中国能建
ENERGY CHINA

中国能源建设股份有限公司

CHINA ENERGY ENGINEERING CO., LTD.

ANNUAL REPORT 2015

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

(Stock Code: 3996)

Cover design is in combination with the representative pictures of key projects undertaken by Energy China, which mainly includes the Three Gorges Hydropower Station – the largest hydro-power station in the world, Guodian Taizhou Power Generation Plant Phase II (國電泰州電廠二期) – the first 1000MW ultra-supercritical double reheat coal-fired power generation, CSEC Guohua Beijing Gas Power Plant (神華國華北京燃氣熱電廠) – the most intelligent plant in China, Badaling Beijing Concentrating Solar Energy Thermal Power Station – the first independently researched and developed station in China. Xiangjing Expressway, the first highway invested by the Company is successfully connected with Wujing Expressway and Jingyi Expressway. The logo of "CEEC" is made by the combination of those pictures, and the silver line extended outward representing various projects undertaking, which simply and clearly displayed the business development of Energy China in energy construction and the mission of "World Energy, China Energy". Energy China will actively expand domestic and overseas markets, and strive to build an engineering company with international competitiveness.

Company Profile

The Company, which was established on 19 December 2014, is a limited liability company co-sponsored by the China Energy Engineering Group Co., Ltd. (a central enterprise supervised and administered by State-owned Assets Supervision and Administration Commission of State Council) and its wholly-owned subsidiary, Electric Power Planning Institute Co., Ltd.. On December 10, 2015, the initial public offering of H shares of the Company was listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 3996.HK).

The Company is one of the largest comprehensive solutions providers for the power industry in China and globally. Its core business covers survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production and investment operations. The Company has 186 overseas branches in 74 countries and regions with businesses across all provinces, regions and cities in China and more than 100 countries and regions.

The Company undertakes design or construction of a large number of landmark projects and made great achievements, including the Three Gorges Project (which is the largest hydropower station in the world in terms of installed capacity), the alternating and direct current transmission lines with the highest voltage level and the largest number of 1000 MW USC generation units. The Company's international business developed rapidly. The Company contracted the largest overseas hydropower project of China, which accounted a large market share in contracted overseas power projects undertaking by companies in China in 2015.

The Company has two national research institutes, five post-doctorate research and development work stations, 37 provincial level research institutes. We developed numerous Chinese and global advanced technologies and obtained 39 national science and technology awards and over 5,300 patents.

The Company would adhere to the business philosophy of "lean creates value, quality leads the future", shoulder the mission of "World Energy, China Energy", capitalize on the new driving force brought by the "One Belt and One Road", seize new opportunities, seek new development and create the best interests for customers, shareholders, employees and the society.

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Company Information

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Chinese Name: 中國能源建設股份有限公司
English Name: China Energy Engineering Corporation Limited
Registered Office: Building 106, Lize Zhongyuan, Chaoyang District, Beijing, the PRC
Head Office in the PRC: Building 1, No. 26 West Dawang Road, Chaoyang District, Beijing, the PRC
Principal Place of Business in Hong Kong: 36/F, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Company's Website: www.ceec.net.cn
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Stock Information of the Company

Stock Category: H Share
Stock Exchange: The Stock Exchange of Hong Kong Limited
Stock Name: CHINA ENERGY ENG
Code: 3996

Executive Directors

Mr. Wang Jianping *(Chairman)*
Mr. Ding Yanzhang
Mr. Zhang Xianchong

Non-Executive Director

Mr. Ma Chuanjing

Independent Non-Executive Directors

Mr. Ding Yuanchen
Mr. Wang Bin
Mr. Zheng Qiyu
Mr. Cheung Yuk Ming

Supervisors

Mr. Wang Baoguo *(Chairman)*
Mr. Lian Yongjiu
Mr. Mao Xiangqian
Mr. Fu Dexiang
Mr. Wei Zhongxin

Authorized representatives

Mr. Wang Jianping
Mr. Duan Qiurong

Strategy Committee

Mr. Wang Jianping *(Chairman)*
Mr. Ding Yanzhang
Mr. Ma Zhuanjing

Nomination Committee

Mr. Wang Jianping *(Chairman)*
Mr. Wang Bin
Mr. Cheung Yuk Ming

Remuneration and Assessment Committee

Mr. Zheng Qiyu *(Chairman)*
Mr. Zhang Xianchong
(resigned on 29 March 2016)
Mr. Cheung Yuk Ming
(appointed on 29 March 2016)
Mr. Wang Bin

Audit Committee

Mr. Ding Yuanchen *(Chairman)*
Mr. Ma Chuanjing
Mr. Cheung Yuk Ming

Joint Company Secretaries

Mr. Duan Qiurong
Ms. Yung Mei Yee
(resigned on 29 March 2016)
Ms. Mok Ming Wai
(appointed on 29 March 2016)

H Share Registrar

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

International Auditor

Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong

Legal Advisers

As to Hong Kong and U.S. Laws: Clifford Chance
27/F, Jardine House, One Connaught Place, Central, Hong Kong
As to PRC Law: Jia Yuan Law Offices
Room F407, Ocean Plaza, 158 Fuxing Men Nei Avenue
Beijing, the PRC

Compliance Adviser

Shenwan Hongyuan Capital (H.K.) Limited
Level 19, 28 Hennessy Road, Wanchai, Hong Kong

Principal Bankers

China Construction Bank Beijing Jin'an Sub-branch
Bank of China Beijing Beichen West Road Sub-branch
China Everbright Bank Beijing Fengtai Sub-branch

Financial Summary

1 Summary of Consolidated Income Statement

	For the year ended 31 December				
	2015	2014	2013	2012	Changes of 2015 over 2014
	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(%)
Revenue:					
Survey, design and consultancy	**12,454.7**	12,432.2	12,293.5	11,736.4	0.18
Construction and contracting	**153,172.8**	142,436.6	119,245.2	108,128.3	7.54
Equipment manufacturing	**9,698.0**	8,897.4	8,919.9	8,254.6	9.00
Civil explosives and cement production	**7,880.3**	8,117.7	7,209.1	5,844.1	-2.92
Investment and other businesses	**29,074.7**	16,446.4	10,982.8	9,288.8	76.78
Intersegment elimination and adjustment	**(6,587.6)**	(4,506.3)	(5,015.1)	(4,074.1)	
Total	**205,692.9**	183,824.0	153,635.4	139,178.1	11.90
Gross profit	**23,058.1**	20,216.5	16,536.1	15,623.6	14.06
Profit before tax	**8,585.8**	6,017.8	4,054.2	4,083.3	42.67
Profit for the year	**6,470.4**	4,095.6	2,617.5	2,769.3	57.98
Profit attributable to owners of the Company for the year	**4,235.7**	2,152.8	1,344.2	1,548.3	96.75
Basic earnings per share (RMB)	**0.19**	0.10	0.06	0.07	**90.00**

2 Summary of Consolidated Statement of Financial Position

	As at 31 December				
	2015	2014	2013	2012	Changes of 2015 over 2014
	(RMB in million)	(RMB in million)	(RMB in million)	(RMB in million)	(%)
Current assets	**184,877.1**	148,160.3	126,728.6	104,889.0	24.78
Non-current assets	**75,720.8**	70,724.8	54,402.0	49,188.8	7.06
Total assets	**260,597.9**	218,885.1	181,130.6	154,077.8	19.06
Current liabilities	**151,934.7**	131,207.3	113,550.0	93,715.1	15.80
Non-current liabilities	**47,870.9**	43,676.3	39,704.3	37,939.5	9.60
Total liabilities	**199,805.6**	174,883.6	153,254.3	131,654.6	14.25
Total equity	**60,792.3**	44,001.5	27,876.3	22,423.2	38.16
Total equity and liabilities	**260,597.9**	218,885.1	181,130.6	154,077.8	**19.06**

Chairman's Statement

Dear all shareholders,

On behalf of the board of directors of China Energy Engineering Corporation Limited, I am pleased to present the annual results of the Company for 2015.

In 2015, the Company actively responded to complex economic situation and made remarkable achievements in reform and innovation, and improvement of quality and efficiency. During the year, new contract amount was RMB350.265 billion, representing a year-on-year increase of 19.37%; revenue amounted to RMB205.693 billion, representing a year-on-year increase of 11.90%; net profit attributable to owners of the parent company was RMB4.236 billion, representing a year-on-year increase of 96.75%.

The Company consolidated the advantages and expanded diversification. The survey, design and consultancy business developed steadily, the construction and contracting business increased rapidly, and the balanced supply of the equipment manufacturing business and system integration progressed steadily. The revenue and profit margin of the civil explosive and cement business remain the advanced level in the industry and the investment operation of the real estate development, electricity, high way and other businesses developed steadily toward better.

The Company upgraded the business structure and promoted the transformation and upgrading. The international business experienced strong growth, the general contracting project developed rapidly, the market share for non-electricity business continuously increased, and the new businesses, such as PPP business, created the development increment.

The Company standardized governance and operated legally. The general meeting of shareholders, the board of directors, and the Supervisory Committee operated normatively, and the directors and supervisors performed their obligations diligently. The strategic control continued to be strengthened, the operation and management were deepened further, the internal supervision was enhanced continuously, and the economic efficiency increased obviously.

Chairman's Statement

Wang Jianping Chairman

The Company promoted the scientific and technological innovation so that the core competitiveness and brand influence were enhanced further. During the year, more than 1,300 authorized patents were granted. The Company hosted or took part in more than 70 international, national and industrial technical standard authorization, got 2 national scientific and technological rewards, 3 luban prizes, and 6 national quality gold awards.

The year 2016 is the opening year for China to implement the "13th Five-Year Plan". In 2016, powered by deepening reform and innovative development, the Company will focus on enhancing the quality and benefits and working on four key tasks.

Firstly, maintain the growth. The Company will closely follow the national strategies of "One Belt and One Road", the coordinated development of Beijing-Tianjin-Hebei and Yangtze River Economic Zone, grasp the market, improve the management, enhance efficiency, and ensure the comprehensive completion of various annual major development indexes.

Secondly, advance the innovation. The Company will advance the scientific, technological, management, and business model innovations, accelerate to expand the new energy and clean energy business, general contracting business, non-electricity business, and international business and speed up to achieve the transformation of the Company to the two-wheel drive of production and capital management.

Thirdly, deepen the reform. The Company will advance the mixed ownership economy reform steadily, develop and innovate the incentive and restriction mechanisms, promote the internal resources reorganization, and stimulate the development vitality.

Fourthly, operate normatively. The Company will strive to realize legal administration, compliant operation and normative management. The Company will endeavor to achieve the goals that the system and mechanism are full of vitality, the management systems are mature and fixed, the ability of value creation is prominent, and the behaviors of the employees are highly conscious.

In 2016, the Company will grasp the significant strategic opportunity, serve the society, reward the shareholders, and benefit the employees with better development and performance.

I hope that shareholders and all parties and friends who make long-term attention to the Company will continue to give us help and support!

Wang Jianping
Chairman

29 March 2016

Business Overview

1 Overview of Industry Development

In 2015, the total output value of the national construction industry reached RMB18.0757 trillion, representing a year-on-year increase of 2.3%. The investment in the domestic power engineering market maintained a growth. According to the statistics of the National Energy Administration Bureau, the power grid projects of the nationwide major power enterprises completed investment of RMB460.3 billion in 2015, representing a year-on-year growth of 11.7%; the power generation projects completed investment of RMB409.1 billion, increased by 11% over the same period of last year. Among the power generation investment, the fossil-fuel power investment reached RMB139.6 billion, representing a year-on-year growth of 22%; the hydropower investment reached RMB78.2 billion, representing a year-on-year decrease of 17%; the nuclear power investment reached RMB56 billion, representing a year-on-year growth of 5.2%; the wind power investment reached RMB115.9 billion, representing a year-on-year growth of 26.6%. The investment in the domestic non-power engineering market remained stable.

In 2015, the contracting business of the Chinese enterprises in the international construction and contracting market continued to grow. According to the statistics of the Ministry of Commerce and China International Contractors Association, the contract value of China's new overseas contracting projects business amounted to USD210.1 billion in 2015, representing a year-on-year growth of 9.5%. The turnover of overseas contracting projects of China amounted to USD154.1 billion in 2015, representing a year-on-year growth of 8.2%.

2 Overview of Business Development

In 2015, the Company continuously focused on the production and operation, effectively responded to the complex economic situation, made efforts to develop domestic and international markets, continuously enhanced its operation and management ability, accelerated the transformation and upgrading, and enhanced the performance of the engineering projects, overfulfilled its annual production and operation objectives and achieved better and faster growth in overall.

The following table sets forth the details of the amount of new contracts in 2015:

		For the year ended 31 December		
Categories of the business segments:		**2015** (RMB in 100 million)	2014 (RMB in 100 million)	Percentage of change (%)
Survey, design and consultancy business		**122.96**	132.96	-7.52
Among which:	Fossil-fuel power	**49.27**	48.50	1.59
	Hydropower	**0.27**	1.19	-77.00
	Nuclear power	**4.00**	2.29	75.16
	New energy	**8.17**	10.13	-19.31
	Power transmission and transformation	**52.10**	52.07	0.06
	Non-power and others	**9.14**	18.79	-51.37
Construction and contracting business		**3,224.96**	2,683.45	20.18
Among which:	Fossil-fuel power	**853.05**	856.90	-0.45
	Hydropower	**614.73**	446.46	37.69
	Nuclear power	**58.79**	7.86	648.22
	New energy	**339.01**	273.50	23.95
	Power transmission and transformation	**103.45**	163.39	-36.68
	Non-power and others	**1,255.92**	935.36	34.27
Equipment manufacturing business		**154.73**	117.93	31.21
Total		**3,502.65**	2,934.34	19.37

Note: The percentages contained in above table are subject to rounding differences (if any).

Business Overview

In 2015, market development was the top priority for the Company. While deeply developing the domestic, electricity and general market, the Company strived for the international market and actively expanded the non-power and high-end business, focused on the numbers of the signed contracts, increased the quality of them and worked hard on the execution of the signed contracts. The Company recognized RMB350.265 billion as to the value of new contracts, representing a year-on-year increase of 19.37%. Among which, the value of domestic new contracts amounted to RMB242.751 billion, representing a year-on-year increase of 19.62% and international new contracts amounted to RMB107.514 billion, representing a year-on-year increase of 18.81%. As of 31 December 2015, the outstanding contract value of the Company was RMB734.511 billion, representing a year-on-year increase of 23.10%.

2.1 Survey, Design and Consultancy Business

The survey, design and consultancy business of the Company primarily provides survey, design and consultation services for power generation projects and grid projects, as well as the policy consultation for the power industry, evaluation, assessment and supervision for power projects. The Company is in a market leading position in terms of its UHV and large-capacity units businesses, and has executed survey and design contracts for several projects, including the Zhundong - Huadong ±1,100kv UHV DC transmission project (准東－華東±1100千伏特高壓直流輸電工程) with the highest voltage level and the largest transmission scale worldwide, the convertor station and auxiliary works of Brazil ±800kv UHV DC distribution Phase II (巴西美麗山水電±800千伏特高壓直流送出二期項目換流站及配套工程), and the new project of Shenhua Sichuan Jiangyou coal reserves power integration 2×1000MW (神華四川江油煤炭儲備發電一體化2×1000MW新建工程). The Company maintained its advantageous position over survey, design and consultancy. In 2015, the revenue before inter-segment elimination of survey, design and consultancy business was RMB12.455 billion, representing a year-on-year increase of 0.18%. As of 31 December 2015, the value of outstanding contracts of the survey, design and consultancy business was RMB19.221 billion, representing a year-on-year increase of 0.39%. Among this, the value of outstanding contracts of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-power and others were RMB7.43 billion, RMB0.574 billion, RMB0.470 billion, RMB2.060 billion, RMB5.170 billion, RMB3.517 billion and representing a year-on-year increase of 7.80%, -12.62%, 73.75%, 10.21%, -1.85% and -16.05% respectively.

