Pier and Ludao Pier. These transactions were completed in early 2014 with no significant costs incurred in the disposals. The revenue, cost, expense and net profit were insignificant from 1 January 2014 to the disposal date.

For the disposals of Luoyuanwan Pier and Ludao Pier with no interest being retained, the Company received cash consideration of RMB538 million. An investment income of RMB54 million was recognized and the related non-controlling interests of RMB100 million associated with the subsidiaries was eliminated upon disposal.

The cash consideration received from disposal of 49% equity interests in Luoyuanwan Harbour was RMB385 million. Non-controlling interests increased by RMB337 million to reflect the change in ownership percentage and the difference between the consideration received and the amount by which the non-controlling interest was adjusted totaling RMB48 million was recorded in capital surplus.

20 Share capital

	2014 Number of Shares	Share capital RMB '000	2013 Number of Shares	Share capital RMB '000
As at 1 January				
A shares	10,500,000,000	10,500,000	10,500,000,000	10,500,000
Overseas listed foreign shares	3,555,383,440	3,555,383	3,555,383,440	3,555,383
Subtotal	14,055,383,440	14,055,383	14,055,383,440	14,055,383
Issuance of new H shares	365,000,000	365,000	-	-
As at 31 December				
A shares	10,500,000,000	10,500,000	10,500,000,000	10,500,000
Overseas listed foreign shares	3,920,383,440	3,920,383	3,555,383,440	3,555,383
Total	14,420,383,440	14,420,383	14,055,383,440	14,055,383

In November 2014, the Company issued 365,000,000 H shares with a par value of RMB1.00, at a price of HK$8.60 per H share. Net proceeds from the issuance amounted to RMB2.45 billion after deducting issuance costs from gross proceeds of RMB2.49 billion. The difference between the net proceeds and the addition to share capital is recorded in capital surplus.

All shares issued by the Company were fully paid. The holders of domestic shares and overseas listed foreign shares, in all material aspects, are entitled to the same economic and voting rights. None of the issued A shares are within the lock-up period as at 31 December 2013 and 2014.

21 Surplus reserves

	As at 1 January 2014	Appropriation of surplus reserve	As at 31 December 2014
Surplus reserves	7,085,454	110,895	7,196,349

According to the Company Law of the PRC, the Company's articles of association and board resolutions, the Company appropriates 10% of each year's net profit under PRC GAAP to the statutory surplus reserve. The Company has the option to cease provision for such reserve when it reaches 50% of the registered share capital. Upon the approval from relevant authorities, this reserve can be used to make up any losses incurred or to increase share capital. Except for offsetting against losses, this reserve cannot fall below 25% of the share capital after being used to increase share capital.

According to the Company's articles of association and board resolutions on 24 March 2015, the Company intends to appropriate 10% of this year's net profit attributable to the Company's shareholders under PRC GAAP to the statutory surplus reserve, amounting to RMB1,035 million, in which RMB924 million being the excess of the consequent surplus reserve balance over 50% of the registered share capital, is subject to the approval of the shareholders at the annual general meeting. Therefore, only RMB111 million of the aforementioned appropriation of statutory surplus reserve is reflected in these consolidated financial statements for the year ended 31 December 2014.

Appropriation of discretionary surplus reserve is proposed by the Board of Directors, and approved by the general meeting of shareholders. This reserve can be used to make up any losses incurred in prior years or to increase the share capital after obtaining relevant approvals. For the years ended 31 December 2013 and 2014, no provision was made to the discretionary surplus reserve.

21 Surplus reserves (continued)

According to the articles of association, in distributing the Company's profits after tax for the relevant accounting year, the lower of amounts determined in accordance with PRC GAAP and IFRS shall be adopted. As at 31 December 2014, in accordance with PRC GAAP and IFRS, the balance of retained earnings for the Company and its subsidiaries amounted to approximately RMB29.753 billion and RMB30.085 billion; respectively; and the balance of retained earnings for the Company amounted RMB24.257 billion and RMB21.257 billion, respectively.

22 Dividends

On 24 March 2015, the Board of Directors proposed a cash dividend of RMB0.38 per share, totaling approximately RMB5,480 million. This proposal is subject to the approval of the shareholders at the annual general meeting.

On 26 June 2014, upon the approval from the annual general meeting of the shareholders, the Company declared 2013 final dividend of RMB0.38 (2012: RMB0.21) per ordinary share, which totaled approximately RMB5,341 million (2012:RMB2,952 million).

23 Long-term loans

Long-term loans comprised the following:

	As at 31 December	
	2014	2013
Loans from Huaneng Group (a)	640,485	640,485
Bank loans (b)	62,894,372	71,136,396
Other loans (c)	1,496,034	1,533,746
	65,030,891	73,310,627
Less: Current portion of long-term loans	7,392,433	12,796,956
Total	57,638,458	60,513,671

(a) Loans from Huaneng Group

Details of loans from Huaneng Group of the Company and its subsidiaries are as follows:

	As at 31 December 2014				
	Original currency	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
	'000				
Loans from Huaneng Group					
Unsecured					
RMB					
- Variable rate	640,485	640,485	-	640,485	5.40 %

	As at 31 December 2013				
	Original currency	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
	’000				
Loans from Huaneng Group					
Unsecured					
RMB					
- Variable rate	640,485	640,485	-	640,485	5.54 %

23 Long-term loans (continued)

(b) Bank loans

Details of bank loans of the Company and its subsidiaries are as follows:

	As at 31 December 2014				
	Original currency ’000	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
Bank loans					
Secured					
RMB					
- Fixed rate	10,436,300	10,436,300	1,026,670	9,409,630	5.54%-6.55 %
- Variable rate	100,000	100,000	-	100,000	6.15 %
Unsecured					
RMB					
- Fixed rate	26,194,209	26,194,209	4,985,946	21,208,263	4.20%-6.55 %
- Variable rate	9,556,570	9,556,570	82,980	9,473,590	5.40%-6.55 %
US$					
- Fixed rate	2,666	16,316	16,316	-	6.36 %
- Variable rate	539,004	3,298,164	408,284	2,889,880	0.81%-1.74 %
$S					
- Variable rate	2,772,077	12,861,331	352,252	12,509,079	1.98 %
€					
- Fixed rate	57,874	431,482	69,661	361,821	2.00%-2.15 %
Total		62,894,372	6,942,109	55,952,263	

	As at 31 December 2013				
	Original currency ’000	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
Bank loans					

Secured						
RMB						
- Fixed rate	11,541,760	11,541,760	1,185,460	10,356,300	5.90%-6.55	%
- Variable rate	80,000	80,000	-	80,000	6.55	%
Unsecured						
RMB						
- Fixed rate	38,968,173	38,968,173	10,673,883	28,294,290	4.20%-6.55	%
- Variable rate	2,595,000	2,595,000	10,000	2,585,000	5.54%-6.22	%
US$						
- Fixed rate	7,846	47,838	31,580	16,258	6.36	%
- Variable rate	608,371	3,709,177	422,926	3,286,251	0.81%-1.74	%
$S						
- Variable rate	2,848,480	13,628,555	363,253	13,265,302	1.95	%
€						
- Fixed rate	67,217	565,893	78,450	487,443	2.00%-2.15	%
Total		71,136,396	12,765,552	58,370,844		

As at 31 December 2014, a long-term loan of RMB37 million (31 December 2013: RMB69 million) is secured by territorial water use right with net book value amounting to RMB80.36 million (31 December 2013: RMB82.42 million).

As at 31 December 2014, a long-term loan of RMB95 million (31 December 2013: RMB123 million) is secured by certain property, plant and equipment with net book value amounting to RMB194 million (31 December 2013: RMB203 million).

As at 31 December 2014, long-term loans of approximately RMB10,404 million were secured by future electricity revenue (31 December 2013: RMB11,430 million).

23 Long-term loans (continued)

(c) Other loans

Details of other loans of the Company and its subsidiaries are as follows:

	As at 31 December 2014					
	Original currency '000	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate	
Other loans						
Secured						
RMB						
- Fixed rate	68,596	68,595	33,324	35,271	5.84	%
Unsecured						
RMB						
- Fixed rate	417,000	417,000	417,000	-	5.54	%
- Variable rate	1,000,000	1,000,000	-	1,000,000	5.35	%
$S						
- Variable rate	2,250	10,439	-	10,439	4.25	%
Total		1,496,034	450,324	1,045,710		

	As at 31 December 2013					
	Original currency '000	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate	
Other loans						
Secured						
RMB						
- Fixed rate	100,000	100,000	31,404	68,596	5.84	%
Unsecured						
RMB						
- Fixed rate	417,000	417,000	-	417,000	5.54	%
- Varible rate	1,000,000	1,000,000	-	1,000,000	5.35	%
$S						
- Variable rate	3,500	16,746	-	16,746	4.25	%
Total		1,533,746	31,404	1,502,342		

As at 31 December 2014, a long-term loan of RMB69 million (31 December 2013: RMB100 million) was secured by a subsidiary's port facility with net book value amounting to RMB522 million (31 December 2013: RMB540 million).