2.2 Construction and Contracting Business

The construction and contracting business of the Company primarily undertakes large-scale power generation projects and power grid projects in China and overseas, as well as other infrastructure projects. The Company accelerated the transformation upgrading, proactively explored the international market with the number of direct contracts increased greatly, and successfully entered into contracts for a number of major projects such as Caculo Cabaça Hydropower Project in Angola (安哥拉卡古路卡巴薩水電站項目), General Contracting Project of KONYA ILGIN 1×500 MW CFB (circulating fluidized bed) SC Coal-fired Power Plant in Turkey and Solar Power Plants in Coted'Ivoire (土耳其KONYA ILGIN 1×500兆瓦CFB (循環流化床)超臨界燃煤電廠總承包項目); actively undertook the general contracting business and entered into contracts for a number of major projects such as Hydropower Station in Cameroon (喀麥隆姆伊拉莫格水電站), the national rural hygiene project in Egypt (埃及國家鄉村衛生項目) and Phase III of Power Plant in Ezhou, Hubei (湖北鄂州電廠三期); actively explored non-power business and entered into contracts for a number of representative projects such as Phase I Construction of Urban Railway Transportation Line 27 in Wuhan (武漢市軌道交通27號線一期工程), Changzhou Yunhe Road No.198 Project (常州運河路198號項目), Phase I Construction of Coal Terminal, Jinzhou Port (錦州港煤炭碼頭一期工程), Reservoir and Pumping Station Project in Qatar (卡塔爾默加水庫及泵站工程項目) and Cement Plant in Najaf, Iraq (伊拉克納傑夫水泥廠), and expanded the market share; actively developed PPP business (a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector), and entered into contracts for a number of major projects such as Tangshan Fengnan infrastructure construction, Guiyang Bonded Area and others. In 2015, the revenue before inter-segment elimination of construction and contracting business was RMB153.173 billion, representing a year-on-year growth of 7.54%. As of 31 December 2015, the outstanding contract value of the construction and contracting business was RMB704.00 billion, representing a year-on-year increase of 23.39%. Among this, the value of outstanding contracts of the fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission, non-power and other projects were RMB178.35 billion, RMB187.99 billion, RMB4.76 billion, RMB46.27 billion, RMB18.48 billion, RMB268.15 billion and representing a year-on-year increase of 16.61%, 20.13%, 3.06%, -0.66%, 1.27% and 39.92% respectively.

2.3 Equipment Manufacturing Business

The equipment manufacturing business of the Company primarily undertakes the design, manufacturing and sales of auxiliary equipment for power plants and provides complete sets of equipment for large power plants. The main products include auxiliary equipment for power plants, power grid equipment and energy-efficient equipment. The Company made efforts to consolidate the traditional and advantageous market, and gradually transformed from the product manufacturer to the complete services provider, and successfully entered into a procurement contract for Ningxia Yanchi Liujiagou 100 MW wind power equipments (寧夏鹽池劉家溝100兆瓦風電成套設備採購合同). In 2015, the revenue before inter-segment elimination of equipment manufacturing business was RMB9.698 billion, representing a year-on-year increase of 9.00%. As of 31 December 2015, the outstanding contract value of the equipment manufacturing business was RMB11.290 billion, representing a year-on-year increase of 60.75%.

2.4 Civil Explosive and Cement Production Business

The Company produces and sells civil explosives products and cement, and also provides integrated explosive service. In 2015, the Company produced and sold explosives of 200,000 tonnes, representing a year-on-year decrease of 4.72%; produced cement of 19.3906 million tonnes, representing a year-on-year growth of 7.45%; sold cement and clinker of 21.575 million tonnes, representing a year-on-year growth of 3.84%. In 2015, the operating revenue of civil explosives and cement production business was RMB7.880 billion, representing a year-on-year decrease of 2.92%. Among which, the revenue before inter-segment elimination of civil explosives business was RMB2.745 billion, representing a year-on-year growth of 0.58%; the revenue before inter-segment elimination of cement production business was RMB5.135 billion, representing a year-on-year decrease of 4.70%.

2.5 Investment and Other Businesses

The Company invests in, operates and sells power plants and engages in other infrastructure projects, environmental protection projects, water conservancy projects and real estate development projects. Several projects in which the Company made investments, including Zhejiang Haiyan wind power (浙江海鹽風電), Yunnan Sijiaoshan PV power generation (雲南四角山光伏發電), achieved the goal of construction and commencement of operation in current year and achieved the expected economic benefit targets. The installed capacity of power generation business reached 907.5 MW; the mileage of highway operation business reached 513.10 km; the new land reserve of real estate development business was 454,100 sq.m, with the area that the Company commenced the construction of 1,544,800 sq.m and the area that we sold of 494,100 sq.m. In 2015, the revenue before inter-segment elimination of investment and other businesses was RMB29.075 billion, representing a year-on-year growth of 76.78%. Among which, the revenue before inter-segment elimination of real estate business was RMB7.657 billion, representing a year-on-year growth of 21.96%; the revenue before inter-segment elimination of power generation business was RMB1.197 billion, representing a year-on-year increase of 2.70%; the revenue before inter-segment elimination of highway was RMB1.213 billion, representing a year-on-year growth of 19.68%; the revenue before inter-segment elimination of other businesses was RMB19.008 billion, representing a year-on-year growth of 137.90%.

3 Science and Technology Innovation

The Company devotes itself to being a cutting-edge company with constantly improving the core competitiveness of the enterprise to occupy the market with technological superiority. The Company actively promoted the enterprises to carry out collaborative innovation and research in ultra low emissions of coal-fired power plant, smart grid, intelligent substation, electric charging of electric vehicles, new energy and other areas. The Company completed the research of the National Science-technology Support Plan Projects research on 1200 MW level USC power generation technology over 600°C (超600°C的1200兆瓦等級超臨界發電技術研究) and optimization and integration of secondary reheat unit thermal system (二次再熱機組熱力系統優化與集成), AP series of three generations of nuclear grade electric device used in nuclear power plants (AP系列三代核電站用核級電動裝置), nuclear power plant CAP1400 forced air cooling isolated-phase bus (核電CAP1400強迫風冷離相封閉母線) and a number of research projects achieved breakthrough. And part of the results has been applied in engineering practice, which has promoted the transformation and upgrading of the enterprise.

In 2015, the total expenses on research and development of the Company was about RMB2.242 billion, representing a year-on year increase of 14.67%, 1 national enterprise technology center, 1 academician and expert workstation and 5 provincial and municipal technology innovation platforms were newly built. The technology research and development system was formed with the academician and expert workstation, 5 postdoctoral research and development workstations, 2 national research institutions and 37 provincial research institutions as the main body, and the number of high-tech enterprises has reached 50. Throughout the year, it has won 2 national science and technology awards, 18 science and technology awards in provincial and ministerial level and 138 science and technology awards in the industry level; prepared 72 national and industry technology standards; obtained 93 software copyrights; obtained 1,349 patent licenses, including 252 invention patents, representing an increase of 6.6% on a year-on-year basis and cumulatively owned 5,310 effective patents, including 616 invention patents.

4 Outlook

In 2016, domestic electric power construction market will still maintain the growth trend. It is estimated that, during the period of "13th Five Year Plan", the Chinese power may record an average increase of approximately 4.8%. Meanwhile, the upgrade and transform efforts in the domestic power market will be strengthened. Driven by the fact that the nation requires to fully implement the ultra low emission of coal-fired power plants and energy saving transformation and to complete the transformation of 580 million kilowatts by 2020, the upgrade and transform market of fossil-fuel power units will further increase. The domestic non-power projects market is expected to maintain fast growth. It is expected that the fixed asset investment in 2016 will maintain its high growth from 2014 to 2015, hydraulic engineering, railway engineering, city subway rail, urban comprehensive pipe gallery, environmental protection facilities, sponge city construction will become key investment fields.

For the international market, although the global infrastructure construction market is still in recovery, with the establishment of new pattern of China's all-round opening-up and the successive implementation of cooperation mechanisms such as the strategy of "One Belt and One Road" and 461 China-Africa Cooperation Framework, and the successive operation of financial supports, such as Asian Infrastructure Investment Bank and Silk Road Fund Co., Ltd., the regional economic integration and the development of contracting overseas projects will be further promoted, among which the demand of power construction will continue to grow. The electricity consumption per capita in India, Pakistan, Bangladesh, Indonesia, and most of African areas is still far below the world's average level, which are the important markets of new power installed.

The above international and domestic market situation shows that the investment in power and other fixed assets will keep in steady increase in 2016, which will provide a good opportunity for the development of the Company.

Management Discussion and Analysis

Management Discussion and Analysis

Ding Yanzhang Vice president and General Manager

1 Overview

In 2015, the Company achieved the revenue of RMB205,692.9 million, representing a year-on-year growth of 11.90%; the total profit before tax was RMB8,585.8 million, representing a year-on-year growth of 42.67%; net profit attributable to the owners of the Company was RMB4,235.7 million, representing a year-on-year growth of 96.75%.

2 Consolidated operating results

	For the year ended 31 December		
Items	**2015 (RMB in million)**	2014 (RMB in million)	Percentage of change (%)
Revenue	**205,692.9**	183,824.0	11.90
Cost of sales	**(182,634.8)**	(163,607.5)	11.63
Gross profit	**23,058.1**	20,216.5	14.06
Other income	**881.6**	656.5	34.29
Other gains and losses	**804.0**	(98.2)	-918.74
Selling expenses	**(1,637.1)**	(1,571.5)	4.17
Administrative expenses	**(9,995.4)**	(9,031.0)	10.68
Research and development expenses	**(2,242.2)**	(1,955.4)	14.67
Finance income	**731.3**	621.5	17.67
Finance expense	**(3,002.1)**	(2,962.9)	1.32
Share of profit of joint ventures	**10.9**	110.7	-90.15
Share of (loss) profit of associates	**(23.3)**	31.6	-173.73
Profit before tax	**8,585.8**	6,017.8	42.67
Income tax expense	**(2,115.4)**	(1,922.2)	10.05
Net Profit	**6,470.4**	4,095.6	57.98

In 2015, the actual selling expenses of the Company amounted to RMB1,637.1 million, representing a year-on-year increase of 4.17%, the percentage of selling expenses to the revenue decreased from 0.85% in 2014 to 0.80% in 2015.

In 2015, the actual administrative expense of the Company amounted to RMB9,995.4 million, representing a year-on-year increase of 10.68%, the percentage of administrative expense to the revenue decreased from 4.91% in 2014 to 4.86% in 2015.

In 2015, the actual finance expense of the Company amounted to RMB3,002.1 million, representing an increase of 1.32%, the percentage of finance cost to the revenue decreased from 1.61% in 2014 to 1.46% in 2015.

3 Operating Results by Segment

	For the year ended 31 December								
	2015			2014			Change in percentage (%)/percentage points		
Industry segments	**Revenue**	**Cost of sales**	**Gross profit margin**	Revenue	Cost of sales	Gross profit margin	Revenue	Cost of sales	Gross profit margin
	(RMB in million)		**(%)**	(RMB in million)		(%)			
Survey, design and consultancy	**12,454.7**	**6,947.4**	**44.22**	12,432.2	7,120.2	42.73	0.18	-2.43	1.49
Construction and contracting	**153,172.8**	**143,098.4**	**6.58**	142,436.6	133,413.2	6.34	7.54	7.26	0.24
Equipment manufacturing	**9,698.0**	**8,287.8**	**14.54**	8,897.4	7,490.7	15.81	9.00	10.64	-1.27
Civil explosives and cement production	**7,880.3**	**5,564.1**	**29.39**	8,117.7	5,663.2	30.24	-2.92	-1.75	-0.85
Investment and other businesses	**29,074.7**	**24,140.0**	**16.97**	16,446.4	12,549.5	23.69	76.78	92.36	-6.72
Inter-segment elimination[1]	**(6,587.6)**	**(6,340.0)**	**–**	(4,506.3)	(4,055.8)	–	–	–	–
Unallocated items[2]	**–**	**937.1**	**–**	–	1,426.5	–	–	–	–
Total	**205,692.9**	**182,634.8**	**11.21**	183,824.0	163,607.5	11.00	11.90	11.63	0.21

Notes:

(1) Inter-segment elimination mainly represents the provision of goods or services between business segments.

(2) Unallocated items mainly represent provisions for impairment of inventories and certain business tax and surcharges, which could not be attributed to any business segment.

The total revenue of the Company increased by 11.90% from RMB183,824.0 million in 2014 to RMB205,692.9 million in 2015.

The cost of sales of the Company increased by 11.63% from RMB163,607.5 million in 2014 to RMB182,634.8 million in 2015, generally in line with the increase in revenue in the same period.

The gross profit of the Company was RMB20,216.5 million and RMB23,058.1 million in 2014 and 2015, respectively, and the gross profit margin remained stable at 11.00% and 11.21%, respectively, in the same period.

3.1 Survey, Design and Consultancy Business

This business generates revenue primarily from providing survey and design services for fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission and other non-power projects in China and overseas. The Company also generates revenue from providing a wide range of consultancy services in respect of power industry policies, as well as power project testing, assessment and supervision services.

Segment revenue before inter-segment elimination of survey, design and consultancy business remained relatively stable at RMB12,432.2 million and RMB12,454.7 million in 2014 and 2015, respectively.

Cost of sales before inter-segment elimination for survey, design and consultancy business remained relatively stable at RMB7,120.2 million and RMB6,947.4 million in 2014 and 2015, respectively.

Segment gross profit before inter-segment elimination of survey, design and consultancy business was RMB5,312.0 million and RMB5,507.3 million in 2014 and 2015, respectively, and segment gross profit margin was 42.73% and 44.22%, respectively, in the same period, which was mainly due to the high pressure projects with high gross profit margin during the year.

3.2 Construction and Contracting Business

This business generates revenue primarily from providing construction services for fossil-fuel, hydropower, nuclear, new energy, power transformation and transmission and other non-power projects in China.

Segment revenue before inter-segment elimination of construction and contracting business increased by 7.54% from RMB142,436.6 million in 2014 to RMB153,172.8 million in 2015. This increase was mainly attributable to (i) an increase of business volume in China and overseas; and (ii) an increase of EPC business driven by synergies with survey, design and consultancy business.

Cost of sales before inter-segment elimination for construction and contracting business increased by 7.26% from RMB133,413.2 million in 2014 to RMB143,098.4 million in 2015, slightly lower than the growth rate of the segment revenue.

Segment gross profit before inter-segment elimination of construction and contracting business was RMB9,023.4 million and RMB10,074.4 million in 2014 and 2015, respectively, and segment gross margin was 6.34% and 6.58%, respectively, in the same period. The increase in gross margin was mainly because of the overseas projects, which generally have higher profit margins, accounted for a greater proportion of revenue during this period.

3.3 Equipment Manufacturing Business

This business generates revenue primarily from the design, manufacture and sale of equipment for use in the power industry, including ancillary equipment for power plants, power grid equipment, steel structure and energy conservation and environmental protection equipment.

Segment revenue before inter-segment elimination of equipment manufacturing business increased by 9.00% from RMB8,897.4 million in 2014 to RMB9,698.0 million in 2015. This increase was mainly because a new manufacturing and sales business for power-generating equipment was set up in the subsidiary CGGC Group.

Cost of sales before inter-segment elimination for equipment manufacturing business increased by 10.64% from RMB7,490.7 million in 2014 to RMB8,287.8 million in 2015, slightly higher than the growth rate of segment revenue.

Segment gross profit before inter-segment elimination of equipment manufacturing business was RMB1,406.7 million and RMB1,410.2 million in 2014 and 2015, respectively, and segment gross profit margin was 15.81% and 14.54%, respectively. The decrease in gross profit margin was mainly because of the transformation and upgrading of subsidiary in equipment manufacturing, affected by the macro economy. In order to control the lagged production capability and reduce the overstocked products, prices for corresponding products will be set relatively low, therefore the gross profit margin of mechanical products decreased.

3.4 Civil Explosives and Cement Production Business

This business generates revenue primarily from the manufacture and sale of civil explosives and cement products and the provision of blasting services.

Segment revenue before inter-segment elimination of civil explosives and cement production business decreased by 2.92% from RMB8,117.7 million in 2014 to RMB7,880.3 million in 2015. This decrease was mainly attributable to a decrease in the average selling price of cement products during the Reporting Period.

Cost of sales before inter-segment elimination for civil explosives and cement production business decreased by 1.75% from RMB5,663.2 million in 2014 to RMB5,564.1 million in 2015, generally in line with the segment revenue.

Segment gross profit before inter-segment elimination of civil explosives and cement production business was RMB2,454.5 million and RMB2,316.2 million in 2014 and 2015, respectively, and segment gross profit margin remained relatively stable at 30.24% and 29.39%, respectively, in the same period.

3.5 Investment and Other Businesses

This business generates revenue primarily from investment in, operation or sale of power projects, real estate development and other equity investments.

Segment revenue before inter-segment elimination of investment and other businesses increased by 76.78% from RMB16,446.4 million in 2014 to RMB29,074.7 million in 2015. The increase was primarily attributable to the significant increase of real estate development and the newly opened renewable resources business.

Cost of sales before inter-segment elimination for investment and other businesses increased by 92.36% from RMB12,549.5 million in 2014 to RMB24,140.0 million in 2015, slightly higher than the growth rate of the segment revenue.

Segment gross profit before inter-segment elimination of investment and other businesses was RMB3,896.9 million and RMB4,934.7 million in 2014 and 2015, respectively. Segment gross margin decreased from 23.69% in 2014 to 16.97% in 2015, mainly because the gross profit margin of the newly opened water resources and hydropower investment and environmental business was relatively low, which lowered the overall gross profit margin.