As at 31 December 2014, the balance of other long-term loans drawn from Huaneng Finance amounted to approximately RMB417 million (2013: RMB417 million) with annual interest rate of 5.54% (2013: 5.54%). These loans were reclassified as current in 2014.

23 Long-term loans (continued)

The maturity of long-term loans is as follows:

	Loans from Huaneng Group As at 31 December		Bank loans As at 31 December		Other loans As at 31 December	
	2014	2013	2014	2013	2014	2013
1 year or less	-	-	6,942,109	12,765,552	450,324	31,404
More than 1 year but not more than 2 years	640,485	-	7,321,430	7,226,839	1,035,271	450,299
More than 2 years but no more than 3 years	-	640,485	9,292,458	6,935,843	-	1,035,297
More than 3 years but no more than 4 years	-	-	5,667,453	5,263,576	-	-
More than 4 years but not more than 5 years	-	-	6,870,199	5,541,103	-	-
More than 5 years	-	-	26,800,723	33,403,483	10,439	16,746
	640,485	640,485	62,894,372	71,136,396	1,496,034	1,533,746
Less: amount due within 1 year included under current liabilities	-	-	6,942,109	12,765,552	450,324	31,404
Total	640,485	640,485	55,952,263	58,370,844	1,045,710	1,502,342

The interest payment schedule of long-term loans in the future years are summarized as follows:

	As at 31 December	
	2014	2013
1 year or less	2,971,899	3,323,845
More than 1 year but not more than 2 years	2,628,832	2,689,099
More than 2 years but not more than 5 years	5,479,149	6,113,905
More than 5 years	4,441,296	5,842,470
Total	15,521,176	17,969,319

24 Long-term bonds

The Company issued bonds with maturity of 5 years, 7 years and 10 years in December 2007 with face values of RMB1 billion, RMB1.7 billion and RMB3.3 billion bearing annual interest rates of 5.67%, 5.75% and 5.90%, respectively. The total actual proceeds received by the Company were approximately RMB5.885 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 6.13%, 6.10% and 6.17%, respectively. Interest paid per annum during the tenure of the bonds is RMB57 million, RMB98 million and RMB195 million, respectively. The bond with original maturity of 5 years had matured in December 2012 and the Company repaid the principal of RMB1 billion. The bond with original maturity of 7 years had matured in December 2014 and the Company repaid the principal of RMB1.7 billion. As at 31 December 2014, interest payables for the unmatured bonds amounted to approximately RMB3.73 million (31 December 2013: RMB5.61 million).

The Company also issued bonds with maturity of 10 years in May 2008 with a face value of RMB4 billion bearing an annual interest rate of 5.20%. The actual proceeds received by the Company were approximately RMB3.933 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rate of bond is 5.42%. Interest paid per annum during the tenure of the bonds is RMB208 million. As at 31 December 2014, interest payable for these bonds amounted to approximately RMB135.06 million (31 December 2013: RMB135.06 million).

24 Long-term bonds (continued)

The Company issued medium-term notes with maturity of 5 years in May 2009 with a face value of RMB4 billion bearing an annual interest rate of 3.72%. The actual proceeds received by the Company were approximately RMB3.940 billion. These notes are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the notes fall due. The annual effective interest rate of these notes is 4.06%. Interest paid per annum during the tenure of the notes is RMB149 million. The bond had matured in May 2014 and the Company repaid the principal of RMB4 billion.

In November 2011 and January 2012, the Company issued non-public debt financing instrument with maturity of 5 years and 3 years with face values of RMB5 billion and RMB5 billion bearing annual interest rates of 5.74% and 5.24%, respectively. The actual proceeds received by the Company were approximately RMB4.985 billion and RMB4.985 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 6.04% and 5.54%, respectively. Interest paid per annum during the tenure of the bonds is RMB287 million and RMB262 million. As at 31 December 2014, interest payable for these bonds amounted to approximately RMB45.61 million and RMB259.13 million, respectively (31 December 2013: RMB45.61 million and RMB259.14 million, respectively).

The Company issued overseas listed bonds with maturity of 3 years in February 2013 with a face value of RMB1.5 billion bearing an annual interest rate of 3.85%. The proceeds received by the Company were approximately RMB1.495 billion. These bonds are denominated in RMB and issued at par. Interest is payable semiannually while principal will be paid when the bonds fall due. The annual effective interest rate of the bonds is 3.96%. Interest paid per annum during the tenure of the bonds is RMB58 million. As at 31 December 2014, interest payable for the bonds amounted to approximately RMB23.57 million (31 December 2013: RMB23.57 million).

The Company issued non-public debt financing instrument with maturity of 3 years in June 2013 with a face value of RMB5 billion bearing an annual interest rate of 4.82%. The proceeds received by the Company were approximately RMB4.985 billion. The bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rate of the bonds is 5.12%. Interest paid per annum during the tenure of the bonds is RMB241 million. As at 31 December 2014, interest payable for the bonds amounted to approximately RMB139.32 million (31 December 2013: RMB139.32 million).

The Company issued medium-term notes with maturity of 5 years in July 2014 with a face value of RMB4 billion bearing an annual interest rate of 5.30%. The actual proceeds received by the Company were approximately RMB3.988 billion. These notes are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the notes fall due. The annual effective interest rate of these notes is 5.37%. Interest paid per annum during the tenure of the notes is RMB212 million. As at 31 December 2014, interest payable for the bonds amounted to approximately RMB99.32 million (31 December 2013: nil).

Please refer to Note 35(c) for details of long-term bonds of the Company guaranteed by HIPDC and government-related banks.

25 Other non-current liabilities

		As at 31 December	
		2014	2013
Finance lease payables	(a)	1,584,020	115,986
Less: current portion of finance lease payables		329,560	-
Subtotal		1,254,460	115,986
Government Grant			
-Environmental subsidies	(b)	909,615	795,759
-Other government grant		113,010	104,606
Subtotal	(c)	1,022,625	900,365
Others		441,595	388,547
Total		2,718,680	1,404,898

(a) The Company and its subsidiaries had obligation under finance leases as follows:

	As at 31 December	
	2014	2013
Within 1 year	414,143	10,283
After 1 year but within 2 years	541,831	10,461
After 2 years but within 3 years	535,492	10,461
After 3 years	284,234	112,980
	1,775,700	144,185
Less: total future interest expense	191,680	28,199
Present value of finance lease obligations	1,584,020	115,986

(b) This primarily represented subsidies for the construction of desulphurization equipment and other environmental protection projects.

(c) In 2014, the asset-related government grants which were credited to the statement of comprehensive income amounted to RMB66.15 million (2013: RMB72.34 million).

26 Accounts payable and other liabilities

Accounts payable and other liabilities comprised:

	As at 31 December	
	2014	2013
Accounts and notes payable	11,685,285	12,277,872
Amounts received in advance	649,431	705,938
Payables to contractors for construction	10,172,216	7,724,843
Retention payables to contractors	996,861	968,863
Consideration payables for acquisitions	23,683	18,000
Accrued interests	1,056,249	1,047,410
Accrued pollutants discharge fees	75,648	133,287
Accrued water-resources fees	35,329	23,550
Accrued service fee of intermediaries	62,261	44,740
Capacity quota payables	-	2,841
Security deposits	100,356	140,953
Provisions*	28,647	182,188
Others	2,149,898	2,050,889
Total	27,035,864	25,321,374

*As at 31 December 2013, a provision of RMB182 million was made, due to an arbitration petitioned by a vendor of the Company's subsidiary. In 2014, this provision had been reversed as a result of the arbitration award, which dismissed the claim of the vendor.

Please refer to Note 35(a) for details of accounts payable and other liabilities due to the related parties.

As at 31 December 2014, notes payable of RMB13 million (2013: RMB23 million) were secured by notes receivable of the Company and its subsidiaries with net book value amounted to RMB15 million (2013: notes receivable amounted to RMB8 million and cash in bank amounted to RMB19 million).

The carrying amounts of financial liabilities (excluding amounts received in advance) included in accounts payable and other liabilities of the Company and its subsidiaries are denominated in the following currencies:

	As at 31 December	
	2014	2013
RMB	25,106,220	22,963,862
S$ (RMB equivalent)	635,640	941,307
US$ (RMB equivalent)	626,242	641,265
JPY (RMB equivalent)	15,599	12,889
EUR (RMB equivalent)	2,677	56,113
GBP (RMB equivalent)	55	-
Total	26,386,433	24,615,436

26 Accounts payable and other liabilities (continued)

The ageing analysis of accounts and notes payable was as follows:

	As at 31 December	
	2014	2013
Accounts and notes payable		
Within 1 year	11,559,092	12,226,313
Between 1 to 2 years	88,408	14,041
Over 2 years	37,785	37,518
Total	11,685,285	12,277,872

27 Taxes payable

Taxes payable comprises:

	As at 31 December	
	2014	2013
VAT payable	766,329	631,050
Income tax payable	751,349	783,816
Others	340,346	233,059
Total	1,858,024	1,647,925

28 Short-term bonds

The Company issued unsecured super short-term bonds with face values of RMB5 billion, RMB5 billion, RMB5 billion and RMB5 billion bearing annual interest rates of 3.80%, 3.90% 3.80% and 5.70% in February 2013, April 2013, May 2013 and December 2013, respectively. Such bonds are denominated in RMB, issued at par and matured in 270 days. The annual effective interest rates of these bonds are 4.21%, 4.31%, 4.21% and 6.12%, respectively. These bonds were fully repaid in November 2013, December 2013, February 2014, and September 2014 respectively.