4 Cash Flow

	For the year ended 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
Net cash (used in)/generated from operating activities	**(3,834.2)**	5,231.7
Net cash used in investing activities	**(3,342.0)**	(5,044.8)
Net cash generated from financing activities	**25,395.0**	5,060.1
Net increase in cash and cash equivalents	**18,218.8**	5,247.0
Cash and cash equivalents at the beginning of year	**28,756.6**	23,505.4
Exchange losses of cash and cash equivalents	**261.6**	4.2
Cash and cash equivalents at the end of year	**47,237.0**	28,756.6

4.1 Cash Flow Generated from Operating Activities

In 2015, the net cash used in operating activities of the Company amounted to RMB3,834.2 million, which was primary due to the following reasons: (i) an increase of RMB13,179.9 million arising from prepayment, deposit and other receivables as the Company pre-paid large sums of cash for land purchase for the real estate development; (ii) an increase of RMB8,454.3 million arising from trade receivables and bills receivables. The cash outflow was partially offset by increase in trade and bills payables.

4.2 Cash Flow Generated from Investing Activities

In 2015, net cash used in investing activities decreased from RMB5,044.8 million in 2014 to RMB3,342.0 million in 2015, representing a decrease of RMB1,702.8 million or 33.75%, mainly including the increase of other loans receivable of RMB17,587.2 million as a result of providing loans to associates, payment in cash of RMB5,013.3 million for the purchase of property, plants and equipment, partially offset by other loans receivables of RMB18,696.6 million received from repayment of loans to associates.

4.3 Cash Flow Generated from Financing Activities

In 2015, net cash generated from financing activities was RMB25,395.0 million, representing an increase of RMB20,334.9 million or 401.87% from RMB5,060.1 million in 2014, mainly due to an increase of RMB10,542.3 million in newly issued shares this year and an increase of RMB46,711.8 million in borrowings.

In 2015, net cash generated from borrowing activities was RMB16,809.7 million, primarily consisting of new bank and other borrowings of RMB46,711.8 million, which was partially offset by repayment of bank and other borrowings of RMB29,902.1 million.

4.4 Capital Expenditures

In the past, we incurred capital expenditures primarily for expenditures on property, plant and equipment, as well as intangible assets (such as concession rights of toll roads). The following table sets forth the components of capital expenditures for the periods indicated:

	For the year ended 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
Property, plant and equipment	**4,616.2**	2,917.4
Prepaid land lease payment	**495.3**	636.6
Intangible assets	**745.2**	484.6
Investment properties	**13.8**	7.6
Total	**5,870.5**	4,046.2

5 INDEBTEDNESS

	As at 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
Long-term		
Bank borrowings		
Unsecured	**19,394.5**	14,297.3
Secured	**9,045.2**	11,566.6
Other borrowings		
Secured	**1,525.8**	–
Corporate bonds[(1)]	**5,773.6**	6,109.8
Finance lease payables[(2)]	**279.1**	562.2
Sub-total	**36,018.2**	32,535.9
Short-term		
Bank borrowings		
Unsecured	**28,969.7**	18,249.5
Secured	**4,180.7**	2,015.7
Other borrowings		
Unsecured	**1,784.1**	2,996.5
Secured	**226.1**	–
Corporate bonds	**500.0**	506.0
Finance lease payables[(2)]	**228.8**	144.4
Short-term financing notes[(3)]	**3,516.0**	3,557.8
Sub-total	**39,405.4**	27,469.9
Total	**75,423.6**	60,005.8

Notes:

(1) The corporate bonds are unsecured medium-term notes.

(2) The Company lease certain buildings and machinery for construction operations.

(3) The short-term financing notes are unsecured with fixed interest rate.

Management Discussion and Analysis

As of 31 December 2015, bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out as below:

	As at 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
USD	**1,110.8**	890.3
Japanese Yen	**120.3**	119.2
EURO	**3.8**	–
Total	**1,234.9**	1,009.5

The following table sets forth the guaranteed portion of bank borrowings and other borrowings:

	As at 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
Guaranteed by:		
Ultimate holding company	**185.0**	3,560.5
Third parties	**436.3**	2,319.2
Total	**621.3**	5,879.7

The following table sets forth the maturity profile of indebtedness as of the dates indicated:

	As at 31 December	
	2015	2014
	(RMB in million)	(RMB in million)
Repayable on demand or within 1 year	**39,405.4**	27,469.9
Repayable after 1 year but within 2 years	**7,232.9**	7,588.8
Repayable after 2 years but within 3 years	**9,366.6**	6,277.6
Repayable after 3 years but within 4 years	**3,596.2**	2,634.9
Repayable after 4 years but within 5 years	**1,811.0**	2,630.1
Repayable after 5 years	**14,011.5**	13,404.5
Total	**75,423.6**	60,005.8

The following table sets forth the effective interest rate ranges of bank borrowings, other borrowings, corporate bonds, finance lease payables and short-term financing notes as of the dates indicated:

	As at 31 December	
	2015 (%)	2014 (%)
Bank borrowings	**1.05-9.60**	1.1-10.0
Other borrowings	**4.655-6.48**	6.0-10.0
Corporate bonds	**4.75-5.85**	4.3-5.9
Short-term financing notes	**3.08-3.38**	4.1-4.7
Finance lease payables	**5.15-8.00**	5.2-8.0

The following table sets forth the fixed and floating rate of bank and other borrowings as of the dates indicated:

	As at 31 December			
	2015		2014	
	(RMB in million)	**%**	(RMB in million)	%
Fixed rate bank and other borrowings	**34,723.9**	**1.05-9.60**	17,460.6	1.05-10.00
Floating rate bank and other borrowings	**30,402.3**	**2.75-8.70**	31,665.0	2.36-8.64
Total	**65,126.2**		49,125.6	

Bank borrowings of the Company were incurred primarily for the purposes of working capital and investment in fixed assets. Other borrowings mainly represented deposits with Gezhouba Finance Company.

Indebtedness of the Company increased by RMB15,417.8 million from 31 December 2014 to 31 December 2015, mainly due to the working capital requirements and acquisition and construction of long-term assets.

The Company did not have any material defaults in payment of bank borrowings or breaches of other debt financing obligations or breaches of any restrictive terms. In addition, as of 31 December 2015, the Company had RMB16.0 billion of authorized but unissued debt securities,. As of 31 December 2015, the Company had RMB357.0 billion of unutilized and unrestricted bank facilities. As of 31 December 2015, the Company was not subject to any material restrictive terms in the borrowings.

6 PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

6.1 Pledge of Assets

As of 31 December 2015, the Company's assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit):

	As of 31 December	
	2015 (RMB in million)	2014 (RMB in million)
Property, plant and equipment	**881.3**	1,106.1
Prepaid lease payments	**90.8**	101.9
Intangible assets	**10,008.1**	10,230.3
Trade receivables	**1,368.0**	767.6
Properties under development	**10,348.9**	5,544.2
Completed properties for sale	**99.9**	903.0
Bank deposits	**2,650.6**	1,803.4
Investment property	**69.3**	–
Total	**25,516.9**	20,456.5

6.2 Contingent Liabilities

The Company was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Company on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice.

The following contingent liabilities arise from guarantees given to banks and other financial institutions in respect of certain loan facilities, as well as mortgage loan guarantees provided to banks in favor of the customers of the Company.

	As of 31 December	
	2015 (RMB in million)	2014 (RMB in million)
Guarantees given to banks and other financial institutions in respect of loan facilities granted to:		
Fellow subsidiaries	**–**	928.0
Associates	**3,565.6**	536.9
Investee recognized as available-for-sale financial asset	**79.5**	123.0
	3,645.1	1,587.9
Mortgage loan guarantees provided by the Company to banks in favor of its customers	**778.8**	1,638.2
Total	**4,423.9**	3,226.1

The Company had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Company's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Company is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Company is then entitled to take over the legal title of the related properties. The guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Company are insignificant at initial recognition, and the Directors consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realizable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the financial information for these guarantees.

There has been no material change in contingent liabilities of the Company since 31 December 2015 to the date of this report.

7 Subsequent events

(a) On 8 January 2016, the Company issued an additional 420,396,364 H shares of RMB1.00 by partially exercising the over-allotment option set out in the prospectus of the Company issued on 27 November 2015 at the price of HK$1.59 per share.

(b) On 23 February 2016, CGGC issued corporation bonds at principal amount of RMB3,000,000,000 with a term of five years. Such corporate bonds are interest-bearing at the rate of 3.14% per annum.

(c) In March 2016, as approved by the State Council of the PRC, starting from 1 May 2016, the replacement of business tax with value added tax (the "VAT Pilot Program") will be implemented nationwide to cover various industries including construction, real estate, financial service and lifestyle services.

On 23 March 2016, the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC jointly issued Cai Shui [2016] No. 36 "Notice on Tax Policy Concerning Nationwide Implementation of VAT Pilot Program" (the "No. 36 Notice") setting out regulations on the implementation and other relevant matters.

The VAT Pilot Program may have certain impact on the financial performance and financial position of the Group. As at the date of this report, detailed review of the effect of the VAT Pilot Program according to the requirements of the No.36 Notice is being undertaken by the Group.

8 Risk

8.1 Business Risk

Macroeconomic Risks

The domestic and international economic downward pressure increases and the domestic structure of the power source and the acceleration of the distribution adjustment have some influence on the operation of the Company. The Company will pay close attention to the macroeconomic development trend, and will further adjust the industrial structure, enhance the risk prevention and control capacity through reform, innovation, transformation, and upgrading.

Industrial Prospect Risk

The growth of the domestic demand tends to be slow overall, the pressure on the ecological environment increases, the development of the thermal power and hydropower is limited to a certain extent, and the influence of the structural reform for the supplier on the construction industry remains to be investigated. The Company will continue to strengthen the traditional market, develop the high-end market and the incremental market, enhance the diversified operation, achieving the goal of the corporation's steady development.

International Operation Risk

The international operation confronts the legal risk, political risk, non-traditional public threat, exchange rate risk and other traditional risks. As an experienced international engineering contractor, the Company will grasp various opportunities brought by China's strategic deployment of "One Belt and One Road", and complete the goals of international operation through strengthening the market operation, business management, and project performance.

Competition Risk

The phenomena of the excess capacity and the disparity of demand and supply of market in construction industry still exist. The market competition is still fierce and complex under the impact of the industrial prospect and macro-economy. The Company will further develop the coordination potential of the industry chain, strengthen the control and management of the headquarters, the high-end management, and enhance the core competitiveness.

Investment Risk

The domestic demand recovers slowly, the growth speed of the investment slows down, and the overseas investment confronts the political and economic risks. The Company will follow closely the trend of the industrial development, optimize the investment orientation, select the investment project, and strengthen the project management, endeavoring to achieve the investment goals.

8.2 Exchange Rate Fluctuation Risk

Most businesses of the Company are operated in China, thus the functional currency applied in the financial statements of the Company is RMB. The Company plans to expand the overseas business, and it is expected that the income and expense dominated in foreign currency will be increased significantly. The exchange rate fluctuation may have influence on the service pricing and the cost of procurement of materials and equipment of the Company by foreign exchange and therefore influence the financial position and operating performance.

9 Number of Employees, Share Option Scheme and Training Program

As of 31 December 2015, the Company has 133,907 employees totally, including 32,136 managers, 41,470 professional technicians, and 40,831 operating personnel. The average number of employees of the Company in 2015 is 153,646, and the total remuneration of the Company's employees was RMB22,421.2 million.

The Company has 10,311 talents with various national registered qualifications. Also, the Company has a batch of top talents of China, including 25 scholars who enjoy the governmental special subsidy, 5 national exploration and design masters, 1 national nuclear industry engineering exploration and design master, 4 experts of new century talents project, 3 national young and middle-aged experts with outstanding contribution, and 23 national technical experts.

In 2015, the Company did not implement any share option scheme.

The Company attaches high importance to the education and training of the employees. The Company increased the input of the education and training expenditure and enhanced the employee's quality and professional skills continuously. The Company planned to train 516,200 employees in 2015 and actually trained 561,100 employees, including on-the-job training for 396,100 employees, continuing education training for 49,800 employees, and other training for 115,200 employees.

10 Plan for Significant Investment or Purchase of Capital Asset in Future

In 2016, the Company will follow the trend of the industrial development and the strategic orientation of China, implement the orientation requirement for proceeds from the listing of the Company, and further optimize the investment orientation. Meanwhile, the Company will favor significant fields of the strategic and functional investment merger and acquisition, investment in emerging industry, and investment in the electric energy and infrastructure of countries targeted by "One Belt and One Road" initiative, speed up the industrial investment, and give consideration to both the benefits of the investment project and synergy of the investment pulling the business to expand investment returns.

11 Gearing Ratio

As of 31 December 2015, the gearing ratio of the Company is 124.1%, representing a decline of 12.3 percentage points as compared to 136.4% recorded as at 31 December 2014. Gearing ratio represents total interest-bearing debts divided by total equity at the end of the year.

12 Acquisition and Disposal of Subsidiaries

Details of acquisition and disposal of subsidiaries by the Company in 2015 are set out in notes 51 and 52 to the "Consolidated Financial Statements" of this annual report.

Pakistan Karachi Nuclear Power project K2/K3
Pakistan Nehru Tim Jhelum Hydropower station
Russia
Europe
(Baltic Sea)
The new Eurasian Continental Bridge
Mongolia and Russia Economic Cooperation Corridor
China
Europe
Europe
Asia
Central Asia
Mediterranean Sea
The two economic corridors of Sino-Pakistan and BCIM are closely related to the promotion of "One Belt and One Road" construction
The Persian Gulf
West Asia
South China Sea
Southeast Asia
South Asia
China-Central Asia-West Asia Economic Cooperation Corridor
Africa
South Pacific
China-Indochina Economic Cooperation Corridor
India Ocean
Angola Kagu Luca Barcelona Hydropower Station Project
Taking key ports as nodes, and jointly building smooth, safe and efficient transportation channels
Oceania
Business of Energy China
Silk Road Economic Belt
representing the selected symbolic overseas projects
The twenty-first Century Maritime Silk Road

Management Discussion and Analysis

The principle of "One Belt and One Road" is a grand economic vision of open and cooperation along the road. All countries need to work together to meet the goal of mutual benefit and common security.

Profile of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the Company have no relationships among each other, including financial affairs, businesses, family and other material relationships. The table below sets forth certain information of the directors, supervisors and senior management of the Company:

	Name	Age	Position
Board of Directors	Wang Jianping	55	Chairman of the Board and Executive Director
	Ding Yanzhang	51	Vice Chairman of the Board, Executive Director and General Manager
	Zhang Xianchong	56	Executive Director and Deputy General Manager
	Ma Chuanjing	58	Non-executive Director
	Ding Yuanchen	66	Independent Non-executive Director
	Wang Bin	61	Independent Non-executive Director
	Zheng Qiyu	61	Independent Non-executive Director
	Cheung Yuk Ming	62	Independent Non-executive Director
Supervisory Committee	Wang Baoguo	59	Chairman of the Supervisory Committee
	Lian Yongjiu	56	Employee Representative Supervisor and Head of Auditing Department
	Mao Xiangqian	46	Employee Representative Supervisor
	Fu Dexiang	65	Supervisor
	Wei Zhongxin	62	Supervisor
Senior Management	Ding Yanzhang	51	Vice Chairman of the Board, Executive Director and General Manager
	Zhang Xianchong	56	Executive Director and Deputy General Manager
	Zhao Jie	59	Deputy General Manager
	Nie Kai	57	Deputy General Manager
	Wu Chunli (1)	52	Deputy General Manager
	Yu Gang	54	Deputy General Manager
	Zhou Hougui	53	Deputy General Manager
	Lan Chunjie	57	Deputy General Manager
	Chen Guanzhong	46	Chief Accountant
	Duan Qiurong	54	Secretary to the Board and the Joint Company Secretary

Note:

(1) Wu Chunli was appointed on 29 December 2015 by the Resolution of Appointment of Wu Chunli as the Deputy General Manager of the Company considered and approved at the seventh meeting of the first session of the Board held on 29 December 2015.

Profile of Directors, Supervisors and Senior Management

1 Board Of Directors

Executive Directors

Mr. Wang Jianping (汪建平)

Executive Director, chairman of the Board, chairman of the Strategy Committee and chairman of the Nomination Committee of the Board.

aged 55, is a professor-level senior engineer and obtained a bachelor's degree in electric power system and automation. He joined the Group in 1982, and is currently an executive Director, the chairman of the Board, the chairman of the Strategy Committee and the chairman of the Nomination Committee of the Board, while at the same time he is also the chairman and the general manager of Energy China Group. Mr. Wang started his career in 1982, and has served as the president of Northeast Electric Power Design Institute (東北電力設計院), the general manager of China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司), president of Electric Power Planning & Engineering Institute (電力規劃設計總院) and the general manager of the China Power Engineering Consulting Group Co., Ltd. (中國電力工程顧問集團公司).

Mr. Ding Yanzhang (丁焰章)

Executive Director, vice chairman of the Board, the general manager, member of the Strategy Committee of the Board.

aged 51, is a professor-level senior engineer and obtained a bachelor's degree in engineering, majoring in hydraulic engineering machinery, a master's degree in management, majoring in administrative management. He joined the Group in 1984, and is currently an executive Director, the vice chairman of the Board, the general manager, member of the Strategy Committee of the Board, while at the same time is also the director of Energy China Group. Mr. Ding started his career in 1984, and has served as the general manager of China Gezhouba Group No. 2 Engineering Co., Ltd. (中國葛洲壩集團第二工程有限公司), the president of Lancang River Construction Bureau of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工 程集團有限公司瀾滄江施工局), the director of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司), the director, the general manager and the chairman of the board of directors of CGGC, the general manager of CGGC Group and the general manager of Energy China Group.