The Company issued unsecured short-term bond with a face values of RMB5 billion bearing an annual interest rates 5.25% in November 2013. The bond is denominated in RMB, issued at par and matured in 365 days. The annual effective interest rate of the bond is 5.67%. The bond was fully repaid in November 2014.

The Company issued unsecured short-term bonds with face values of RMB5 billion, and RMB5 billion bearing annual interest rates of 4.90% and 3.98% in April 2014 and November 2014, respectively. Such bonds are denominated in RMB, issued at par and mature in 365 days. The annual effective interest rates of these bonds are 5.30%, and 4.40%, respectively. As at 31 December 2014, interest payables for the outstanding bonds amounted to approximately RMB166.47 million and RMB23.99 million, respectively.

28 Short-term bonds (continued)

The Company issued unsecured super short-term bonds with face values of RMB2 billion, RMB3 billion, and RMB3 billion bearing annual interest rates of 4.63%, 4.63% and 4.00%, in August 2014, September 2014, and November 2014, respectively. Such bonds are denominated in RMB, issued at face value and mature in 270 days from the issuance dates. The annual effective interest rates of these bonds are 4.94%, 4.94% and 4.31%, respectively. As at 31 December 2014, interest payables for the outstanding bonds amounted to approximately RMB32.73 million, RMB42.62 million and RMB18.74 million, respectively.

29 Short-term loans

Short-term loans are as follows:

	As at 31 December 2014			As at 31 December 2013		
	Original currency '000	RMB equivalent	Annual interest rate	Original currency '000	RMB equivalent	Annual interest rate
Secured						
RMB						
- Fixed rate	190,000	190,000	6.00 %	1,050,000	1,050,000	6.00%-6.10%
- Fixed rate-discounted notes receivable	114,901	114,901	4.50%-4.80%	-	-	-
- Variable rate	3,000,000	3,000,000	5.04 %	5,000,000	5,000,000	5.04%-6.00%
US$						
- Variable rate	-	-	-	2,468	15,046	2.67 %
Subtotal		3,304,901			6,065,046	
Unsecured						
RMB						
- Fixed rate	9,532,000	9,532,000	4.00%-6.00%	8,040,000	8,040,000	5.28%-5.70%
- Variable rate	30,692,103	30,692,103	5.00%-6.00%	23,832,000	23,832,000	5.04%-5.70%
Subtotal		40,224,103			31,872,000	
Total		43,529,004			37,937,046	

As at 31 December 2014, short-term loans of RMB3,150 million (31 December 2013: RMB6,000 million) were secured by accounts receivable of the Company and its subsidiaries with net book value amounting to RMB3,592 million (31 December 2013: RMB6,501 million).

As at 31 December 2014, a short-term loan of RMB40 million (31 December 2013: RMB50 million) was secured by a subsidiary's port facility with net book value amounting to RMB56.47 million (31 December 2013: RMB62.35 million).

As at 31 December 2014, short-term loans of RMB114.90 million (31 December 2013: nil) represented the notes receivable that were discounted with recourse. As these notes receivable have not yet matured, the proceeds received were recorded as short-term loans.

As at 31 December 2014, short-term loans from Huaneng Finance amounted to RMB1,890 million (31 December 2013: RMB1,290 million) with the annual interest rates ranged from 5.04% to 5.70% (31 December 2013: 5.40% to 5.70%) (Note 35).

As at 31 December 2014, a short-term loan was borrowed from China Huaneng Group Clean Energy Technology Research Institute Co., Ltd. (“Huaneng Clean Energy”) amounting to RMB150 million (31 December 2013: RMB150 million) with the annual interest rate of 5.04% (31 December 2013: 5.40%) (Note 35).

As at 31 December 2014, a short-term loan was borrowed from Huaneng Group Hong Kong Limited Company (“Huaneng Hong Kong”) amounting to RMB100 million (31 December 2013: nil) with annual interest rate of 5.40% (31 December 2013: nil) (Note 35).

29 Short-term loans (continued)

As at 31 December 2014, short-term loans were borrowed from Xi'an Thermal Power Research Institute Co., Ltd. ("Xi'an Thermal") amounting to RMB200 million (31 December 2013: RMB100 million) with annual interest rate of 5.32% (31 December 2013: 5.52%) (Note 35).

As at 31 December 2013, a short-term loan amounted RMB15.05 million was secured by certain property, plant and equipment of a subsidiary of the Company. The loan was settled in 2014.

30 Deferred income tax assets and liabilities

The offset amounts of deferred income tax assets and liabilities are as follows:

	As at 31 December	
	2014	2013
Deferred income tax assets	884,274	652,358
Deferred income tax liabilities	(1,810,755)	(2,032,417)
	(926,481)	(1,380,059)

The gross movement on the deferred income tax accounts is as follows:

	2014	2013	2012
Beginning of the year	(1,380,059)	(1,479,342)	(1,466,756)
Adjustment on acquisitions	-	-	(134,460)
Credited to profit or loss (Note 32)	541,582	57,230	148,668
(Charged)/ Credited to other comprehensive (loss)/ income	(119,984)	(59,197)	34,556
Currency translation differences	31,980	79,187	(61,350)
Reclassification to liabilities held for sale	-	22,063	-
End of the year	(926,481)	(1,380,059)	(1,479,342)

30 Deferred income tax assets and liabilities (continued)

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, are as follows:

Deferred income tax assets:

	Hedging reserve	Amortization of land use rights	Provision for impairment loss	Depreciation	Accrued expenses	VAT refunds on purchases of domestically manufactured equipment	Unused tax losses	Others	Total
As at 1 January 2013	162,454	15,079	187,627	135,706	46,048	306,869	132,990	320,129	1,306,902
(Charged)/credited to profit or loss	-	(368)	74,300	(38,561)	(12,444)	(25,523)	27,790	86,706	111,900
Charged to other comprehensive loss	(94,611)	-	-	-	-	-	-	-	(94,611)
Currency translation differences	(4,969)	-	(166)	(138)	-	-	(890)	(2,254)	(8,417)
Reclassification to assets held for sale	-	-	(88)	-	-	-	-	(625)	(713)
As at 31 December 2013	62,874	14,711	261,673	97,007	33,604	281,346	159,890	403,956	1,315,061
(Charged)/credited to profit or loss	-	(368)	(55,094)	541,903	42,107	(25,260)	(77,448)	51,200	477,040
Credited to other comprehensive loss	160,112	-	-	-	-	-	-	-	160,112
Currency translation differences	(8,458)	-	(147)	(80)	-	-	(123)	(77)	(8,885)
As at 31 December 2014	214,528	14,343	206,432	638,830	75,711	256,086	82,319	455,079	1,943,328

30 Deferred income tax assets and liabilities (continued)

Deferred income tax liabilities:

	Fair value gains	Amortization of land use rights	Depreciation	Power generation license	Mining rights	Territorial water use right	Others	Total
As at 1 January 2013	(214,473)	(423,699)	(997,614)	(690,174)	(270,667)	(84,967)	(104,650)	(2,786,244)
(Charged)/credited to profit or loss	-	(7,443)	(41,065)	-	-	3,374	(9,536)	(54,670)
Credited to other comprehensive loss	35,414	-	-	-	-	-	-	35,414
Currency translation differences	-	3,765	45,984	37,855	-	-	-	87,604
Reclassification to liabilities held for sale	-	16,114	3,903	-	-	2,759	-	22,776
As at 31 December 2013	(179,059)	(411,263)	(988,792)	(652,319)	(270,667)	(78,834)	(114,186)	(2,695,120)
(Charged)/credited to profit or loss	-	(6,918)	76,723	-	-	2,864	(8,127)	64,542
Credited to other comprehensive loss	(280,096)	-	-	-	-	-	-	(280,096)
Currency translation differences	-	17,658	2,960	19,756	-	-	491	40,865
As at 31 December 2014	(459,155)	(400,523)	(909,109)	(632,563)	(270,667)	(75,970)	(121,822)	(2,869,809)

30 Deferred income tax assets and liabilities (continued)

As at 31 December 2014 and 2013, taxable temporary differences relating to interest in equity method investees amounted to RMB2.69 billion and RMB2.65 billion, respectively. No deferred tax liabilities were recognized as at 31 December 2014 and 2013 as dividends from investments in associates and joint ventures are exempted from the PRC income tax and the Company has no plan to dispose any of these investees in the foreseeable future.

As at 31 December 2014 and 2013, taxable temporary differences relating to the undistributed profit of a wholly-owned foreign subsidiary amounted to RMB3.84 billion and RMB3.71 billion, respectively. No deferred tax liabilities were recognized in respect of the tax that would be payable on the distribution of these retained profit as at 31 December 2014 and 2013 as the Company controls the dividend policy of the subsidiary, and it has been determined that it is probable that the profits will not be distributed in the foreseeable future.

In accordance with the accounting policy set out in Note 2(t), the Company and its subsidiaries did not recognize deferred income tax assets in respect of certain deductible temporary differences and accumulated tax losses that can be carried forward against future taxable income as follow:

	As at 31 December	
	2014	2013
Deductible temporary differences	2,408,796	982,656
Tax losses	7,056,577	6,217,548
	9,465,373	7,200,204

The expiry dates of the tax losses of the Company and its subsidiaries for which no deferred income tax assets were recognized are summarized as follows:

	As at 31 December	
	2014	2013
Year of expiry		
2014	-	500,575
2015	901,015	938,601
2016	1,589,376	1,589,375
2017	1,932,014	1,932,014
2018	1,256,982	1,256,983
2019	1,377,190	-
	7,056,577	6,217,548

31 Additional financial information on balance sheets

As at 31 December 2014, the net current liabilities of the Company and its subsidiaries amounted to approximately RMB66,981 million (2013: RMB64,792 million). On the same date, total assets less current liabilities were approximately RMB170,326 million (2013: RMB163,254 million).

32 Income tax expense

	For the year ended 31 December		
	2014	2013	2012
Current income tax expense	6,028,790	4,579,901	2,659,038
Deferred income tax (Note 30)	(541,582)	(57,230)	(148,668)
	5,487,208	4,522,671	2,510,370

No Hong Kong profits tax has been provided as there were no estimated assessable profits in Hong Kong for the year (2013 and 2012: nil).

The reconciliation of the effective income tax rate from the notional income tax rate is as follows:

	For the year ended 31 December		
	2014	2013	2012
Notional tax on profit before income tax expense, calculated at the applicable income tax rates in the countries concerned	26.45 %	24.33 %	24.28 %
Effect of tax losses not recognized	0.96 %	0.48 %	(0.99 %)
Effect of deductible temporary differences not recognized	1.67 %	0.53 %	4.27 %
Effect of non-taxable income	(1.86 %)	(1.15 %)	(1.95 %)
Effect of non-deductible expenses	1.59 %	1.80 %	2.67 %
Others	(0.01 %)	(0.03 %)	-
Effective tax rate	28.80 %	25.96 %	28.28 %

The Company and its PRC branches and subsidiaries are subject to income tax at 25%, except for certain PRC branches and subsidiaries that are tax exempted or taxed at preferential tax rates, as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2014, 2013 and 2012.

Pursuant to Guo Shui Han [2009] No. 33, starting from 1 January 2008, the Company and its PRC branches calculate and pay income tax on a consolidated basis according to relevant tax laws and regulations. The original regulation specifying locations for power plants and branches of the Company to make enterprise income tax payments was abolished. The income tax of subsidiaries remains to be calculated individually based on their individual operating results.

The income tax rate applicable to Singapore subsidiaries is 17% (2013 and 2012: 17%).

33 Earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the equity holders of the Company by the weighted average number of the Company's outstanding ordinary shares during the year:

33 Earnings per share (continued)

	2014	2013	2012
Consolidated net profit attributable to equity holders of the Company	10,757,317	10,426,024	5,512,454
Weighted average number of the Company's outstanding ordinary shares ('000)*	14,085,800	14,055,383	14,055,383
Basic and diluted earnings per share (RMB)	0.76	0.74	0.39

*Weighted average number of ordinary shares:

	2014 '000	2013 '000	2012 '000
Issued ordinary shares at 1 January	14,055,383	14,055,383	14,055,383
Effect of share issue (note 20)	30,417	-	-
Weighted average number of ordinary shares at 31 December	14,085,800	14,055,383	14,055,383

There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the years ended 31 December 2014, 2013 and 2012.

34 Notes to consolidated statement of cash flows

Bank balances and cash comprised the following:

	As at 31 December		
	2014	2013	2012
Total bank balances and cash	12,608,192	9,433,385	10,624,497
Add: Cash and cash equivalents reclassified to assets held for sale	-	34,488	-
Less: Restricted cash	369,825	126,201	119,110
Cash and cash equivalents as at year end	12,238,367	9,341,672	10,505,387

The bank balances and cash of the Company and its subsidiaries are denominated in the following currencies:

	As at 31 December		
	2014	2013	2012
RMB	8,346,060	7,780,145	7,935,202
S$ (RMB equivalent)	1,064,479	1,109,913	2,142,873

US$ (RMB equivalent)	753,061	543,312	545,514
JPY (RMB equivalent)	4	15	404
HK$ (RMB equivalent)	2,444,588	-	504
Total	12,608,192	9,433,385	10,624,497

There is no material non-cash investing and financing transaction for the year ended 31 December 2014, 2013 and 2012.

35 Related party balances and transactions

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Names of related parties	Nature of relationship
Huaneng Group	Ultimate parent company
HIPDC	Parent company
Huaneng Property Co., Ltd. and its subsidiaries	Subsidiaries of Huaneng Group
Xi'an Thermal and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Energy & Communications Holdings Co., Ltd. ("HEC") and its subsidiaries	Subsidiaries of Huaneng Group
Shandong Power Limited and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Renewables Corporation Limited("Huaneng Renewables")	A subsidiary of Huaneng Group
Huaneng Hulunbeier Energy Development Company Ltd. ("Hulunbeier Energy")	A subsidiary of Huaneng Group
Huaneng Suzhou Thermoelectric Power Company Ltd.	A subsidiary of Huaneng Group
Alltrust Insurance Co., Ltd.	A subsidiary of Huaneng Group
Huaneng Wuhan Power Co., Ltd.	A subsidiary of Huaneng Group
North United Power Co., Ltd. ("North United Power") and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Group Technology Innovation Center	A subsidiary of Huaneng Group
Gansu Huating Coal and Power Co., Ltd. ("Huating Coal and Power")	A subsidiary of Huaneng Group
Huaneng Clean Energy	A subsidiary of Huaneng Group
Huaneng Hong Kong	A subsidiary of Huaneng Group
Huaneng Henan Zhongyuan Gas Power Generation Co., Ltd.	A subsidiary of Huaneng Group
Huaneng Carbon Assets Management Company Limited ("Huaneng Carbon Assets")	A subsidiary of Huaneng Group
Huaneng Heilongjiang Power Generation Co., Ltd. ("Heilongjiang Power")	A subsidiary of Huaneng Group
Huaneng Shaanxi Qinling Power Generation Co., Ltd.	A subsidiary of Huaneng Group
Zhejiang Zheneng Power Co., Ltd. *	An investee of Huaneng Group
Zhejiang Southeast Electric Power Co., Ltd.*	An investee of Huaneng Group
Huaneng Ruijin Power Generation Co., Ltd. ("Ruijin Power Generation")	A subsidiary of HIPDC
Huaneng Anyuan Power Generation Co., Ltd("Anyuan Power Generation")	A subsidiary of HIPDC
Huaneng Yingcheng Co-generation Limited Liability Company ("Yingcheng Cogeneration")	A subsidiary of HIPDC
Lime Company	An associate of a subsidiary
Huaneng Group Fuel Company	An associate of the Company and also a subsidiary of Huaneng Group
Rizhao Power Company	An associate of the Company and also a subsidiary of Huaneng Group

35 Related party balances and transactions (continued)

Names of related parties	Nature of relationship
Huaneng Finance	An associate of the Company and also a subsidiary of Huaneng Group
Huaneng (Tianjin) Coal Gasification Power Generation Co., Ltd. (“Coal Gasification Co.”)	An associate of the Company and also a subsidiary of Huaneng Group
Shanghai Time Shipping	A joint venture of the Company
Nantong Power	A joint venture of the Company
Subsidiaries of Jiangsu Province Guoxin Asset Management Group Limited Company(“Jiangsu Guoxin”)**	A minority shareholder of the Company’s subsidiaries
Government-related enterprises***	Related parties of the Company

* Zhejiang Southeast Electric Power Co., Ltd. was merged with Zhejiang Zheneng Power Co., Ltd. in December 2013. Mr. Gu Biquan, the vice president of the Company, acted as the vice chairman of Zhejiang Southeast Electric Power Co., Ltd.. Meanwhile, Huaneng Group holds 25.57% equity interest of Zhejiang Southeast Electric Power Co., Ltd.. After the merger, Zhejiang Southeast Electric Power Co., Ltd. was revoked and Huaneng Group holds 5% equity interest of Zhejiang Zheneng Power Co., Ltd..