Profile of Directors, Supervisors and Senior Management

Mr. Zhang Xianchong (張羨崇)

Executive Director and the deputy general manager.

aged 56, is a professor-level senior engineer and obtained a master's degree in engineering. He joined the Group in 2014, and is currently an executive Director and the deputy general manager of the Company. Mr. Zhang started his career in 1982, and has served as the head of the Cadres Office under the Personnel and Education Department of the Ministry of Electric Power (電力部人事教育司幹部處), the deputy director of Human Resources Bureau of State Grid Corporation of China (國家電力公司人事勞動局), the deputy director of the Human Resources and Directors Department of State Grid Corporation of China (國家電力公司人事與董事部), the general manager of the China Electric Power Technology IMP. & EXP. Corporation (中國電力技術進出口公司), the deputy general manager of Sichuan Electric Power Corporation (四川省電力公司), the general manager of Jilin Province Electric Power Company Limited (吉林省電力有限公司), the deputy chief engineer of State Grid Corporation of China (國家電網公司) and the deputy general manager of Energy China Group.

Non-executive Director

Mr. Ma Chuanjing (馬傳景)

Non-executive Director, member of the Strategy Committee and the Audit Committee of the Board.

aged 58, has obtained a doctor's degree in economics. He joined the Group in 2014, and is currently a non-executive Director, member of the Strategy Committee and the Audit Committee of the Board and is also an external director of Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司). Mr. Ma worked as the vice president and president of the Economic Editorial Department and the head of the International Department of Qiu Shi Magazine Press (《求是》雜誌社), the vice president of the Comprehensive Research Department under the Research Office of the State Council (國務院研究室綜合研究司) and the inspector, vice president and president of the Industry, Transportation and Trade Research Department under the Research Office of the State Council (國務院研究室工交貿易研究司).

Profile of Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Ding Yuanchen (丁原臣)

Independent non-executive Director and chairman of the Audit Committee.

aged 66, is a senior engineer and obtained an academic diploma of undergraduate education majoring in economics and management. He joined the Group in 2011, and is currently an independent non-executive Director and the chairman of the Audit Committee of the Board, and is also the external director of China National Agricultural Development Group Co., Ltd. (中國農業發展集團有限公司). Mr. Ding worked as the vice president and president of the No.17 Engineering Bureau of Ministry of Railways (鐵道部第十七工程局), the president of the China Railway No.17 Engineering Bureau (中鐵第十七工程局), the deputy general manager of China Railway Construction Corporation Co., Ltd. (中國鐵道建築總公司), the general manager of China Civil Engineering Construction Corporation (中國土木工程集團公司), the vice chairman of the board of directors of China Railway Construction Corporation Co., Ltd. (中國鐵建股份有限公司) (Stock Code: 601186.SH; 1186.HK), and the independent director of CGGC.

Mr. Wang Bin (王斌)

Independent non-executive Director, member of the Nomination Committee and member of the Remuneration and Assessment Committee.

aged 61, is a senior economist and obtained a doctor's degree in economics. He joined the Group in 2014, and is currently an independent non-executive Director, member of the Nomination Committee and member of the Remuneration and Assessment Committee of the Board. Mr. Wang worked as the deputy general manager of the Futures Department of China Rural Development Trust Investment Company (中國農村發展信托投資公司), the chairman of the board of directors and general manager of Huanong Futures Brokerage Co., Ltd. (華農期貨經紀有限公司), the general manager of CNFC Overseas Fisheries Co., Ltd. (中水集團遠洋股份有限公司) (Stock Code: 000798.SZ), the general manager of China Huanong Property & Casualty Insurance Co., Ltd. (華農財產保險股份有限公司), and the deputy general manager of the China National Agricultural Development Group Co., Ltd. (中國農業發展集團有限公司).

Profile of Directors, Supervisors and Senior Management

Mr. Zheng Qiyu (鄭起宇)

Independent non-executive Director of the Company and chairman of the Remuneration and Assessment Committee.

aged 61, is a national first-class construction engineer and obtained a master's degree in economics and engineering. He joined the Group in 2014, and is currently an independent non-executive Director and chairman of the Remuneration and Assessment Committee of the Board. He has served as the general manager of China Geo-Engineering Company (中國地質工程公司), the chairman of the board of directors and the general manager of China Geo-Engineering Corporation (中國地質工程集團公司), the deputy general manager of China New Era Group Corporation (中國新時代控股(集團)公司), and the deputy general manager of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司), the chairman of the board of directors of China Ground Source Energy Industry Group Limited (中國地能產業集團公司) (Stock Code: 8128.HK).

Mr. Cheung Yuk Ming (張鈺明)

Independent non-executive Director of the Company, member of the Nomination Committee, member of the Remuneration and Assessment Committee and member of the Audit Committee.

aged 62, is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Arbitrators, the Chartered Institute and the Society of Construction Law in Hong Kong. He joined the Group in 2015, and is currently an independent non-executive Director, member of the Nomination Committee, member of the Remuneration and Assessment Committee and member of the Audit Committee of the Board, and is also an independent non-executive director of TravelSky Technology Limited (中國民航信息網絡股份有限公司) (Stock Code: 0696.HK) and Birmingham International Holdings Limited (伯明翰環球控股有限公司) (Stock Code: 2309.HK), an executive director of China Shanshui Cement Group Limited (中國山水水泥股份有限公司) (Stock Code: 0691.HK), a director of Lawrence Chartered Accountants Limited (formerly known as Lawrence CPA Limited). He worked as an audit assistant and senior accountant at Pricewaterhouse, a partner of Lau, Cheung, Fung & Chan Certified Public Accountants, an independent non-executive director of Metallurgical Corporation of China Limited (中國冶金科工股份有限公司) (Stock Code: 601618.SH; 1618.HK), an independent non-executive director of EPI Holdings Limited (長盈集團控股有限公司) (Stock Code: 689.HK).

Profile of Directors, Supervisors and Senior Management

2 Supervisory Committee

Mr. Wang Baoguo (王保國)

Chairman of the Supervisory Committee.

aged 59, is a senior administration engineer and obtained a master's degree in business administration. He joined the Group in 1978, and is currently the chairman of the Supervisory Committee of the Company, the general counsel of Energy China Group. Mr. Wang started his career in Northeast Electric Power Design Institute (東北電力設計院) in 1978, worked as the deputy head of the Propaganda Department and the head of the Party Committee Office of Northeast Electric Power Design Institute (東北電力設計院), the deputy head of the General Office of the Party, Politics and Employees and the head of General Manager Office of CPECC and the compliance team leader of CPECC.

Mr. Lian Yongjiu (連永久)

Employee representative supervisor and head of the Auditing Department.

aged 56, is a professor-level senior engineer, bachelor's degree in engineering, majoring in power plant thermal power engineering. He joined the Group in 1982, and is currently the employee representative supervisor and head of the Auditing Department of the Company. Mr. Lian started his career in 1982, worked as the deputy director of the Planning and Operation Department of Northwestern Electric Power Design Institute (西北電力設計院), the vice president of Guodian North China Electric Power Design Institute Engineering Co., Ltd. (國電華北電力設計院工程有限公司), the general manager of Beijing Guodian North China Electric Power Engineering Co., Ltd. (北京國電華北電力工程有限公司), the director and the general manager of China Power Engineering Consulting Group North China Electric Power Design Institute Engineering Co., Ltd. (中國電力工程顧問集團華北電力設計院工程有限公司), and the head of the Audit Department of Energy China Group.

Mr. Mao Xiangqian (茅向前)

Employee representative supervisor.

aged 46, obtained master's degree in administrative management. He joined the Group in 1988, and is currently the employee representative supervisor of the Company; Mr. Mao started his career in 1988; and served as the deputy head of the General Manager Office of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司), the head of the General Manager Office of CGGC Group and the deputy head of the Party Work Department and the head of the Labour Union of Energy China Group.

Profile of Directors, Supervisors and Senior Management

Mr. Fu Dexiang (傅德祥)

Supervisor.

aged 65, senior accountant, obtained an academic diploma of post-secondary education in business management. He joined the Group in 2015, and is currently a supervisor of the Company and is also a senior consultant of China Shipbuilding Industrial Complete Equipment & Logistics Co., Ltd. (中船工業成套物流公司). Mr. Fu served as the deputy manager of the Service Branch, the deputy manager of the Service Department, manager of the Operation Department, deputy head and head of the Finance Department of Hudong Shipyard (滬東造船廠), the deputy head and head of the Finance Department of China State Shipbuilding Corporation (中國船舶工業集團公司), the general manager of Zhong Chuan Finance Co., Ltd (中船財務有限責任公司) and senior specialist of China State Shipbuilding Corporation (中國船舶工業集團公司).

Mr. Wei Zhongxin (韋忠信)

Supervisor.

aged 62, senior economist. He joined the Group in 2015, and is currently a supervisor of the Company. Mr. Wei worked as the head of the General Office, the deputy chief economist and assistant to the president of China Railway Engineering Corporation (中國鐵路工程總公司), the director of CRGL Resource Group Company Limited (中鐵資源集團有限公司) and the chairman of the board of directors of China Railway Assignment No. 2 Bureau (中國中鐵外派中鐵二局) and the chairman of the supervisory committee of China Railway Assignment No. 9 Bureau (中國中鐵外派中鐵九局).

3 SENIOR MANAGEMENT

Mr. Ding Yanzhang (丁焰章)

Executive Director and vice chairman of the Board, general manager, member of the Strategy Committee.

aged 51, is a professor-level senior engineer and obtained a bachelor's degree in engineering, majoring in hydraulic engineering machinery, a master's degree in management, majoring in administrative management. He joined the Group in 1984, and is currently an executive Director, the vice chairman of the Board, the general manager, member of the Strategy Committee of the Board, while at the same time is also the director of Energy China Group. Mr. Ding started work in 1984, and has served as the general manager of China Gezhouba Group No. 2 Engineering Co., Ltd. (中國葛洲壩集團第二工程有限公司), the president of Lancang River Construction Bureau of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工 程集團有限公司瀾滄江施工局), the director of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司), the director, the general manager and the chairman of the board of directors of CGGC Group, the general manager of CGGC Group and the general manager of Energy China Group.

Mr. Zhang Xianchong (張羨崇)

Executive Director and the deputy general manager.

aged 56, is a professor-level senior engineer and obtained a master's degree in engineering. He joined the Group in 2014, and is an executive Director and the deputy general manager of the Company. Mr. Zhang started work in 1982, and has served as the head of the Cadres Office under the Personnel and Education Department of the Ministry of Electric Power (電力部人事教育司幹部處), the deputy director of Human Resources Bureau of State Grid Corporation of China (國家電力公司人事勞動局), the deputy director of the Human Resources and Directors Department of State Grid Corporation of China (國家電力公司人事與董事部), the general manager of the China Electric Power Technology IMP. & EXP. Corporation (中國電力技術進出口公司), the deputy general manager of Sichuan Electric Power Corporation (四川省電力公司), the general manager of Jilin Province Electric Power Company Limited (吉林省電力有限公司), the deputy chief engineer of State Grid Corporation of China (國家電網公司) and the deputy general manager of Energy China Group.

Profile of Directors, Supervisors and Senior Management

Ms. Zhao Jie (趙潔)

Deputy general manager.

aged 59, a professor-level senior engineer and obtained a bachelor's degree in engineering. She joined the Group in 1983, and is currently the deputy general manager of the Company. Ms. Zhao joined North China Electric Power Design Institute (華北電力設計院) in 1983, and has once served as the vice president of North China Electric Power Design Institute (華北電力設計院), the president of Electric Power Planning & Engineering Institute (電力規劃設計總院), the general manager of China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司), the deputy general manager of CPECC, an independent non-executive director of Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) (Stock Code: 601991.SH; 0991.HK), an executive director of EPPE Company and the deputy general manager of Energy China Group.

Mr. Nie Kai (聶凱)

Deputy general manager.

aged 57, a professor-level senior engineer and obtained a master's degree in engineering, majoring in electronic and information engineering. He joined the Group in 1982, and is currently the deputy general manager of the Company, the executive director and general manager of CGGC Group and the chairman of the board of directors of CGGC; Mr. Nie started his career in 1982, served as deputy superintendent of the Electromechanical Department of Gezhouba Three Gorges Headquarter (葛洲壩三峽指揮部), the vice chairman and general manager of China Gezhouba Group No.1 Engineering Co., Ltd. (中國葛洲壩集團第一工程有限公司), the deputy general manager of CGGC Group, the vice chairman and general manager of China Gezhouba Group International Engineering Co.,Ltd. (中國葛洲壩集團國際工程有限公司), deputy general manager and director of CGGC and the deputy general manager of Energy China Group.

Profile of Directors, Supervisors and Senior Management

Mr. Wu Chunli (吳春利)

Deputy general manager.

aged 52, professor-level engineer, bachelor's degree in hydrogeology. He joined the Group in 1999, and is currently the deputy general manager of the Company, the executive director and the general manager of CPECC. Mr. Wu started his career in 1985, served as the deputy director, assistant to the chairman and the director of the Human Resource Department, and the vice-president of Exchange Service Center of Electric Power Planning & Engineering Institute (電力規劃設計總院人才交流服務中心), the deputy manager of China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司), the deputy manager and manager of China Power Engineering Consulting Group Corporation (中國電力工程顧問集團公司).

Mr. Yu Gang (于剛)

Deputy general manager.

aged 54, professor-level senior engineer, a doctor's degree in engineering, majoring in electrical engineering. He joined the Group in 2001, and is currently the deputy general manager of the Company. Mr. Yu started his career in 1982, worked as president of Shandong Weifang Electricity Affairs Bureau (山東濰坊電業局), the president of Shandong Electric Power Engineering Consulting Institute (山東電力工程諮詢院), the general manager of China Power Construction Engineering Consulting Corporation (中國電力建設工程諮詢公司), the deputy general manager of CPECC, the vice president of Electric Power Planning & Engineering Institute (電力規劃設計總院) and the deputy general manager of Energy China Group.

Mr. Zhou Hougui (周厚貴)

Deputy general manager.

aged 53, professor-level senior engineer, a doctor's degree in engineering, majoring in water structural engineering. He joined the Group in 1982, and is currently the deputy general manager of the Company. Mr. Zhou started his career in 1982, worked as the chief engineer of Gezhouba Engineering Bureau Three Gorges Headquarter (葛洲壩工程局三峽指揮部), the deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團有限公司), the deputy general manager and the chief engineer of CGGC Group, the deputy general manager and chief engineer of CGGC, the deputy general manager and chief engineer of Energy China Group, and the president of the Engineering Institute.

Profile of Directors, Supervisors and Senior Management

Mr. Lan Chunjie (蘭春杰)

Deputy general manager.

aged 57, professor-level senior engineer, a master's degree in engineering, majoring in hydraulic engineering, joined the Group in 2011, and is the deputy general manager of the Company. Mr. Lan started his career in 1982, served as the deputy head of the Science and Technology Department, the head of Quality of Science and Technology Department, the vice-president and president of Guiyang Survey and Design Institute (貴陽勘測設計研究院), the assistant to the general manager, the head of the Human Resources Department and the deputy general manager of China Hydropower Engineering Consulting Group Company Limited (中國水電工程顧問集團公司), the deputy general manager of Energy China Group.

Mr. Chen Guanzhong (陳關中)

Chief accountant.

aged 46, senior accountant, bachelor's degree in economics, majoring in enterprise management, joined the Group in 2004, and is the chief accountant of the Company. Mr. Chen started his career in 1990, served as the deputy head and head of the Finance Department, the head of the Audit Department, the deputy chief accountant and the chief accountant of China National Chemical Engineering Six Construction Company (中國化學工程第六建設公司), the chief accountant of CPECC, and the deputy chief accountant and chief accountant of Energy China Group.

Mr. Duan Qiurong (段秋榮)

Secretary to the Board and joint company secretary.

aged 54, senior economist, master's degree in engineering, majoring in control engineering, joined the Group in 1982, and is the secretary to the Board and joint company secretary of the Company. He also serves as director of China Energy Engineering Group Equipment Co., Ltd. (中國能建集團裝備有限公司) and CGGC. Mr. Duan started his career in 1982, served as deputy head and head of the Party Committee Office of CGGC Group, the head of the Reform and Development Department and the head of the Strategic Investment Department of CGGC Group, the head of the Strategic Investment Department of CGGC Group and CGGC, the head of the Strategic Development Department of Energy China Group and the head of Strategic Investment Department of Energy China Group.

Report of the Board

1 Principal Activities

The Company is one of the largest comprehensive solutions providers for the power industry in China and globally, mainly engaged in survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and other business.