** The director of the Company, Mr. Xu Zujian also serves as the Vice President of Jiangsu Guoxin. Meanwhile, Jiangsu Guoxin holds 30%, 30%, 26.36%, 30% and 21% equity interest of Huaneng Nanjing Combined Cycle Co-generation Co., Ltd., Huaneng Nantong Power Generation Limited Liability Company, Huaneng Huaiyin II Power Limited Company, Jinling Power Company and Jinling CCGT, respectively.

*** Huaneng Group is a state-owned enterprise. In accordance with the revised IAS 24, “Related Party Disclosures”, government-related enterprises, other than entities under Huaneng Group, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Company and its subsidiaries (“other government-related enterprises”).

The majority of the business activities of the Company and its subsidiaries are conducted with other government-related enterprises. For the purpose of the related party balances and transactions disclosure, the Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are government-related enterprises. However, many government-related enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatization programs. Nevertheless, management believes that all material related party balances and transactions have been adequately disclosed.

In addition to the related party information shown elsewhere in these financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and their related parties during the year and significant balances arising from related party transactions as at year end.

35 Related party balances and transactions (continued)

(a) Related party balances

(i) Cash deposits in a related party

	As at 31 December 2014	2013
Deposits in Huaneng Finance		
- Savings deposit	5,048,722	2,363,735

For the year ended 31 December 2014, the annual interest rates for these savings deposits placed with Huaneng Finance ranged from 0.35% to 1.35% (2013: from 0.35% to 1.35%).

(ii) As described in Note 23 and 29, certain loans of the Company and its subsidiaries were borrowed from Huaneng Group, Huaneng Finance, Xi'an Thermal, Huaneng Hong Kong and Huaneng Clean Energy.

(iii) Except for those disclosed in Note 35(a)(ii), the balances with Huaneng Group, HIPDC, subsidiaries, associates, joint ventures and other related parties are unsecured, non-interest bearing and receivable/repayable within one year. As at and for the years ended 31 December 2014 and 2013, no provision is made on receivable balances from these parties.

Other receivables and assets comprised the following balances due from related parties:

	As at 31 December 2014	2013
Due from Huaneng Group	5	-
Due from HIPDC	596	-
Due from associates	115,975	159,867
Due from a joint venture	50,000	50,000
Due from other related parties	61,891	61,354
Total	228,467	271,221

(iv) Accounts payable and other liabilities comprised the following balances due to related parties:

	As at 31 December 2014	2013
Due to Huaneng Group	1,313	1,083
Due to HIPDC	14,417	14,313
Due to associates	1,921,486	2,637,506
Due to a joint venture	288,983	776,720
Due to other related parties	2,225,035	850,886
Total	4,451,234	4,280,508

35 Related party balances and transactions (continued)

(a) Related party balances (continued)

(v) As at 31 December 2014, included in long-term loans (including current portion) and short-term loans are loans payable to other government-related enterprises amounting to RMB106 billion (2013: RMB109 billion).

The balances with government-related enterprises also included substantially all the accounts receivable due from domestic power plants of government-related power grid companies, the bank deposits placed with government-related financial institutions as well as accounts payables and other payables arising from the purchases of coal and property, plant and equipment construction and related labor service provided by other government-related enterprises. Except for bank deposits, these balances are unsecured, non-interest bearing and the majority of receivable/repayable is within one year.

(b) Related party transactions

	For the year ended 31 December		
	2014	2013	2012
HIPDC			
Service fees expenses on transmission and transformer facilities	(140,771)	(140,771)	(140,771)
Rental charge on land use rights of Huaneng Nanjing Power Plant	(1,657)	(1,657)	(1,657)
Rental charge on office buildings	(6,175)	-	-
Huaneng Group			
Drawdown of long-term loans	-	640,485	-
Interest expense on long-term loans	(35,847)	(51,923)	(23,955)
Training fees	-	(10)	(22)
Purchase of capacity quota	-	(478,620)	-
Huaneng Finance			
Interest expense on long-term loans	(23,384)	(23,169)	(12,338)
Interest expense on short-term loans	(86,795)	(66,756)	(174,930)
Drawdown of long-term loans	-	-	417,000
Drawdown of short-term loans	1,890,000	1,290,000	3,555,000
HEC and its subsidiaries			
Purchase of coal and service fee occurred for transportation	(373,882)	(771,807)	(611,474)
Purchase of equipment	(65,397)	(55,424)	(82,685)
Purchase of materials	-	(479)	(3,994)
Shanghai Time Shipping			
Purchase of coal and service fee paid for transportation	(2,705,865)	(2,654,082)	(1,432,619)
Purchase of tug boats	-	-	(88,889)

35 Related party balances and transactions (continued)

(b) Related party transactions (continued)

	For the year ended 31 December		
	2014	2013	2012
Xi'an Thermal and its subsidiaries			
Technical services and industry-specific technological project contracting services obtained	(343,379)	(258,188)	(166,520)
Purchase of equipment	(279,254)	(311,565)	(170,741)
Service fees expenses on transmission and transformer facilities	-	(1,290)	-
Drawdown of short-term loans	200,000	100,000	100,000
Interest expense on short-term loans	(6,500)	(1,978)	(4,347)
Rizhao Power Company			
Sales of coal	-	20,559	202,819
Purchase of coal	(1,569,653)	(1,623,360)	(1,795,217)
Purchase of materials	(52,252)	(58,962)	(47,235)
Purchase of electricity	(5,399)	(8,369)	(6,160)
Sales of electricity	1,042	2,779	2,372
Rental charge on lease of certain property, plant and equipment	(13,698)	(14,763)	(16,228)
Purchase of power generation quota	(58,164)	(15,356)	(30,396)
Sales of power generation quota	-	7,704	-
Huaneng Renewables			
Agency fee on CDM projects	-	(900)	(1,200)
Hulunbeier Energy			
Purchase of coal	(418,718)	(425,978)	(970,328)
Lime Company			
Purchase of lime	(69,911)	(113,697)	(116,741)
Huaneng Group Technology Innovation Center			
Technical services and industry-specific technological project contracting services obtained	(85,696)	(70,400)	(21,480)
Huaneng Property Co., Ltd.			
Rental charge on office building	(112,029)	(96,868)	(95,595)
Property management fee	(1,578)	-	-

35 Related party balances and transactions (continued)

(b) Related party transactions (continued)

	For the year ended 31 December		
	2014	2013	2012
North United Power and its subsidiaries			
Purchase of coal	(84,009)	(134,975)	(100,364)
Entrusting other parties for power generation	(38,855)	-	-
Rental charge on office buildings	(80)	-	-
Huating Coal and Power			
Purchase of coal	(1,105,100)	(1,190,240)	(1,658,401)
Huaneng Suzhou Thermoelectric Power Company Ltd.			
Handling service provided	1,276	-	-
Sales of coal	-	-	31,682
Ruijin Power Generation			
Sales of coal	-	34,885	206,731
Huaneng Wuhan Power Co., Ltd.			
Sales of coal	-	8,851	88,694
Handling service provided	1,003	-	-
Alltrust Insurance Co., Ltd.			
Premiums for property insurance	(171,555)	(159,727)	(148,525)
Rental revenue	842	982	-
Huaneng Group Fuel Company and its subsidiaries			
Purchase of coal and service fee paid for transportation	(12,277,448)	(9,751,792)	(658,317)
Sales of coal	-	65,586	27,593
Handling service provided	25,043	30,066	8,971
Transportation service provided	-	4,057	-
Port usage fee	-	13,571	4,539
Huaneng Shanxi Qinling Power Generation Co., Ltd.			
Purchase of power generation quota	(6,862)	-	-
Huaneng Clean Energy			
Drawdown of short-term loans	150,000	150,000	120,000
Interest expense on short-term loans	(7,920)	(6,422)	(5,784)
Technical services and industry-specific technological project contracting services obtained	(10,688)	-	(540)

Coal Gasification Co.			
Purchase of water and electricity	(2,688)	-	-

35 Related party balances and transactions (continued)

(b) Related party transactions (continued)

	For the year ended 31 December		
	2014	2013	2012
Anyuan Power Generation			
Purchase of coal	(7,997)	-	-
Training Fee	-	-	(319)
Provision of entrusted power generation	241,868	295,020	235,195
Huaneng Henan Zhongyuan Gas Power Generation Co., Ltd.			
Purchase of power generation quota	(169,598)	(119,196)	(49,500)
Zhejiang Southeast Electric Power Co., Ltd.			
Purchase of power generation quota	-	(39,591)	(37,744)
Nantong Power			
Entrusting other parties for power generation	(27,985)	-	-
Rental revenue	3,440	-	-
Sale of steam	24,551	-	-
Transfer of assets	-	-	1,034,777
Shandong Power Limited and its subsidiaries			
Purchase of power generation quota	(75,168)	(183,866)	(138,484)
Purchase of equipment	(3,295)	(1)	(159)
Purchase of coal	(2,102,114)	(1,558,130)	(957,275)
Drawdown of short-term loans	-	-	50,000
Interest expense on short-term loans	-	(2,200)	(867)
Technical services and industry-specific technological project contracting services obtained	(22,090)	(1,590)	-
Training service provided	-	61	-
Transportation service provided	19,743	33,037	-
Handling service provided	1,266	3,250	-
Labor service provided	10,464	-	-
Rental revenue	8,500	-	-
Sale of capacity quota	21,850	-	-
Huaneng Carbon Assets			
Technical services and industry-specific technological project contracting services obtained	(762)	(1,702)	-
Heilongjiang Power			
Service fee	-	(300)	-
Huaneng Group Hong Kong			
Drawdown of short-term loans	100,000	-	-
Interest expense on short-term loans	(2,850)	-	-