2 Business Review

In 2015, with complex and changeable environment and macroeconomic situation of downward domestic economy pressure, our main businesses realized sustained and healthy development, with survey, design and consultancy business maintained a dominant position; construction and contracting business grew rapidly; implementation of complete sets of supply and system integration operating mode in respect of equipment manufacturing business achieved progress; civil explosives and cement production business maintained a leading position in the industry, investment and other businesses remained steady development. The Company optimized the structure of business and drove the transformation and upgrading of businesses, through which, the international business, general contracting business, and non-power construction business develop fast, with new contracts increased by 18.81%, 18.75%, 31.88% respectively as compared with the corresponding period of last year.

Details of the business development of the Company in 2015 are set out in the "Business Overview" of this annual report.

Details of the analysis of operation performance of the Company, analysis of risks and details of employees in 2015 are set out in the "Management Discussion and Analysis" of this annual report.

Details of the subsequent events after the balance sheet date for the year 2015, relationship with major customers and suppliers of the Company are set out in the "Report of the Board" of this annual report.

Details of the compliance with relevant laws and regulations which have a significant impact on the Company in 2015 are set out in the "Report of the Supervisory Committee" of this annual report.

Details of the environmental policies and performance of the Company in 2015 are set out in the "Corporate Governance Report" of this annual report.

Details of the future development and outlook of the Company are set out in the "Business Overview" of this annual report.

3 Financial Performance

Profit of the Company for the year ended 31 December 2015 and financial position of the Company at the end of the Reporting Period are set out in the "Consolidated Statement of Profit and Loss and Other Comprehensive Income" and the "Consolidated Statement of Financial Position" of this annual report.

4 Dividend

The Board recommended the payment of a final dividend of RMB0.416 cents per share (tax included) for the year to shareholders listed in the register of members of the Company on Monday, 20 June 2016. Payment will be made on 29 July 2016 subject to the approval by the shareholders at the annual general meeting of the Company to be held on 8 June 2016.

5 Property, Plant and Equipment

Details of the movement in property, plant and equipment are set out in note 15 to the "Consolidated Financial Statements" of the annual report.

6 Share Capital

On 10 December 2015, the Company issued 8,000,000,000 H shares under the initial public offering. Selling shareholders disposed of 800,000,000 H shares under the global offering.

As of the end of the Reporting Period, the total share capital of the Company was 29,600,000,000 shares, including 20,800,000,000 domestic shares, accounted for 70.27% of the total share capital, and 8,800,000,000 H shares, accounted for 29.73% of the total share capital. Details of the share capital of the Company as of 31 December 2015 are set out in note 42 to the "Consolidated Financial Statements" of this annual report.

An additional of 462,436,000 H shares were allotted and issued upon the partial exercise of the over-allotment options on 8 January 2016.

All of the 9,262,436,000 H shares issued and disposed under the global offering immediately after the partial exercise of over-allotment options, including 842,039,636 shares transferred by the National Council for Social Security Fund to reduce its state-owned shares, are held by the public, accounted for 30.85% of the total share capital of the Company, which complied with the requirements of the Listing Rules as the capital structure of the Company maintained sufficient public float.

7 Reserve

The reserve of the Group for the year is set out in "Consolidated Statement of Changes in Equity" of the annual report.

8 Distributable Reserve

Details of distributable reserve of the Company as at 31 December 2015 is set out in note 53 to the "Consolidated Financial Statement" of this annual report.

9 Using of Proceeds from the Initial Public Offering

On 10 December 2015, the Company completed the initial public offering of 8,000,000,000 H shares, and the selling shareholders sold 800,000,000 H shares under the global offering at an offering price of HK$1.59 per share. The amount of proceeds raised was HK$13.99 billion in total, equivalent to approximately RMB11.72 billion. As of 31 December 2015, after deducting (i) the net amount of the proceeds from disposal of sales shares made by the selling shareholders under the global offering; and (ii) the underwriting commission and other estimated expenses related to the global offering, net amount of the proceeds from global offering of the Company amounted to HK$12.39 billion, equivalent to approximately RMB10.27 billion, which will be used for purposes in consistency with those set out in the prospectus of the Company dated 27 November 2015.

As of 31 December 2015, the above proceeds have not been utilized by the Company.

10 Major Customers and Suppliers

For the year ended 31 December 2015, the sales revenue from the five largest customers of the Company accounted for approximately 4.08%, 3.15%, 2.21%, 2.01%, 1.79% of the total revenue of the Company, respectively, representing 13.24% of the total revenue of the Company.

For the year ended 31 December 2015, the purchase amount from the five largest suppliers of the Company accounted for approximately 0.94%, 0.78%, 0.55%, 0.34%, 0.30% of the aggregate amount of goods and subcontracting purchase respectively, representing 2.91% of the total cost of the Company.

None of the Directors, supervisors and their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the share capital of the Company), has any interest in the above five largest customers and five largest suppliers.

The Company maintained good relationship with existing and potential customers and suppliers, as understanding of the market trend helps the Company to monitor and review customer's credit quality and make timely adjustment to its operation strategies, which is very important to the success and development of the Company, and does not constitute a dependence on minority customers and suppliers.

11 Subsidiaries, Joint Ventures and Associates

The details of the principal subsidiaries, joint ventures and associates of the Company for the year ended 31 December 2015 are set out in note 19, 20 and 21 to the "Notes to the Consolidated Financial Statements" of this annual report, respectively.

12 Directors, Supervisors and Senior Management

The following table sets forth certain information of our Directors during the Reporting Period:

Name	Position	Date of appointment
Wang Jianping (汪建平)	Chairman of the Board and Executive Director	19 December 2014
Ding Yanzhang (丁焰章)	Vice Chairman of the Board, Executive Director	19 December 2014
Zhang Xianchong (張羨崇)	Executive Director	19 December 2014
Ma Chuanjing (馬傳景)	Non-executive Director	19 December 2014
Ding Yuanchen (丁原臣)	Independent Non-executive Director	19 December 2014
Wang Bin (王斌)	Independent Non-executive Director	19 December 2014
Zheng Qiyu (鄭起宇)	Independent Non-executive Director	19 December 2014
Cheung Yuk Ming (張鈺明)	Independent Non-executive Director	28 May 2015

The table below sets out certain information of our supervisors during the Reporting Period:

Name	Position	Date of appointment
Wang Baoguo (王保國)	Chairman of the Supervisory Committee	19 December 2014
Lian Yongjiu (連永久)	Employee Representative Supervisor	19 December 2014
Mao Xiangqian (茅向前)	Employee Representative Supervisor	19 December 2014
Fu Dexiang (傅德祥)	Supervisor	28 May 2015
Wei Zhongxin (韋忠信)	Supervisor	28 May 2015

The table below sets forth certain information of the senior management of the Company during the Reporting Period:

Name	Position	Date of appointment
Ding Yanzhang (丁焰章)	Vice Chairman of the Board, Executive Director and General Manager	19 December 2014
Zhang Xianchong (張羨崇)	Executive Director and Deputy General Manager	19 December 2014
Zhao Jie (趙潔)	Deputy General Manager	19 December 2014
Nie Kai (聶凱)	Deputy General Manager	19 December 2014
Wu Chunli (吳春利)	Deputy General Manager	19 December 2015
Yu Gang (于剛)	Deputy General Manager	19 December 2014
Zhou Hougui (周厚貴)	Deputy General Manager	19 December 2014
Lan Chunjie (蘭春杰)	Deputy General Manager	19 December 2014
Chen Guanzhong (陳關中)	Chief Accountant	19 December 2014
Duan Qiurong (段秋榮)	Secretary to the Board and Joint Company Secretary	31 March 2015

The individual information of the existing Directors, supervisors and senior management of the Company is set out in the "Profile of Directors, Supervisors and Senior Management" of this annual report.

The independent non-executive directors are appointed for a period of three years. The Company has received annual confirmations of independence from Mr. Ding Yuanchen, Mr. Wang Bin, Mr. Zheng Qiyu and Mr. Cheung Yuk Ming, and as at the date of this report, the Company still considers them to be independent.

13 Interests of Directors and Supervisors in Contracts

Save as the service contracts, no Directors or supervisors or entities connected with Directors or supervisors have or had material interests, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company, any of its subsidiaries or fellow subsidiaries or its holding company is a party during the Reporting Period.

14 Remuneration of Directors, Supervisors and Senior Management

The table below sets forth certain information of remuneration of Directors, supervisors and senior management of the Company for the year 2015:

Personnel	Basic salaries, directors' fee and other allowance (RMB)	Provision of housing funds (RMB)	Contribution to retirement benefit scheme (RMB)	Discretionary bonus (RMB)	Sub-total (RMB)
Directors:					
Wang Jianping (汪建平)*	160,000.00	26,472.00	44,121.60	414,788.00	645,381.60
Ding Yanzhang (丁焰章)*	160,000.00	26,472.00	44,121.60	414,788.00	645,381.60
Zhang Xianchong (張羨崇)*	144,000.00	26,472.00	44,121.60	373,300.00	587,893.60
Ma Chuanjing (馬傳景)	–	–	–	–	–
Ding Yuanchen (丁原臣)	95,338.00	–	–	–	95,338.00
Wang Bin (王斌)	92,004.00	–	–	–	92,004.00
Zheng Qiyu (鄭起宇)	75,670.00	–	–	–	75,670.00
Cheung Yuk Ming (張鈺明)	56,003.00	–	–	–	56,003.00
Supervisors:					
Wang Baoguo (王保國)*	136,000.00	26,472.00	44,121.60	352,496.00	559,089.60
Lian Yongjiu (連永久)	296,218.56	26,472.00	44,121.60	443,918.99	810,731.15
Mao Xiangqian (茅向前)	267,677.52	26,472.00	44,121.60	413,750.51	752,021.63
Wei Zhongxin (韋忠信)	45,997.50	–	–	–	45,997.50
Fu Dexiang (傅德祥)	47,997.50	–	–	–	47,997.50
Senior Management:					
Zhao Jie (趙潔)*	144,000.00	26,472.00	44,121.60	373,300.00	587,893.60
Nie Kai (聶凱)*	144,000.00	26,472.00	44,121.60	373,300.00	587,893.60
Wu Chunli (吳春利)*	144,000.00	26,472.00	44,121.60	373,300.00	587,893.60
Yu Gang (于剛)*	142,400.00	26,472.00	44,121.60	369,208.00	582,201.60
Zhou Hougui (周厚貴)*	142,400.00	26,472.00	44,121.60	369,208.00	582,201.60
Lan Chunjie (蘭春杰)*	142,400.00	26,472.00	44,121.60	369,208.00	582,201.60
Chen Guanzhong (陳關中)*	142,400.00	26,472.00	44,121.60	366,659.00	579,652.60
Duan Qiurong (段秋榮)	304,170.09	26,472.00	44,121.60	453,442.65	828,206.34

*Note: Pursuant to the relevant provisions of SASAC, for these management who is supervised by SASAC, 30% of their 2014 performance-based salary (approved in 2015) will be deferred till the assessment of the term period is completed.

15 Directors' and Supervisors' Rights to Acquire Shares or Debentures

As of 31 December 2015, none of the Company, shareholders of the Company or the companies under the same controlling shareholders with the Company was a party to any arrangement to entitle the Company's Directors, supervisors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

16 Directors' and Supervisors' Service Contracts

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract with the Company for a fixed term of three years commencing from the Listing Date, subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with the Articles of Association of the Company and the applicable laws, rules and regulations.

Each of the supervisors has entered into a contract with the Company in respect of, among others, compliance of relevant laws and regulations, observance of the Articles of Association and provision on arbitration.

Save as disclosed above, none of the Directors and Supervisors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

17 Directors' and Supervisors' Interest and Short Positions in Shares, Underlying Shares and Debentures

As of 31 December 2015, based on the information available to the Company and to the best knowledge of the Directors, none of the Directors, supervisors and chief executives of the Company had any interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

18 Approved Indemnity Provisions

The Company has purchased the responsibility insurances for Directors, supervisors and senior management in an amount of US$40 million in accordance with Provision A.1.8 of the Corporate Governance Code. Except for such insurances, the Company has no valid indemnity provisions (as defined in Companies (Directors' Report) Regulation of the Chapter 622D of Hong Kong Laws) approved during the Reporting Period and at the time of approval of this report.

19 Management Contracts

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year, except for the employment contracts.

20 Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As of 31 December 2015, after the reasonable enquiry by the Directors of the Company, the persons below (other than the Directors, supervisors and chief executives of the Company) have interests or short position in the shares or underlying shares which will have to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and which will be required to record in the register maintained by the Company pursuant to section 336 of the SFO:

Register of Shareholders	Class of Shares	Capacity/Nature of Interest	Number of Shares interested*	Approximate percentage of shareholding in the Company's total issued share capital (%)[1]	Approximate percentage of shareholding in the Company's total issued domestic shares (%)[1]	Approximate percentage of shareholding in the Company's total issued H shares (%)*[1]
Energy China Group [2] [7]	Domestic Shares	Beneficial owner	20,701,257,778(L)	69.94	99.53	–
		Interest of controlled corporation	98,742,222(L)	0.33	0.47	–
China International Capital Corporation Limited (中國國際金融股份有限公司)[3][8]	H Shares	Interest of controlled corporation	1,145,228,000(L)	3.87	–	13.01
			286,664,000(S)	0.97		3.26
Buttonwood Investment Holding Company Ltd.[4]	H Shares	Interest of controlled corporation	1,462,338,000(L)	4.94	–	16.62
Silk Road Fund Co., Ltd(絲路基金有限責任公司)[4]	H Shares	Interest of controlled corporation	1,462,338,000(L)	4.94	–	16.62
Cyan Amber Investment Limited [4]	H Shares	Interest of controlled corporation	1,462,338,000(L)	4.94	–	16.62
CEZN Limited [4]	H Shares	Beneficial owner	1,462,338,000(L)	4.94	–	16.62
Central Huijin Investment Ltd. [5] [9]	H Shares	Interest of controlled corporation	1,086,436,000(L)	3.67	–	12.35
China Construction Bank Corporation [5] [9]	H Shares	Investment manager	961,300,000 (L)	3.25	–	10.92
		Others	125,136,000(L)	0.42	–	1.42
State Grid Corporation of China [6]	H Shares	Interest of controlled corporation	974,892,000(L)	3.29	–	11.08
State Grid International Development Co., Ltd. [6]	H Shares	Interest of controlled corporation	974,892,000(L)	3.29	–	11.08
State Grid International Development Limited [6]	H Shares	Beneficial owner	974,892,000(L)	3.29	–	11.08
E Fund Management Co., Ltd (易方達基金管理有限公司)	H Shares	Investment manager	961,300,000(L)	3.25	–	10.92
China Huaxing (Hong Kong) International Co., Ltd (中國華星(香港)國際有限公司)	H Shares	Beneficial owner	633,704,000(L)	2.14	–	7.20

Notes:

* Letter "L" means long position in the securities and letter "S" means short position in the securities.

(1) The calculation is based on the approximate percentage of shareholding in the Company's 8,800,000,000 issued H shares, 20,800,000,000 issued domestic shares and 29,600,000,000 shares of the total issued share capital on 31 December 2015.

(2) EPPE Company is a wholly-owned subsidiary of Energy China Group and is interested in 98,742,222 Domestic Shares, representing 0.47% of the domestic share capital of the Company. Therefore, Energy China Group is deemed to be interested in domestic shares held by EPPE Company.

(3) These shares are directly held by China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司). China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司) is wholly-owned by China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司); while the latter is wholly-owned by China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) are deemed to be interested in shares held by China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司).

(4) These shares are directly held by CEZN Limited. CEZN Limited is wholly-owned by Cyan Amber Investment Limited; while the latter is wholly-owned by Silk Road Fund Co., Ltd (絲路基金有限責任公司). Buttonwood Investment Holding Company Ltd. holds 65% equity in Silk Road Fund Co., Ltd (絲路基金有限責任公司). Therefore, Cyan Amber Investment Limited, Silk Road Fund Co., Ltd (絲路基金有限責任公司) and Buttonwood Investment Holding Company Ltd. are deemed to be interested in shares held by CEZN Limited.

(5) Central Huijin Investment Ltd. holds 57.31% equity in China Construction Bank Corporation. Therefore, Central Huijin Investment Ltd. is deemed to be interested in shares held by China Construction Bank Corporation.

(6) These shares are directly held by State Grid International Development Limited. State Grid International Development Limited is wholly-owned by State Grid International Development Co., Ltd.; while the latter is wholly-owned by State Grid Corporation of China. Therefore, State Grid International Development Co., Ltd. and State Grid Corporation of China are deemed to be interested in shares held by State Grid International Development Limited.

(7) As at 8 January 2016, the Company issued an additional 462,436,000 H shares (42,039,636 of which are converted from domestic shares) upon exercise part of over-allotment option. As a result, the number of H shares, domestic shares and total share capital in issue of the Company were 9,262,436,000 shares, 20,757,960,364 shares and 30,020,396,364 shares respectively as of 8 January 2016 and Energy China Group held 20,757,960,364 domestic shares of the Company on the same date.

(8) After the balance sheet date of 31 December 2015, according to the forms as filed by China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司), their interests in the Company have reduced to 1,000,000 shares and no longer hold any short position in the shares of the Company.

(9) After the balance sheet date of 31 December 2015, according to the forms as filed by Central Huijin Investment Ltd. and China Construction Bank Corporation, their interests in the Company have reduced to 961,300,000 shares.

21 Interest of Directors in Competing Businesses

Except as disclosed below, none of the Directors or their associates directly or indirectly has any interest in the businesses which constitute or may constitute competition with the business of the Company.

Names of directors	The Company	Energy China Group
Wang Jianping (汪建平)	Executive Director and Chairman of the Board	Chairman of the Board and General Manager
Ding Yanzhang (丁焰章)	Executive Director, Vice Chairman of the Board and General Manager	Director

22 Competing Businesses

Retained Business of Energy China Group: the potential competition between the Company and the retained business of Energy China Group namely China Energy Engineering Group Beijing Electric Power Construction Company (中國能源建設集團北京電力建設公司) and China Energy Engineering Group Shanxi Electric Power No. 2 Construction Company (中國能源建設集團山西省電力建設二公司) is limited for the following reasons:

(1) The abovementioned two companies are engaged in the construction of power engineering projects only, whereas the Company's business consists of five segments, including survey, design and consultancy, construction and contracting, equipment manufacturing, civil explosives and cement production, investment and others, which enables the Company to provide one-stop integrated solutions and full life-cycle project management services.

(2) The abovementioned two companies conduct their businesses mainly in Hebei and Shanxi provinces, of which Hebei province is not a key market of our Group and the scale of operation of these two companies in Shanxi province is remote as compared to that of the Company, whereas the Company's business expands across a broad range of regions both in China and overseas.

(3) Comparing the revenue and the contract amount of the abovementioned two companies with the revenue and the contract amount of the construction and contracting segment of the Company in 2015, the difference is minimal.

(4) To safeguard the interests of the Company and its shareholders, the Company has entered into the custodian service agreement with Energy China Group, pursuant to which the Company can exercise various management and operation rights over the above mentioned two companies, and has been granted pre-emptive rights over the abovementioned companies under certain circumstances. Therefore, the Company is able to effectively manage and control the potential competition between the Company and the above mentioned two companies.

(5) To avoid potential competition from Energy China Group, Energy China Group has issued a non-competition undertaking and undertaken that Energy China Group will not engage in any business which directly or indirectly competes with the principal business of the Company.

The Company has received annual confirmation on commitment of non-competition undertaking from Energy China Group, and the independent non-executive Directors have reviewed the non-competition undertaking and confirm that Energy China Group has not breached the commitment during the year.

23 Connected Transactions

The Company has conducted the following continuing connected transactions during the year which are subject to the reporting, annual review and announcement requirement under Chapter 14A of the Listing Rules:

23.1 Property Lease Framework Agreement

The Company entered into a property lease framework agreement with Energy China Group on 18 November 2015. At the establishment of the Company, part of the properties occupied by the Company originally was not transferred to the Company from Energy China Group and was still managed by Energy China Group. The above transaction was due to that the relocation of the Company's production and operation to other place may lead to unnecessary interruption of the business of the Group and also may incur relevant expenses. The annual caps of the property lease framework agreement for the year of 2015, 2016 and 2017 are as follows:

Unit: RMB million

	2015	2016	2017
Total rent (proposed annual cap)	**111.568**	166.478	166.478

23.2 920 Funds Time Deposit

In March 2012, MOF issued a notice regarding the allocation of the 920 Funds to Energy China Group. Energy China Group had placed part of the 920 Funds in a total amount of RMB1,100 million in the form of fixed-term deposits with Gezhouba Finance Company, details of which are set out below:

Unit: RMB million

Deposit Date	Amount	Term	Annual interest rate
17 April 2013	600	Three years	4.675%
17 April 2013	500	Five years	5.225%

Pursuant to the requirement of MOF, the 920 Funds should be deposited in designated bank accounts by Energy China Group. Before the establishment of the Company, Energy China Group deposited part of the 920 Funds in Gezhouba Finance Company, which has become one of our subsidiaries after the establishment. Certain entities to which the beneficiaries of the 920 Funds belong had become part of our Group, and some remained to be operated by Energy China Group after the establishment of the Company. According to the requirements of MOF, the 920 Funds can only be utilized for specified purposes and appropriated in installments in accordance with relevant entities' annual budgets, and considering that the terms of various time deposits of the 920 Funds under the name of Energy China Group had not expired, the 920 Funds were not transferred to the Company during the establishment of the Company and be kept in the original bank accounts after the Listing. The annual caps of the time deposits of the 920 Funds in 2015, 2016 and 2017 are as follows:

Unit: RMB million

	2015	2016	2017
Total maximum daily deposit balances and interest payable (proposed annual caps)	**1,245**	1,261	604

The details of the above connected transaction are set out in note 50 to the "Consolidated Financial Statements" of this annual report.

23.3 Independent Non-executive Directors' Confirmation

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that:

(i) they were entered into in the ordinary and usual course of business of the Company;

(ii) they were entered into on normal commercial terms or better terms and in the interests of the shareholders of the Company as a whole; and

(iii) the proposed annual cap of which is fair and reasonable and in the interest of the Company and shareholders as a whole.

23.4 Independent Audit's Confirmation

The independent auditor of the Company has conducted the review procedures to the above continuing connected transactions and confirms that:

(i) They have not found any matters to enable them believe the disclosed continuing connected transactions not approved by the Company's Board of Directors;

(ii) For continuing connected transactions involving the provision of services by the Group, they have not found any matters enabling them believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(iii) They have not found any matters to enable them believe such transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(iv) As to the aggregate amount of each continuing connected transaction, they have not found any matters to enable them believe the disclosed continuing connected transactions exceeding the maximum of total annual value as set by the Company.

Among the connected transactions mentioned in note 50 to the "Consolidated Financial Statements" in this annual report, time deposits for 920 Funds transaction, Framework Agreement for Property Lease transaction constituted connected transaction within the meaning of Chapter 14A of the Listing Rules and was in compliance with the disclosure requirements under the Chapter 14A Listing Rules.

Save as disclosed in this annual report, there is no connected transactions that are required to be disclosed under the relevant requirements of Chapter 14A of the Listing Rules by the Company since the Listing Date to 31 December 2015.

24 Repurchase, Sale and Redemption of the Listed Securities

Since the Listing Date to 31 December 2015, there is no repurchase, sale or redemption of the listed securities of the Company by the Company and its subsidiaries.

25 Equity-linked Agreement

During the Reporting Period, the Company and its subsidiaries neither entered into any agreements in relation to equity-linked products nor participated in any arrangement to purchase equity-linked financial products.

26 Arrangement for Pre-emptive Right and Share Option

According to the Articles of Association and relevant laws of China, shareholders of the Company have no pre-emptive right. During the Reporting Period, the Company has no arrangement for pre-emptive right and share option.

27 Bank and Other Borrowings

Details of the bank and other borrowings of the Company are set out in note 35 to the "Consolidated Financial Statements" of this annual report.

28 Remuneration and Equity-incentive Policy

The Company believes that, the Directors, senior management and employees are the key to the success of the Company, and their industry knowledge and understanding of the market assisted the Company to maintain market competitiveness. Therefore, the Company determined remuneration of the employees in accordance with the operation results, individual performance of employees and comparable market practice, thus established a remuneration management scheme that is scientific and reasonable, fair and equitable, normative and orderly.

During the Reporting Period, the Company has not initiated any share option incentive plans.

29 Staff Retirement Benefits

Details of the staff retirement benefits of the Company are set out in note 39 to the "Consolidated Financial Statements" of this annual report.

30 Donations

The Company made donations in a total amount of RMB8,446,800 in 2015.

31 Compliance with Code of Corporate Governance

The Company has complied with all the code provisions set out in the Code of Corporate Governance during the period from the Listing Date to 31 December 2015. Details are set out in the "Corporate Governance Report" of this report.

32 Independent Auditor

Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP were appointed as international and domestic independent auditor by the Company to review the financial statements of the Company for the year ended 31 December 2015.

Pursuant to the internal audit rules and procedures, the Company holds bid for the appointment of the auditors for each financial year. After considering the bids of the auditors for the financial year of 2016 and the recommendation of the audit committee of the Company, the Board has proposed at the board meeting held on 29 March 2016 to seek the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company on the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP and BDO China Shu Lun Pan Certified Public Accountants LLP as the international and domestic auditor of the Company for the financial year of 2016.

The Company believes that such change of domestic auditor will contribute to ensuring the quality of financial information and the credibility of the public disclosure, controlling the risk of the information disclosure, further advancing the corporate governance, maintaining and solidifying the image of the Company in the capital markets and satisfying the increasingly strict regulatory requirements.

Deloitte Touche Tohmatsu Certified Public Accountants LLP has confirmed that it is not aware of any matters in respect of the change of domestic auditor that need to brought to the attention of the shareholders of the Company. The Board has also confirmed that there are no other matters in respect of the change of auditor that need to brought to the attention of the Shareholders.

Report of the Supervisory Committee

1 Basic Composition of the Supervisory Committee

The Supervisory Committee was established in 19 December 2014, and members of which were Mr. Wang Baoguo, Mr. Lian Yongjiu and Mr. Mao Xiangqian. Mr. Fu Dexiang and Mr. Wei Zhongxin were newly appointed to be the members of the Supervisory Committee in May 2015. As of 31 December 2015, the Supervisory Committee of the Company consists of five members, namely Mr. Wang Baoguo, Mr. Lian Yongjiu, Mr. Mao Xiangqian, Mr. Fu Dexiang and Mr Wei Zhongxin, and Mr. Wang Baoguo is the chairman of the Supervisory Committee, Mr. Lian Yongjiu and Mr. Mao Xiangqian are employee representative supervisors. The tenure of supervisors is three years.

2 Meetings of the Supervisory Committee

In 2015, the Supervisory Committee of the Company convened three meetings, the details are as follows:

The second meeting of the first session of the Supervisory Committee was held on 2 April 2015, a resolution on Rules of Procedures For the Supervisory Committee Meetings of China Energy Engineering Corporation Limited and the appointment of members of the Supervisory Committee were considered and approved.

The third meeting of the first session of the Supervisory Committee was held on 3 August 2015, a resolution on Standard of Determining Remuneration for External Supervisors was considered and approved.

The fourth meeting of the first session of the Supervisory Committee was held on 29 December 2015, a resolution on Work Plan of the First Session of the Supervisory Committee in 2016 was considered and approved.

3 Basic Evaluation of the Supervisory Committee on Performance of the Board and Senior Management

During the Reporting Period, by the supervision of directors and senior management, Supervisory Committee was of the view that the board of the Company duly performed its duties in strict compliance with the requirements under the Company Law, Listing Rules and the Articles of Association and the requirement of relevant laws and regulations, and operated in accordance with laws. The major business decision making procedures of the Company were legitimate and effective. The directors and senior management of the Company performed their duties strictly in accordance with the national laws and regulations, the Articles of Association and resolutions of the general meeting and the Board. The Supervisory Committee had not found any acts of Directors and senior management being against the interests of the Company and the shareholders or in breach of laws and regulations.

4 Independent Opinions of the Supervisory Committee on Operation of the Company

4.1 Independent opinions on the financial position of the Company

The financial report of the year is prepared in accordance with International Financial Reporting Standards and has been audited by Deloitte Touche Tohmatsu, which reflected the actual financial position and operation results of the Company.

4.2 Independent opinion on disclosure of information by the Company

During the Reporting Period, the Supervisory Committee attended the Board meeting of 2015 and listened to the report about information disclosure. The Supervisory Committee believed that the information disclosure procedures were in compliance with Administration Measures on Information Disclosure and complied with the regulatory requirements of the place in which the Company listed.

4.3 Independent opinions on the connected transactions of the Company

The Supervisory Committee conducted supervision to the connected transactions of the Company and of the view that the approval and disclosure procedure of the connected transactions of the Company were in compliance with the Listing Rules, relevant laws and regulations and requirements of the Articles of Association, and the prices of which were fair and reasonable.

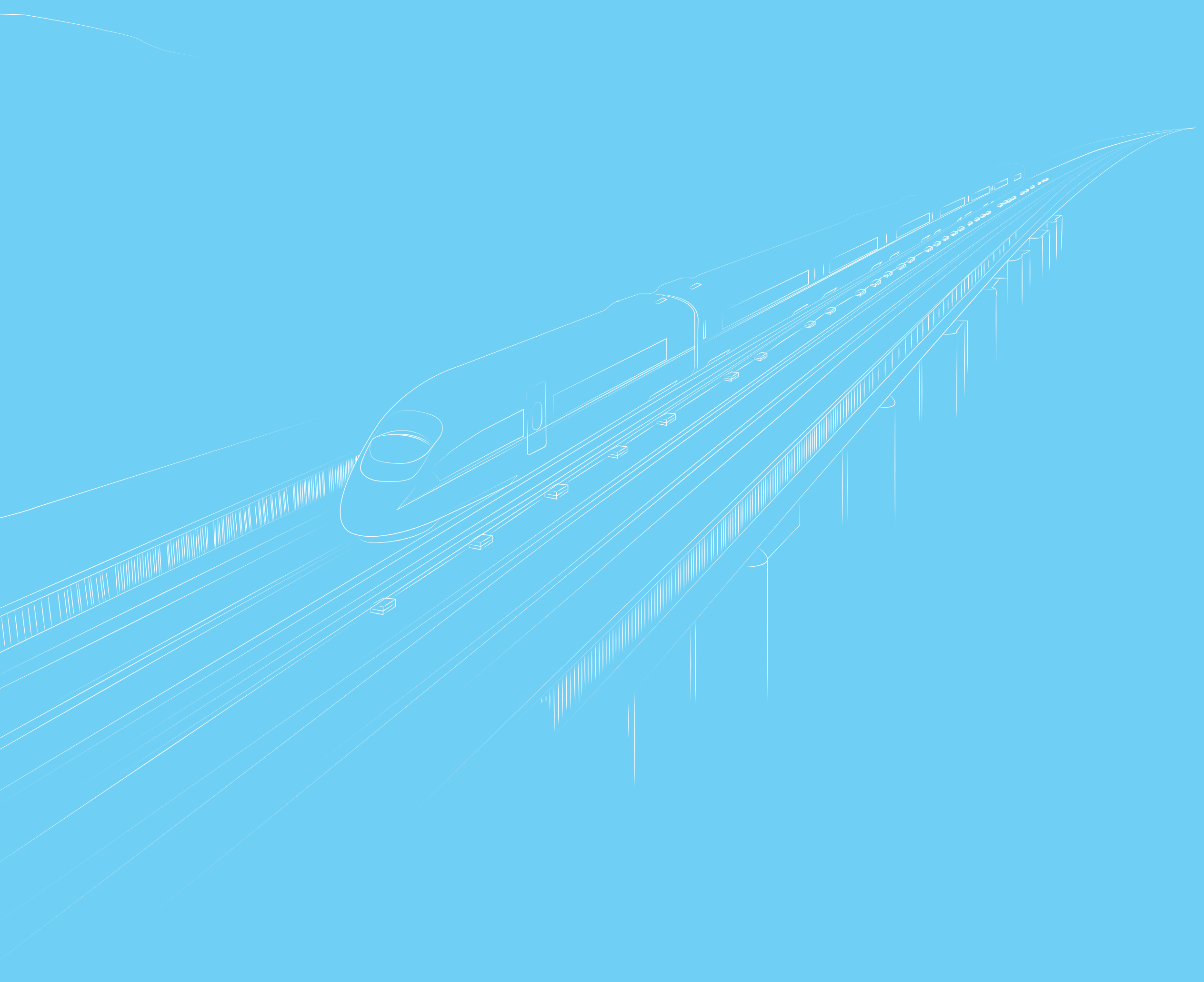
4.4 Independent opinion on the management and use of proceeds of the Company

During the Reporting Period, the Proposal on Confirmation of Issuing H Shares and Listing of China Energy Engineering Corporation Limited and Matters relating to the Global Offering was passed by the Directors at the sixth meeting of the first session of the Board, and the Company successfully issued H Shares in Hong Kong securities market in December 2015. The Supervisory Committee believed that the Company managed and used the proceeds in strictly compliance with the Listing Rules and relevant requirements under the Administrative Measures for Raised Funds by China Energy Engineering Corporation Limited.

5 Working Plan

In 2016, the Supervisory Committee will comply with the relevant requirements under the Company Law, Securities Law, Listing Rules and Articles of Association, and in accordance with the requirement of modern corporate system, continually strengthen the implementation of supervision, with focus on the supervision of major operational decisions of the Company, major acquisition of assets, external investment, management and use of raised funds and disclosure of information, and procure the resolutions passed at the general meeting and the Board meeting, so as to better safeguard the interests of Shareholders.