35 Related party balances and transactions (continued)

(b) Related party transactions (continued)

	For the year ended 31 December		
	2014	2013	2012
Yingcheng Cogeneration			
Sale of cable	435	-	-
Subsidiaries of Jiangsu Guoxin			
Provision of entrusted power generation	29,232	75,736	163,512
Entrusting other parties for power generation	(967)	(7,977)	-

For the years ended 31 December 2014, 2013 and 2012, the Company provided management service to certain power plants owned by Huaneng Group and HIPDC. The Company did not receive any management fee. At the same time, Huaneng Group provided management services to certain branches and subsidiaries of the Company in specified provinces. The Company did not pay any management fee for such arrangements.

For the additional capital injection in associates and joint ventures, please refer to Note 8.

Transactions with government-related enterprises

For the years ended 31 December 2014, 2013 and 2012, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 5 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its subsidiaries' loans are also government-related financial institutions.

For the years ended 31 December 2014, 2013 and 2012, other collectively-significant transactions with government-related enterprises also include a large portion of fuel purchases, property, plant and equipment construction and related labor employed.

(c) Guarantees

		As at 31 December	
		2014	2013
(i)	Long-term loans guaranteed by		
	- Huaneng Group	290,520	427,332
	- HIPDC	2,000,000	2,000,000
(ii)	Long-term bonds guaranteed by		
	- HIPDC	4,000,000	4,000,000
	- Government-related banks	3,300,000	5,000,000

35 Related party balances and transactions (continued)

(d) Pre-tax benefits and social insurance of key management personnel

	For the year ended 31 December		
	2014	2013	2012
Salaries	8,546	9,126	7,572
Pension	1,350	1,324	1,043
Total	9,896	10,450	8,615

(e) Related party commitments

Related party commitments which were contracted but not recognized in balance sheet as at balance sheet dates are as follows:

(i) Capital commitments

	As at 31 December	
	2014	2013
Xi'an Thermal and its subsidiaries	256,217	249,095
HEC and its subsidiaries	38,992	44,702
Shanghai Time Shipping	7,220	33,500
A subsidiary of Shandong Power Limited	2,280	5,722
	304,709	333,019

(ii) Fuel purchase and transportation commitments

	As at 31 December	
	2014	2013
Huaneng Group Fuel Company and its subsidiaries	2,619,442	1,633,705
Shanghai Time Shipping	223,534	207,287
HEC and its subsidiaries	3,334	19,380
Huating Coal and Power	40,141	88,200
North United Power and its subsidiaries	-	10,044
Shandong Power Limited and its subsidiaries	69,632	83,571
	2,956,083	2,042,187

(iii) Operating lease commitments

	As at 31 December	
	2014	2013
HIPDC	81,035	57,990
Huaneng Property Co., Ltd.	262,390	32,528
	343,425	90,518

36 Labor cost

Other than the salaries and staff welfare, the labor cost of the Company and its subsidiaries mainly comprises the following:

All PRC employees of the Company and its subsidiaries are entitled to a monthly pension upon their retirements. The PRC government is responsible for the pension liability to these employees on retirement. The Company and its subsidiaries are required to make contributions to the publicly administered retirement plan for their PRC employees at a specified rate, currently set at 14% to 22% (both 2013 and 2012: 14% to 22%) of the basic salary of the PRC employees. The retirement plan contributions paid by the Company and its subsidiaries for the year ended 31 December 2014 were approximately RMB621 million (2013 and 2012: RMB565 million and RMB487 million), including approximately RMB593 million (2013 and 2012: RMB539 million and RMB474 million) charged to profit or loss.

In addition, the Company and its subsidiaries have also implemented a supplementary defined contribution retirement scheme for PRC employees. Under this scheme, the employees are required to make a specified contribution based on the number of years of service with the Company and its subsidiaries, and the Company and its subsidiaries are required to make a contribution equal to two to four times the employees' contributions. The employees will receive the total contributions upon their retirement. For the year ended 31 December 2014, the contributions to supplementary defined contribution retirement scheme paid by the Company and its subsidiaries amounted to approximately RMB171 million (2013 and 2012: RMB154 million and RMB138 million), including approximately RMB164 million (2013 and 2012: RMB150 million and RMB134 million) charged to profit or loss.

SinoSing Power and its subsidiaries in Singapore appropriate a specified rate, currently set at 6.5% to 16% (both 2013 and 2012: 6.5% to 16%) of the basic salary to central provident funds in accordance with the local government regulations. The contributions made by SinoSing Power and its subsidiaries for the year ended 31 December 2014 amounted to approximately RMB14.70 million (2013 and 2012: RMB14.70 million and RMB17.10 million), all of which were charged to profit or loss.

The Company and its subsidiaries have no further obligation for post-retirement benefits beyond the annual contributions made above.

In addition, the Company and its subsidiaries also make contributions of housing funds and social insurance to the social security institutions at specified rates of the basic salary and no more than the upper limit. The housing funds and social insurance contributions paid by the Company and its subsidiaries amounted to approximately RMB462 billion (2013 and 2012: RMB433 million and 446 million) and RMB519 million (2013 and 2012: RMB458 million and RMB 410 million) for the year ended 31 December 2014, including approximately RMB439 million (2013 and 2012: RMB414 million and RMB377 million) and RMB483 million (2013 and 2012: RMB428 million and RMB397 million) were charged to profit or loss, respectively.

37 Directors', supervisors' and senior management's emoluments

(a) Pre-tax benefits and social insurance of directors and supervisors

The remuneration of every director and supervisor of the Company for the year ended 31 December 2014 is set out below:

	Fees	Basic salaries	Performance salaries	Pension	Total
Name of director					
Mr. Cao Peixi	-	-	-	-	-
Mr. Guo Junming4	-	-	-	-	-
Mr. Liu Guoyue	-	278	258	117	653
Mr. Li Shiqi	-	-	-	-	-
Mr. Huang Jian	-	-	-	-	-
Mr. Fan Xiaxia	-	358	494	122	974
Mr. Mi Dabin2	-	-	-	-	-
Mr. Guo Hongbo	48	-	-	-	48
Mr. Xu Zujian	48	-	-	-	48
Ms. Li Song2	-	-	-	-	-
Mr. Li Zhensheng	74	-	-	-	74
Mr. Qi Yudong	74	-	-	-	74
Mr. Zhang Shouwen	74	-	-	-	74
Mr. Yue Heng2	-	-	-	-	-
Ms. Zhang Lizi2	-	-	-	-	-
Mr. Huang Long 1	-	-	-	-	-
Mr. Shan Qunying1	48	-	-	-	48
Mr. Xie Rongxing1	48	-	-	-	48
Mr. Shao Shiwei1	74	-	-	-	74
Mr. Wu Liansheng1	74	-	-	-	74
Sub-total	562	636	752	239	2,189
Name of supervisor					
Mr. Ye Xiangdong2	-	-	-	-	-
Mr. Mu Xuan2	-	-	-	-	-
Mr. Hao Tingwei3	-	-	-	-	-
Ms. Zhang Mengjiao	-	-	-	-	-
Mr. Gu Jianguo	48	-	-	-	48
Mr. Wang Zhaobin	-	305	420	111	836
Ms. Zhang Ling	-	129	505	102	736
Sub-total	48	434	925	213	1,620
Total	610	1,070	1,677	452	3,809

37 Directors', supervisors' and senior management's emoluments (continued)

(a) Pre-tax benefits and social insurance of directors and supervisors (continued)

The remuneration of every director and supervisor of the Company for the year ended 31 December 2013 is set out below:

	Fees	Basic salaries	Performance salaries	Pension	Total
Name of director					
Mr. Cao Peixi	-	-	-	-	-
Mr. Huang Long	-	-	-	-	-
Mr. Li Shiqi	-	-	-	-	-
Mr. Huang Jian	-	-	-	-	-
Mr. Liu Guoyue	-	318	353	113	784
Mr. Fan Xiaxia	-	351	484	113	948
Mr. Shan Qunying	48	-	-	-	48
Mr. Guo Hongbo	48	-	-	-	48
Mr. Xu Zujian	48	-	-	-	48
Mr. Xie Rongxing	48	-	-	-	48
Mr. Shao Shiwei	74	-	-	-	74
Mr. Wu Liansheng	74	-	-	-	74
Mr. Li Zhensheng	74	-	-	-	74
Mr. Qi Yudong	74	-	-	-	74
Mr. Zhang Shouwen	74	-	-	-	74
Sub-total	562	669	837	226	2,294
Name of supervisor					
Mr. Guo Junming	-	-	-	-	-
Mr. Hao Tingwei	48	-	-	-	48
Ms. Zhang Mengjiao	-	-	-	-	-
Mr. Gu Jianguo	48	-	-	-	48
Mr. Wang Zhaobin	-	299	412	99	810
Ms. Zhang Ling	-	113	438	95	646
Sub-total	96	412	850	194	1,552
Total	658	1,081	1,687	420	3,846

37 Directors', supervisors' and senior management's emoluments (continued)

(a) Pre-tax benefits and social insurance of directors and supervisors (continued)

The remuneration of every director and supervisor of the Company for the year ended 31 December 2012 is set out below:

	Fees	Basic salaries	Performance salaries	Pension	Total
Name of director					
Mr. Cao Peixi	-	-	-	-	-
Mr. Huang Long	-	-	-	-	-
Mr. Li Shiqi	-	-	-	-	-
Mr. Huang Jian	-	-	-	-	-
Mr. Liu Guoyue	-	347	485	108	940
Mr. Fan Xiaxia	-	347	485	108	940
Mr. Shan Qunying	48	-	-	-	48
Mr. Guo Hongbo (appointed in 2012)	48	-	-	-	48
Mr. Xu Zujian	48	-	-	-	48
Mr. Xie Rongxing (appointed in 2012)	24	-	-	-	24
Ms. Huang Mingyuan (resigned in 2012)	24	-	-	-	24
Mr. Liu Shuyuan (resigned in 2012)	-	-	-	-	-
Mr. Shao Shiwei	74	-	-	-	74
Mr. Wu Liansheng	74	-	-	-	74
Mr. Li Zhensheng	74	-	-	-	74
Mr. Qi Yudong	74	-	-	-	74
Mr. Zhang Shouwen	74	-	-	-	74
Sub-total	562	694	970	216	2,442
Name of supervisor					
Mr. Guo Junming	-	-	-	-	-
Mr. Hao Tingwei	48	-	-	-	48
Ms. Zhang Mengjiao	-	-	-	-	-
Mr. Gu Jianguo	48	-	-	-	48
Mr. Wang Zhaobin	-	250	376	89	715
Ms. Zhang Ling	-	113	447	88	648
Sub-total	96	363	823	177	1,459
Total	658	1,057	1,793	393	3,901

1Retired on 18 September 2014.
2Appointed on 18 September 2014.
3Mr. Hao Tingwei passed away on 22 January 2014.

4Mr. Guo Junming retired from supervisor and appointed as director on 18 September 2014.

During the year, no option was granted to the directors or the supervisors (2013 and 2012: nil).

During the year, no emolument was paid to the directors or the supervisors (including the five highest paid employees) as an inducement to join or upon joining the Company or as compensation for loss of office (2013 and 2012: nil).

No director or supervisor had waived or agreed to waive any emoluments during the years 2014, 2013 and 2012.

37 Directors', supervisors' and senior management's emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company and its subsidiaries for the year include one director (2013 and 2012: one and two directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013 and 2012: four and three) individuals during the year (within the range of nil to RMB0.85 million) are as follows:

	For the year ended 31 December		
	2014	2013	2012
Basic salaries	1,220	1,197	888
Performance salaries	1,680	1,647	1,236
Pension	454	418	298
	3,354	3,262	2,422

38 Commitments

(a) Capital commitments

Capital commitments mainly relate to the construction of new power projects, certain ancillary facilities and renovation projects for existing power. Details of such commitments are as follows:

	As at 31 December	
	2014	2013
Contracted but not provided	20,333,112	16,915,952
Authorized but not contracted	1,619,696	1,069,370
Total	21,952,808	17,985,322

38 Commitments (continued)

(b) Operating lease commitments

The Company and its subsidiaries have various operating lease arrangements for land and buildings. Some of the leases contain renewal options and most of the leases contain escalation clauses. Lease terms do not contain restrictions on the Company and its subsidiaries' activities concerning dividends, additional debts or further leasing.

Total future minimum lease payments under non-cancelable operating leases are as follows:

	As at 31 December	
	2014	2013
Land and buildings		
- not later than 1 year	149,344	61,775
- later than 1 year and not later than 2 years	147,495	27,441
- later than 2 years and not later than 5 years	116,968	27,147
- later than 5 years	1,040,418	1,150,419
	1,454,225	1,266,782

In addition, in accordance with a 30-year operating lease agreement signed by Huaneng Dezhou Power Plant ("Dezhou Power Plant") and Shandong Land Bureau for the land occupied by Dezhou Power Plant Phases I and II in June 1994, annual rental amounted to approximately RMB30 million effective from June 1994 and is subject to revision at the end of the fifth year from the contract date. Thereafter, the annual rental is subject to revision once every three years. The increment for each rental revision is restricted to no more than 30% of the previous annual rental amount. For the years ended 31 December 2014, 2013 and 2012, the annual rentals were approximately RMB34 million, respectively.

38 Commitments (continued)

(c) Fuel purchase commitments

The Company and its subsidiaries have entered into various long-term fuel supply agreements with various suppliers in securing fuel supply for various periods. All the agreements require minimum, maximum or forecasted volume purchases and subject to certain termination provisions. Related purchase commitments are as follows:

		2014	
	Periods	Purchase quantities	Estimated unit costs (RMB)
A government-related enterprise	2015	2.8 million ton/year	not defined
A government-related enterprise	2015-2039	2.8 million m3/day*	2.92/ m3
A government-related enterprise	2015-2023	541 million m3/year*	2.33/ m3
	2015-2023	450 million m3/year*	2.92/ m3
Other suppliers	2015-2016	244.5BBtu**/day	approximately 70,000/BBtu
	2017-2022	248BBtu/day	approximately 70,000/BBtu
	2023	247.5BBtu/day	approximately 70,000/BBtu
	2024-2028	49.9BBtu/day	approximately 90,000/BBtu

		2013	
	Periods	Purchase quantities	Estimated unit costs (RMB)
A government-related enterprise	2014-2015	2.8 million ton/year	not defined
A government-related enterprise	2014–2023	541 million m3/year*	1.97/ m3
	2014–2023	450 million m3/year*	2.92/ m3
Other suppliers	2014	90.1BBtu/day	(i)
	2015-2022	72.5BBtu/day	(i)
	2023	72.4BBtu/day	(i)
	2024-2028	49.9BBtu/day	(i)

* The quantities represent maximum volume, others represent minimum or forecasted volume if not specified.

** BBtu: Billion British Thermal Unit

(i) No estimated unit cost information available for daily purchase quantities of 4,240million BBtu from 2015 to 2028 as at and before 31 December 2013.

39 Business combinations

2014 Business combinations

Acquisition of Zhumadian Wind Power

In November 2014, the Company acquired 90% equity interests of Zhumadian Wind Power from Henan Lantian Group Co., Ltd. The aggregate cash consideration of the acquisition amounted to RMB23.68 million. The fair values of assets and liabilities arising from the acquisition of Zhumadian Wind Power and non-controlling interest's proportionate share of acquiree's net assets on the acquisition date are as follows:

	Zhumadian Wind Power
Bank balances and cash	9
Other receivables	15,583
Inventories	20
Property, plant and equipment	10,750
Payables and other liabilities	(48)
Total identifiable net assets	26,314
Non-controlling interests	(2,631)
Goodwill	-
Consideration	23,683

As at 31 December 2014, Zhumadian Wind Power was still under construction.

2013 Business combinations

(a) Acquisition of Luoyang Cogeneration

In April 2013, the Company acquired 60% equity interests of Luoyang Cogeneration from Luoyang Silicon Industry Group Co., Ltd. and Luoyang Hairun Power Project Management Ltd. The aggregate cash consideration of the acquisition amounted to RMB180 million. The fair values of assets and liabilities arising from the acquisition of Luoyang Cogeneration and proportionate share of acquiree's net assets by non-controlling interests on the acquisition date are as follows:

	Luoyang Cogeneration
Bank balances and cash	131,485
Other receivables	2,316
Property, plant and equipment	30,885
Land use rights	145,075
Payables and other liabilities	(9,761)

Total identifiable net assets	300,000
Non-controlling interests	(120,000)
Goodwill	-
Consideration	180,000

As at 31 December 2013, Luoyang Cogeneration was still under construction.

39 Business combinations (continued)

2013 Business combinations (continued)

(b) Acquisition of control in Jinling CCGT

Jinling CCGT was previously an associate of the Company. In 2013, one of the non-controlling shareholders with 21% equity interests in Jinling CCGT entered into a voting in concert agreement with the Company whereby it agreed to vote the same in respect of significant financial and operating decisions made by the Company effective from 1 January 2013. As a result, the Company acquired control of Jinling CCGT since 1 January 2013.