Corporate Governance Report



Corporate Governance Report

1 Corporate Governance Structure

The Company conducted its business in accordance with Company Law, Securities Law, Listing Rules and relevant laws, rules and regulations as well as requirements of the Articles of Association. The Company established an internal governance structure which consists of general meeting, the Board and special committees, the Supervisory Committee and senior management, and gradually perfected series of policy systems, management measures and working procedures. During the Reporting Period, each of the internal governance departments are operated independently and effectively with their respective duties and obligations fully fulfilled.

2 Compliance with the Corporate Governance Code

As a listed company on the Stock Exchange, the Company has adopted the Corporate Governance Code as the corporate governance code of the Company, and has always complied with all provisions of the Corporate Governance Code during the period from the Listing Date to 31 December 2015.

3 Compliance with provisions of the Model Code

The Company has formulated and implemented internal conduct code which is no less than the Model Code as the code of conduct regarding securities transaction by the Directors and supervisors. During the period from the Listing Date to 31 December 2015, none of the Directors or supervisors of the Company holds shares of the Company or breach any of the regulations therein.

4 Shareholders

4.1 Rights of Shareholders

According to the Articles of Association, the procedures for convening an extraordinary general meeting, making inquiries to the Board and rendering advice on the general meetings by the shareholders are as follows:

a) Convening an Extraordinary General Meeting

Shareholders individually or collectively holding 10% (including 10%) or more of the number of shares with voting rights on the proposed meeting may sign one or more written requests in the same format and content and deliver to the Board for calling on an extraordinary general meeting or a meeting for classes of shares, stating the subjects of the meeting. The Board shall call on an extraordinary general meeting or a meeting for classes of shares within two months after receiving the aforementioned written requests.

b) Making Inquiries to the Board

Shareholders could send emails to dongban3996@ceec.net.cn to make inquiries to the Board with regard to the information of the Company.

c) Making Recommendation to the General Meeting

(1) The Company convenes a general meeting, at which shareholders individually or jointly holding 3% or more shares of the Company are entitled to propose resolutions to the Company. Shareholders individually or jointly holding 3% or more shares of the Company are entitled to propose extraordinary resolutions and submit the same in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting to announce the content of the extraordinary resolutions within 2 days after receiving the proposal.

(2) When convening a general meeting, the Company shall give a written notice to all shareholders 45 days before the date of the meeting. Shareholders who intend to attend the general meeting shall reply the Company in writing that they will attend the meeting within 20 days prior to the convening of the meeting.

4.2 General Meeting

During the Reporting Period, the Company convened two general meetings, details of which are as follows:

Name of the meeting	Time	Meeting manner	Number of shareholders or authorized representative attended	Number of shares represented	The percentage of total
The annual general meeting of 2014	28 May 2015	On-site	2	21.6 billion shares	100%
The first extraordinary general meeting of 2015	19 October 2015	On-site	2	21.6 billion shares	100%

The above general meetings were convened in compliance with relevant legal procedures which safeguarded shareholders' rights of participation and exercise of their rights.

5 The Board

5.1 Composition of the Board

At the end of the Reporting Period, the composition of the Board is as followings:

Wang Jianping	Chairman of the Board and Executive Director
Ding Yanzhang	Vice chairman of the Board and Executive Director
Zhang Xianchong	Executive Director
Ma Chuanjing	Non-executive Director
Ding Yuanchen	Independent Non-executive Director
Wang Bin	Independent Non-executive Director
Zheng Qiyu	Independent Non-executive Director
Cheung Yuk Ming	Independent Non-executive Director

All the Directors do not have any financial, business, family or other material relationship with each other. The number of the independent non-executive Directors represents more than one-third of the total number of members of the Board, one of whom is an independent non-executive Director with appropriate professional qualifications or related accounting and financial management expertise as required under Rule 3.10 and Rule 3.10A of the Listing Rules.

Pursuant to the Articles of Association, the term of office of a director is three years, and may hold consecutive terms upon re-election. While each independent non-executive Director is limited to a maximum term of six years to ensure his/her independence. As of the reporting date, the Company has received the confirmation of independence from each of the independent non-executive directors made in accordance with Rule 3.13 of the Listing Rules. The Company considers that they are independent.

5.2 Board Meetings

In 2015, the Company held six Board meetings in total. A total of 58 proposals were passed at the meetings, including listing proposal, the Articles of Association and the rules of procedures of the general meeting.

The table below sets out the details of board meeting attendance of each Director during the Reporting Period:

	Attendance of Board meeting			Attendance of General Meeting		
Directors	Number of meetings eligible to attend	Number of meetings attended	Attendance rate	Number of meetings eligible to attend	Number of meetings attended	Attendance rate
Wang Jianping	6	6	100%	2	2	100%
Ding Yanzhang	6	6	100%	1	1	100%
Zhang Xianchong *	6	6	100%	1	0	0%
Ma Chuanjing	6	6	100%	1	1	100%
Ding Yuanchen	6	6	100%	1	1	100%
Wang Bin	6	6	100%	1	1	100%
Zheng Qiyu *	6	6	100%	1	0	0%
Cheung Yuk Ming	3	3	100%	1	1	100%

Note: Mr. Zhang Xianchong and Mr. Zheng Qiyu were unable to attend the annual general meeting held on 28 May 2015 due to other engagement.

5.3 The Board and the Management

The Chairman of the Board and the general manager of the Company are held by different persons. The Board and the management fulfill their duties in strict compliance with the requirements under the Articles of Association, Procedures of the Board and Bylaws for General Manager (總經理工作細則).

1) *The Board*

The major duties of the Board are as follows:

- Convening general meetings and report its work to the general meeting;
- Implementing the resolutions of the general meetings;
- Making decision on the business plans and investment plans of the Company; to determine external investments within the authorisation granted, purchases and sales of assets, pledge of assets, external guarantees, entrusted asset management and connected transactions of the Company;
- Appointing or removing senior management members, including the general manager, the secretary of the Board and the deputy general manager of the Company;
- Deciding the establishment of special committees and their composition;
- Formulating profit distribution plans and plans for recovery of losses; increase in or reductions of capital, the issuance of stock, bonds and other securities and listing plans, any amendment to the Articles of Association;
- Preparing plans for the Company's major acquisition, redemption of share, merger, division, dissolution or change the company form;
- Implementing, reviewing and improving the corporate governance system and condition of the Company.

There are currently four committees established under the Board of Directors, being the Strategy Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Audit Committee. Each of the special committees has their rules of procedure and shall be accountable to the Board of Directors. Under the unified leadership of the Board of Directors, the special committees shall provide recommendations, opinions and advice for the decision to be made by the Board of Directors. The special committees may engage intermediary organizations to provide independent professional advice, and the relevant expenses shall be borne by the Company.

During the Reporting Period, in order to further enhance the scientific decision-making of the Board, and to ensure the Board performed effectively in accordance with the regulations, the Board actively expanded communication channels, carried out specialized investigations and research activities, as well as strengthened communication with management and focused timely on important issues.

2) *Management*

The Company has one general manager, who is responsible for and reports to the Board, and has several deputy general managers and a chief accountant to assist the work of the general manager.

The general manager primarily performs the following duties:

- Being in charge of the production, operation and management of the Company, organizing and implementing resolutions of the Board and reporting to the Board;
- Organizing and implementing the annual business plans and investment plans of the Company;
- Drafting the plan for establishment of the internal management structure of the Company;
- Drafting the general management system of the Company;
- Formulating the detailed rules and regulations of the Company;
- Proposing to the board of directors the appointment or dismissal of the vice general managers and chief accountant of the Company;
- Appointing or dismissing management personnel other than those required to be appointed or dismissed by the board of directors.

At the request of the Board, the general manager timely reported on important information related to the Company's operating results, major transactions and material contracts, financial condition and business prospect and regularly reported to the Board on his work, and ensured the truthfulness, objectively and completeness of such reports.

5.4 Continuous professional development training of the Directors

The Company arranges regular seminars and training for Directors, providing them the latest development and updated information of the Listing Rules and other relevant laws and regulatory provisions from time to time.

During the Reporting Period, the Directors have received the following continuing professional trainings:

Directors	Trainings for Directors, supervisors and senior management of Hong Kong listed companies	Trainings for modern corporate system and standard operation	Clauses for major laws and regulations and case analysis lectures for H shares listed companies	Trainings for Listing Rules
Wang Jianping	1	1	1	1
Ding Yanzhang	1	1	1	1
Zhang Xianchong	1	1	1	1
Ma Chuanjing	1	1	1	1
Ding Yuanchen	1	1	1	1
Wang Bin	1	1	1	1
Zheng Qiyu	1	1	1	1
Cheung Yuk Ming	1	1	1	0

5.5 Special Committees of the Board

The establishment of the special committees of the Company was approved by the fifth meeting of the first session of the Board held on 3 August 2015.

5.5.1 Strategy Committee

The major terms of reference of Strategy Committee is to conduct research on the mid- to long-term development strategies, adjustment of asset structure, major organization adjustment, substantial business restructuring, significant investment and financing plans, significant projects of capital management and assets operation of the Company, and make recommendation to the Board as regard to these matters.

At the end of the Reporting Period, the Strategy Committee consists of three members, namely Wang Jianping (executive Director), Ding Yanzhang (executive Director) and Ma Chuanjing (non-executive Director). Wang Jianping is the chairman of the Strategy Committee. The Strategy Committee has not held any meeting since the Listing Date of the Company to the end of the Reporting Period.

5.5.2 Nomination Committee

The major duties of the Nomination Committee is to formulate the standards, procedures and methods for election of directors and senior management members of the Company and submit the same to the Board for consideration; review the structure, size, composition and member qualifications of the Board annually and make recommendations on any issues; review the formulation of the Board on diversity and inspect the implementation of the Board diversity policy; assess the independence of independent non-executive directors; propose the human resources retention scheme and provide recommendation to the Company; make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors;

At the end of the Reporting Period, the Nomination Committee consists of three Directors: Wang Jianping (executive Director), Wang Bin (independent non-executive Director) and Cheung Yuk Ming (independent non-executive Director) and Wang Jianping is the chairman of the Nomination Committee. During the Reporting Period, the Nomination Committee convened one meeting. Proposal on the appointment of Mr. Wu Chunli as deputy manager of China Energy Engineering Corporation Limited was approved and all members attended the meeting.

5.5.3 Remuneration and Assessment Committee

The major duties of the Remuneration and Assessment Committee is to make recommendations to the Board on the Company's remuneration policy and structure for Directors and senior management; to determine the specific remuneration packages of all executive Directors and senior management and to make recommendations to the Board on the remuneration of non-executive Directors; to review the performance by the Directors and senior management of their responsibilities and to conduct annual evaluation on their performance; to approve the terms of executive Directors' service contracts; to make recommendations to the Board on the policies of and plans on the salary, benefits, rewards and punishments of the Company, and monitor the implementation thereof.

The members of Remuneration and Assessment Committee include Zheng Qiyu (independent non-executive Director), Zhang Xianchong (executive Director) and Wang Bin (independent non-executive Director). Zheng Qiyu is the chairman of the Remuneration and Assessment Committee. The Remuneration and Assessment Committee has not held any meeting since the Listing Date of the Company to the end of the Reporting Period.

5.5.4 Audit Committee

The major duties of the Audit Committee is to conduct independent assessment and supervision to the compliance, legality and efficiency of the Company's operation activities on behalf of the Board, particularly including:

- Making proposals to the Board regarding appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and handling any questions of its resignation or dismissal;
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards;
- Developing and implementing policy on engaging an external auditor to provide non-audit services;
- Monitoring the truthfulness, completeness and accuracy of the financial statements, reports and accounts, and reviewing significant financial reporting opinions contained therein;
- Examining the Company's financial controls, risk management systems and internal control;
- Being responsible for the communication between internal audit departments and external auditors in order to ensure coordination between the internal and external auditors;
- Reviewing the financial and accounting policies and practices of the Company;
- Reviewing the risk management strategies and solutions for key risk management issues.

At the end of the Reporting Period, the Audit Committee consists of three non-executive Directors: Ding Yuanchen (independent non-executive Director), Ma Chuanjing (non-executive Director), Cheung Yuk Ming (independent non-executive Director) and Ding Yuanchen is the chairman of the Audit Committee.

During the reporting period, the Audit Committee convened two meetings, met and communicated with external auditor, and considered and approved three resolutions, namely the engagement of an accounting firm, the working plan for 2015 for the Audit Committee of the first session of the Board, arrangement of annual audit and the progress of work. All the members have attended such meetings. The annual results of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee.

5.6 Board Diversity Policy

5.6.1 Purpose

With a view to achieving a sustainable and balanced development, the Company views the increasing diversity of the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments of the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

5.6.2 Measurable Objectives

Candidates of the Company's directors will be selected based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will contribute to the Board. The Board's composition (including gender and age) will be disclosed in the annual report of the Company annually.

5.6.3 Monitoring and Reporting

The Nomination Committee will report annually on the Board's composition under diversified perspectives, and monitor the implementation of Board Diversity Policy.

5.7 Corporate Governance Functions

The Board is collectively responsible for performing the corporate governance functions, of which includes the following:

(1) developing and reviewing the Company's policies and practices on corporate governance;

(2) reviewing and monitoring the training and continuous professional development of the Directors and senior management;

(3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(4) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

(5) reviewing the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

6 The Supervisory Committee

The Supervisory Committee is responsible for supervising the legality of the performance of duties by the Directors and senior management members of the Company, thus to protect the overall benefits of the Company and shareholders. Details are set out in the "Report of the Supervisory Committee" of this annual report.

7 Joint Company Secretaries

According to the provision of the Listing Rules, the Company employed Mr. Duan Qiurong and Ms. Yung Mei Yee as joint company secretaries of the Company. Mr. Duan Qiurong and Ms. Yung Mei Yee are fully complies with the requirements under Rule 3.29 of the Listing Rules. They both received not less than 15 hours of continued specific training during the Reporting Period.

Ms. Yung Mei Yee has resigned as the joint company secretary of the Company on 29 March 2016, and the Company appointed Ms. Mok Ming Wai, a director of KCS Hong Kong Limited and head of listing services division, as the joint company secretary of the Company, with effect on 29 March 2016. Please refer to the announcement dated 29 March 2016 for the details.

8 Internal Control and Risk Management

In strict compliance with the related requirements under the Basic Principles for Internal Control of Enterprises and its ancillary guidelines and the Corporate Governance Code, and combined with its actual situation, the Company sets out internal control and risk management system and established a relatively sound internal control and risk management system.

The Board is responsible for setting up and maintaining the well-developed system of internal control and risk management. The Audit Committee is set up under the Board to oversee the formulation and implementation of the internal control and risk management system. The senior management of the Company established the internal control and risk management committee and an independent audit department. The Company will conduct an overall risk assessment and evaluation of internal control each year to identify any potential significant risks and implement the special risk assessment. And the Company controlled its risk at a reasonable level by continuously improving its internal control through internal and external monitoring.

During the Reporting Period, the Board has reviewed the internal control and risk management system, including the resources, qualification and experience, training courses and sufficiency of budget in respect of accounting and financial reporting. The Board is of view that the internal control and risk management system of the Company is valid and effective.

9 Fulfillment of Social Responsibilities

The Company established and constantly improves the management policy and system, formulated and strictly complied with the Management Measures of Social Responsibilities so as to create the social responsibilities in all works of the Company. The Company took into consideration the benefits of all related parties, with an aim to obtaining trust from investors, recognition from industry, and satisfaction from employees, energy-saving and emission-reduction, green and environmental-friendly, and harmonious of community and other social responsibility goals.

The Company publishes key working points for the annual social responsibility annually, reports the progress of the implementation of social responsibility on quarterly basis, proactively carries out relevant trainings for social responsibility and organizes assessment on excellent practice of social responsibilities to propel the in-depth implementation of each work of social responsibility. Working reports on annual social responsibility will be released regularly by the Company to transmit the concept of the corporate social responsibility and demonstrate the results of implementing social responsibility.

During the Reporting Period, the Company adhered to the people-oriented guidelines, constantly improving the system of employees' rights and promoting the democratic management. At the same time, the Company also paid more attention to the career development and health of employees by holding various activities for the purpose of creating a good development environment and share the development fruits of the Company with its employees. The Company was devoted to the cause of community welfare and public benefit by various forms and channels. The Company proactively participated in the rescue activities when natural disaster happens. It paid attention to the impact of the projects on the society and environment in the course of projects investment and construction, and kept an eye on the benefit to the local areas in the international operation so as to be more harmony with the community in which the corporations and projects located. The Company strongly promoted the research and development and application of technologies and equipment such as the efficient power generation, and cogeneration, use of surplus heat and pressure, smart grid, which provides high-quality energy-saving and emission reduction services to the industry and society.

The Company paid high attention to the working of environmental protection and implemented the laws and regulations in relation to environmental protection, energy-saving and emission reduction of the Country, and requirements of the superior competent department by formulating administration measures and emergency response proposal in areas such as environmental protection, energy-saving and emission reduction, and established the reporting system of energy-consumption pollutant. Direction and supervision was made to the affiliated units' implementation of energy-saving and environmental production by way of signing liability statements, examination, monitoring and assessment and other approaches, with an aim to ensure the total emission of pollutant, emission indicators of each type of contaminant and energy consumption index of manufacturing units comply with the relevant requirement set by the national and local authorities. The Company and its affiliated units did not have any environmental incidents and non-compliant events in relation to energy conservation and emission reduction, which achieved the objective set by the SASAC relating to energy conservation and emission reduction in 2015.