Jinling CCGT is a limited liability company established on 6 December 2011 in Nanjing, Jiangsu Province. Jinling CCGT is primarily engaging in construction, management of cogeneration power plants and related projects. As at the acquisition date, Jinling CCGT was still under construction and its two power generation units went into operation in 2013 in succession. Financial information of Jinling CCGT is as follows:

Items	From the acquisition date to 31 December 2013
Revenue	697,176
Net loss	(16,243)
Net cash outflow from operating activities	(37,163)

The identifiable assets and liabilities of Jinling CCGT as at the acquisition date are as follows:

	Jinling CCGT
Bank balances and cash	78,249
Accounts receivable	9,621
Property, plant and equipment	733,602
Accounts payable	(56,472)
Long-term loans	(490,000)
Total identifiable net assets	275,000
Non-controlling interests	(134,750)
Net assets acquired	140,250
Fair value of the investment in associate before the acquisition date	140,250

2012 Business Combinations

There was no material business combination in 2012.

40 Non-controlling interests

The following table summarizes the information relating to each of the Company and subsidiaries that have material non-controlling interests ("NCI"):

	Qinbei Power Company	Beijing Cogeneration	Luohuang Power Company	Weihai Power Company	Jinling Power Company	Yueyang Power Company	Shidongkou Power Company	Y Co
NCI percentage	40 %	59 %	40 %	40 %	40 %	45 %	50 %	
31 December 2014								
Non-current assets	12,468,950	4,861,762	4,491,788	5,016,286	6,053,110	5,481,010	4,184,272	
Current assets	1,671,490	1,348,041	967,057	643,829	681,848	1,675,476	479,770	
Non-current liabilities	(4,033,498)	(505,544)	(337,330)	(291,886)	(3,336,497)	(1,512,909)	(1,708,800)	
Current liabilities	(4,832,978)	(1,161,981)	(2,184,952)	(2,198,983)	(1,054,216)	(3,234,572)	(1,154,784)	
Net assets	5,273,964	4,542,278	2,936,563	3,169,246	2,344,245	2,409,005	1,800,458	
Carrying amount of NCI	2,088,919	2,570,827	1,153,607	1,267,699	937,720	1,082,027	900,229	
Revenue	7,202,737	5,522,496	3,790,158	4,462,576	4,603,881	3,414,762	2,212,549	
Net profit	1,148,208	1,267,225	307,786	990,936	575,309	381,660	415,819	
Total comprehensive income	1,148,208	1,267,225	307,786	990,936	575,309	381,660	415,819	
Profit allocated to NCI	459,283	747,663	123,114	396,374	230,124	171,747	207,909	
Other comprehensive loss allocated to NCI	-	-	-	-	-	-	-	
Cash flow from operating activities	2,086,088	1,544,626	838,484	1,522,446	1,278,901	939,572	740,734	
Cash flow from investment activities	(1,150,754)	(680,480)	(224,873)	(254,105)	(248,702)	(845,313)	(157,852)	
Cash flow from financing activities	(931,763)	(920,279)	(602,121)	(1,271,787)	(1,108,039)	(111,758)	(508,833)	
Net increase /(decrease) in cash and cash equivalents	3,571	(56,133)	11,490	(3,446)	(77,840)	(17,499)	74,049	
Dividends paid to NCI	-	155,911	100,000	200,011	210,169	141,683	200,000	
31 December 2013								

Non-current assets	12,846,706	4,993,083	4,697,318	5,210,683	7,614,270	5,730,660	4,353,809
Current assets	1,739,894	945,067	980,195	693,725	1,031,919	1,071,740	443,995
Non-current liabilities	(3,431,060)	(654,821)	(706,101)	(42,560)	(3,786,577)	(1,931,979)	(2,275,801)
Current liabilities	(7,065,834)	(2,214,356)	(1,842,635)	(2,975,210)	(2,249,999)	(2,543,955)	(737,365)
Net assets	4,089,706	3,068,973	3,128,777	2,886,638	2,609,613	2,326,466	1,784,638
Carrying amount of NCI	1,635,882	1,810,694	1,251,511	1,154,655	1,043,845	1,046,910	892,319
Revenue	7,740,172	4,109,609	5,083,562	4,403,700	5,815,540	4,051,236	2,869,727
Net profit	989,508	260,224	629,482	831,852	1,017,767	379,155	533,979
Total comprehensive income	989,508	260,224	629,482	831,852	1,017,767	379,155	533,979
Profit allocated to NCI	395,803	153,532	251,793	332,741	407,107	170,620	266,990
Other comprehensive loss allocated to NCI	-	-	-	-	-	-	-
Cash flow from operating activities	2,379,982	943,889	1,330,704	1,473,143	1,741,649	926,746	685,572
Cash flow from investment activities	(792,933)	(352,980)	(260,088)	(313,930)	(304,778)	(320,987)	(127,757)
Cash flow from financing activities	(1,960,638)	(564,632)	(1,079,801)	(1,256,761)	(1,480,323)	(648,793)	(643,589)
Net (decrease)/increase in cash and cash equivalents	(373,589)	26,277	(9,185)	(97,548)	(43,452)	(43,044)	(85,774)
Dividends paid to NCI	-	132,865	69,595	33,358	158,649	-	75,000

40 Non-controlling interests (continued)

	Qinbei Power Company	Beijing Cogeneration	Luohuang Power Company	Weihai Power Company	Jinling Power Company	Yueyang Power Company	Shidongkou Power Company	Y C
NCI percentage	40 %	59 %	40 %	40 %	40 %	45 %	50 %	
31 December 2012								
Non-current assets	12,433,411	4,981,131	4,944,450	5,430,101	8,033,948	5,798,508	4,559,723	
Current assets	1,528,059	782,727	1,050,783	711,054	1,044,944	1,188,235	523,252	
Non-current liabilities	(3,911,330)	(775,275)	(1,448,333)	(235,140)	(4,966,657)	(2,519,706)	(2,594,640)	
Current liabilities	(7,010,528)	(1,951,099)	(1,847,510)	(3,824,960)	(1,057,878)	(2,509,766)	(1,082,515)	
Net assets	3,039,612	3,037,484	2,699,390	2,081,055	3,054,357	1,957,271	1,405,820	
Carrying amount of NCI	1,215,845	1,792,116	1,079,756	832,422	1,221,743	880,772	702,910	
Revenue	6,322,927	3,981,246	4,343,146	4,369,510	5,902,752	3,331,508	2,929,123	
Net (loss)/profit	(455,310)	220,674	50,457	563,058	647,785	10,640	388,303	
Total comprehensive (loss)/income	(455,310)	220,674	50,457	563,058	647,785	10,640	388,303	
(Loss)/profit allocated to NCI	(182,124)	130,198	20,183	225,223	259,114	4,788	194,152	
Other comprehensive income allocated to NCI	-	-	-	-	-	-	-	
Cash flow from operating activities	1,402,214	829,378	871,119	1,302,405	1,757,588	472,564	1,395,089	
Cash flow from investment activities	(1,483,148)	(396,826)	(213,057)	(533,926)	(284,839)	(245,893)	(408,843)	
Cash flow from financing activities	417,198	(451,645)	(671,234)	(646,544)	(1,292,322)	(230,948)	(873,042)	
Net increase/(decrease) in cash and cash equivalents	336,264	(19,093)	(13,172)	121,935	180,427	(4,277)	113,204	
Dividends paid to NCI	5,274	195,709	41,595	-	84,008	-	-	

41 Subsequent event

(a) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in Note 22.

(b) On 13 October 2014, the Company entered into equity transfer agreements with Huaneng Group and HIPDC to acquire the 91.80% interests of Huaneng Hainan Power Inc., 75% interests of Wuhan Power, 53.45% interests of Suzhou Thermal Power, 97% interests of the Enshi Qingjiang Dalongtan Hydropower Development Co., Ltd. and 100% interests of Huaneng Hualiangting Hydropower Co., Ltd. from Huaneng Group at a total cash consideration of RMB7,337,647,400, and 60% interests of Huaneng Chaohu Power Generation Co., Ltd., 100% interests of Ruijin Power, 100% interests of Anyuan Power, 100% interests of Jingmen Thermal Power and 100% interests of Yingcheng Thermal Power from HIPDC at a total cash consideration of RMB1,938,178,900. On 8 January 2015, according to the agreements, the Company paid 50% of the consideration to Huaneng Group and HIPDC, respectively. The Company is still in the progress of reviewing the financial information of these newly acquired entities as of the acquisition date.

(c) On 13 March 2015, No.2 generation unit of Beijing Cogeneration, a subsidiary of the Company caught fire and ignited flammable materials. The four generation units at Beijing Cogeneration were suspended operation after the incident. After clean-up work and due enquiries with personnel at the scene on that day, it was confirmed that there was no casualties. The Company and Beijing Cogeneration are now organizing rescue, clean-up work and dealing with the aftermath.