10 Auditors' Remuneration

For the year ended 31 December 2015, the Company paid the auditors on the audit service related costs was RMB16.95 million. For the year ended 31 December 2015, the auditors did not provide any material non-audit service to the Company.

11 Information Disclosure

The chairman of the Board is the first responsible person for the disclosure and management of the Company's information, and the secretary of Board is responsible for the concrete coordination. The Company continues to enhance the construction and standardized operation management of the modern corporation system, earnestly study the laws and regulations governing the securities in the PRC or overseas, establish the management regulations on information disclosure as required for listed companies, intensify the administrative mechanism for inside information and approval procedures for reporting material matters, increase the standard and quality of information disclosure and management, protect the legitimate rights of shareholders, creditors and other stakeholders. The Company has made timely and effective disclosure to the discloseable information during the Reporting Period pursuant to the requirements of the Listing Rules.

12 Accountability of the Directors in relation to Financial Statements

The Directors recognize their related responsibilities for the preparation of the financial statements of the Company and make sure the preparation of the financial statements conforms to relevant laws and regulations and applicable accounting standards, and ensure the financial statements of the Company to be published on time.

The Directors are responsible for overseeing the preparation of the financial statements. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected appropriate accounting policies and applied them consistently and made prudent and reasonable judgment and estimates so as to give a true and fair view of the state of affairs of the Group and of the results for that fiscal year.

The statement of the auditors of the Company about their reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

13 Amendments to the Articles of Association

The Company considered and approved the applicable Articles of Association after its listing at the 2014 general meeting held on 28 May 2015, which has become effective on the Listing Date. The Articles of Association has no change since the Listing Date to the end of the Reporting Period.

14 Investor Relations

The Company attaches attention to provide accurate and timely information to investors, and maintains communication with each other by effective channels, thus reinforce the knowledge of each other and improve the transparency of information disclosure.

The Company regulates the investor relations by formulating the Management Measures of China Energy Engineering Corporation Limited on Investors Relations, Management Measures of China Energy Engineering Corporation Limited on Acceptance of Specific Objects, and sets up the relevant department for investors relations, responsible for calls, visits and site visiting from investors, and for the organization for participating in annual meeting and road show of major financial institutions.

The Company will publish the Company's information in due course. The latest development, announcements and press in relation to the Company are available on the Company's website (www.ceec.net.cn) for investors.

The Company will provide better service to investors by further expanding activities in relation to investors' relations in the future.

Independent Auditor's Report

To The Shareholders of China Energy Engineering Corporation Limited
(established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Energy Engineering Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 66 to 185, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	6	**205,692,949**	183,823,961
Cost of sales		**(182,634,824)**	(163,607,503)
Gross profit		**23,058,125**	20,216,458
Other income	7	**881,638**	656,523
Other gains and losses	8	**803,954**	(98,217)
Selling expenses		**(1,637,078)**	(1,571,500)
Administrative expenses		**(9,995,369)**	(9,030,958)
Research and development expenses		**(2,242,205)**	(1,955,429)
Finance income	9	**731,342**	621,533
Finance costs	9	**(3,002,102)**	(2,962,910)
Share of profit of joint ventures	20	**10,909**	110,704
Share of (loss) profit of associates	21	**(23,315)**	31,629
Profit before tax		**8,585,899**	6,017,833
Income tax expense	12	**(2,115,536)**	(1,922,257)
Profit for the year	10	**6,470,363**	4,095,576
Other comprehensive (expense) income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
– Remeasurement of defined benefit obligations		**(591,258)**	(1,210,300)
– Income tax relating to remeasurement of defined benefit obligations		**21,216**	50,740
		(570,042)	(1,159,560)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**60,878**	(107,238)
– Net fair value (loss) gain on available-for-sale financial assets		**(700,231)**	2,217,845
– Reclassification adjustment to profit or loss on disposal of available-for-sale financial assets		**(101,676)**	(32,323)
– Income tax relating to items that may be reclassified subsequently to profit or loss		**209,947**	(485,504)
		(531,082)	1,592,780
Other comprehensive (expense) income for the year, net of income tax		**(1,101,124)**	433,220
Total comprehensive income for the year		**5,369,239**	4,528,796

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Profit for the year attributable to:			
Owners of the Company		**4,235,671**	2,152,848
Non-controlling interests		**2,234,692**	1,942,728
		6,470,363	4,095,576
Total comprehensive income attributable to:			
Owners of the Company		**3,514,890**	1,975,655
Non-controlling interests		**1,854,349**	2,553,141
		5,369,239	4,528,796
Earnings per share			
– Basic and diluted (RMB)	13	**0.19**	0.10

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**27,701,938**	26,334,747
Prepaid lease payments	16	**8,042,079**	7,869,106
Investment properties	17	**693,514**	627,393
Intangible assets	18	**16,433,014**	16,140,264
Investments in joint ventures	20	**2,868,041**	570,872
Investments in associates	21	**1,656,748**	1,720,121
Goodwill	22	**779,958**	725,467
Available-for-sale financial assets	23	**6,536,527**	7,115,583
Deferred tax assets	24	**1,125,493**	1,140,755
Trade receivables	25	**7,113,935**	4,474,606
Prepayments, deposits and other receivables	26	**1,469,568**	3,188,933
Other loans	27	**1,300,000**	817,000
		75,720,815	70,724,847
CURRENT ASSETS			
Inventories	28	**9,243,066**	9,528,350
Properties under development for sale	29	**17,503,195**	16,642,929
Completed properties for sale	29	**2,116,053**	2,085,983
Amounts due from customers for construction contracts	30	**17,193,862**	16,562,369
Trade and bills receivables	25	**47,374,834**	41,959,821
Prepayments, deposits and other receivables	26	**36,586,775**	23,329,184
Prepaid lease payments	16	**192,057**	144,218
Other loans	27	**3,699,230**	5,291,546
Financial assets at fair value through profit or loss	31	**66,663**	161,397
Pledged deposits	32	**2,650,613**	1,803,386
Bank and cash balances	32	**48,250,759**	30,651,105
		184,877,107	148,160,288
CURRENT LIABILITIES			
Trade and bills payables	33	**62,459,066**	51,535,711
Amounts due to customers for construction contracts	30	**4,553,593**	5,504,889
Other payables and accruals	34	**43,464,444**	44,975,521
Income tax payable		**952,058**	793,688
Bank and other borrowings	35	**35,160,620**	23,261,749
Short-term financing notes	38	**3,515,981**	3,557,772
Defined benefit obligations	39	**776,240**	814,558
Corporate bonds	37	**500,000**	505,981
Finance lease payables	36	**228,775**	144,445
Provisions	40	**323,917**	112,969
		151,934,694	131,207,283

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NET CURRENT ASSETS		**32,942,413**	16,953,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**108,663,228**	87,677,852
NON-CURRENT LIABILITIES			
Other payables and accruals	34	**359,240**	111,283
Bank and other borrowings	35	**29,965,531**	25,863,858
Finance lease payables	36	**279,103**	562,167
Corporate bonds	37	**5,773,612**	6,109,849
Defined benefit obligations	39	**10,077,718**	9,614,629
Deferred tax liabilities	24	**1,041,467**	1,032,059
Deferred revenue	41	**374,185**	382,488
		47,870,856	43,676,333
NET ASSETS		**60,792,372**	44,001,519
Capital and reserves			
Issued share capital	42(a)	**29,600,000**	21,600,000
Reserves	42(b)	**12,375,732**	6,515,913
Equity attributable to owners of the Company		**41,975,732**	28,115,913
Perpetual capital instruments	43	**1,000,000**	–
Non-controlling interests		**17,816,640**	15,885,606
TOTAL EQUITY		**60,792,372**	44,001,519

The consolidated financial statements on pages 66 to 185 were approved and authorised for issue by the board of directors on 29 March 2016 and signed on its behalf by:

DIRECTOR *DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Owner's equity RMB'000	Issued share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Defined benefit obligation remeasurement reserve RMB'000	Investments revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total equity attributable to owners of the Company RMB'000	Perpetual capital instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	17,082,816	–	–	–	–	–	–	–	17,082,816	–	10,793,493	27,876,309
Total comprehensive income	1,975,655	–	–	–	–	–	–	–	1,975,655	–	2,553,141	4,528,796
Cash capital contribution by non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,541,158	2,541,158
Contributions by owners (note a)	3,148,349	–	–	–	–	–	–	–	3,148,349	–	2,623	3,150,972
Event-driven revaluation surplus (note 2)	8,619,309	–	–	–	–	–	–	–	8,619,309	–	–	8,619,309
Acquisition of additional interests in a subsidiary	18,457	–	–	–	–	–	–	–	18,457	–	(203,759)	(185,302)
Acquisition of subsidiaries (note 51)	–	–	–	–	–	–	–	–	–	–	864,654	864,654
Disposal of a subsidiary (note 52)	–	–	–	–	–	–	–	–	–	–	(9,099)	(9,099)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	(656,605)	(656,605)
Cash dividends to owner (note 14)	(716,757)	–	–	–	–	–	–	–	(716,757)	–	–	(716,757)
Other distribution to owner (note b)	(603,273)	–	–	–	–	–	–	–	(603,273)	–	–	(603,273)
Deemed distribution to owner (note c)	(1,408,643)	–	–	–	–	–	–	–	(1,408,643)	–	–	(1,408,643)
Conversion of share capital and other reserves (note d)	(28,115,913)	21,600,000	5,066,957	366,909	414,940	694,272	(27,165)	–	–	–	–	–
At 31 December 2014	–	21,600,000	5,066,957	366,909	414,940	694,272	(27,165)	–	28,115,913	–	15,885,606	44,001,519
Total comprehensive income	**–**	**–**	**–**	**–**	**(402,973)**	**(378,040)**	**60,232**	**4,235,671**	**3,514,890**	**–**	**1,854,349**	**5,369,239**
Contributions by owner (note a)	**–**	**–**	**164,095**	**–**	**–**	**–**	**–**	**–**	**164,095**	**–**	**–**	**164,095**
Issue of shares	**–**	**8,000,000**	**2,542,336**	**–**	**–**	**–**	**–**	**–**	**10,542,336**	**–**	**–**	**10,542,336**
Transaction costs attributable to issue of new shares	**–**	**–**	**(273,258)**	**–**	**–**	**–**	**–**	**–**	**(273,258)**	**–**	**–**	**(273,258)**
Issue of perpetual capital instruments (note 43)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,000,000**	**–**	**1,000,000**
Cash capital contribution by non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**543,289**	**543,289**
Disposal of partial interest in a subsidiary without losing control	**–**	**–**	**54,234**	**–**	**–**	**–**	**–**	**–**	**54,234**	**–**	**339,035**	**393,269**
Acquisition of non-controlling interests	**–**	**–**	**(33,365)**	**–**	**–**	**–**	**–**	**–**	**(33,365)**	**–**	**(96,072)**	**(129,437)**
Acquisition of subsidiaries (note 51)	**–**	**–**	**33,207**	**–**	**–**	**–**	**–**	**–**	**33,207**	**–**	**157,152**	**190,359**
Disposal of subsidiaries (note 52)	**–**	**–**	**61,282**	**–**	**–**	**–**	**–**	**–**	**61,282**	**–**	**(119,728)**	**(58,446)**
Transfer to reserves	**–**	**–**	**474,896**	**42,861**	**–**	**–**	**–**	**(517,757)**	**–**	**–**	**–**	**–**
Dividends declared to non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(746,991)**	**(746,991)**
Other deemed distribution to owner (note e)	**–**	**–**	**(203,602)**	**–**	**–**	**–**	**–**	**–**	**(203,602)**	**–**	**–**	**(203,602)**
At 31 December 2015	**–**	**29,600,000**	**7,886,782**	**409,770**	**11,967**	**316,232**	**33,067**	**3,717,914**	**41,975,732**	**1,000,000**	**17,816,640**	**60,792,372**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Notes:

(a) Capital contributions by China Energy Engineering Group Co., Ltd. ("Energy China Group") and Electric Power Planning & Engineering Institute Co., Ltd. ("EPPE Company", a wholly-owned subsidiary of Energy China Group) during the years ended 31 December 2015 and 2014 are set out below:

During the year ended 31 December 2014, State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") initiated the transactions to obtain equity interests in certain companies in the People's Republic of China (the "PRC") which were not previously owned by SASAC. The equity interests in these companies were then injected by SASAC into Energy China Group at nil consideration as further capital contribution to Energy China Group. These companies form part of the Core Business (see definition in note 2 to these consolidated financial statements) injected into China Energy Engineering Corporation Limited (the "Company") upon its establishment on 19 December 2014 pursuant to the reorganisation (the "Reorganisation") of Energy China Group. The investments in these companies are accounted for as capital contributions to the Company and its subsidiaries (the "Group") by Energy China Group for the year ended 31 December 2014.

In addition to the contributions set out in the preceding paragraph, for the years ended 31 December 2015 and 2014, Energy China Group and EPPE Company also made contributions of (i) a further amount of RMB552,136,000 after taking into consideration of the notice (財政部關於印發《企業公司制改建有關國有資本管理與財務處理的暫行規定》的通知) "Provisional Regulation Relating to Corporate Restructuring of Enterprises and Related Management of State-owned Capital and Financial Treatment" issued by the Ministry of Finance of the PRC (the "MOF") (the English name of the notice is a direct translation of the Chinese name), which became effective from 27 August 2002, and other relevant adjustments upon Reorganisation; and (ii) further cash.

	2015 RMB'000	2014 RMB'000
Property, plant and equipment (note 15)	**7,629**	14,805
Intangible assets (note 18)	**–**	7,234
Amount due from Energy China Group	**–**	552,136
Cash and cash equivalents	**45,695**	3,645,540
Other assets	**150,472**	2,060,098
Liabilities	**(39,701)**	(3,286,626)
Non-controlling interests	**–**	(2,623)
Contributions by Energy China Group	**164,095**	2,990,564
Cash injected by EPPE Company	**–**	157,785
	164,095	3,148,349
Representing		
– Cash and cash equivalents	**45,695**	3,803,325
– Other assets	**158,101**	2,634,273
– Liabilities	**(39,701)**	(3,286,626)
– Non-controlling interests	**–**	(2,623)
	164,095	3,148,349

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

(b) Pursuant to the Reorganisation, Energy China Group arranged the Group to distribute certain assets and liabilities to it in 2014 for the purpose of establishing a wholly-owned subsidiary, EPPE Company. Upon establishment of the Company on 19 December 2014, EPPE Company became one of the shareholders of the Company, details of which are set out in note 2. Details of the net assets distributed to Energy China Group in 2014 were as follows:

	2014
	RMB'000
Details of net assets distributed	
– Property, plant and equipment (note 15)	94,832
– Prepaid lease payments (note 16)	1,511
– Intangible assets (note 18)	1,537
– Cash and cash equivalents	237,649
– Other assets	428,448
– Liabilities	(160,704)
	603,273

(c) Deemed distribution to owner consists of:

	2014
	RMB'000
Distribution of assets	
– Property, plant and equipment (note 15)	1,051,939
– Prepaid lease payments (note 16)	356,704
	1,408,643

In connection with the Reorganisation, certain property, plant and equipment, and prepaid lease payments that do not have perfected titles and ownership certificates historically associated with the Core Business (see note 2 for definition) that were retained by Energy China Group and were included in these consolidated financial statements from 1 January 2014 until the date of establishment of the Company, are reflected as a deemed distribution to owner of the Company immediately prior to the date of establishment of the Company on 19 December 2014.

(d) As further described in note 2, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows of the Group have been prepared as if the Group had been in existence throughout the year ended 31 December 2014. Upon the establishment of the Company on 19 December 2014, the net carrying amount of the assets and liabilities transferred to the Company, including the cash injected by EPPE Company of RMB157,785,000, was converted into the Company's share capital of RMB21,600 million, equivalent to 21,600 million shares of RMB1.00 each, with all the then existing reserves eliminated and the resulting difference dealt with in the capital reserve, special reserve, defined benefit obligation remeasurement reserve, investments revaluation reserve and foreign currency translation reserve. Separate classes of reserves, including retained earnings prior to the establishment of the Company, were not separately disclosed prior to the date of establishment of the Company.

(e) The Group incurred certain expenses on behalf of Energy China Group for the year ended 31 December 2015 which will not be reimbursed by Energy China Group to the Group. As such, these transactions are accounted for as other deemed distribution to owner of the Company for the year ended 31 December 2015.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating activities			
Profit before tax		**8,585,899**	6,017,833
Adjustment for:			
Depreciation of property, plant and equipment		**2,749,756**	2,731,417
Depreciation of investment properties	17	**33,338**	21,536
Amortisation of prepaid lease payments		**187,168**	93,526
Amortisation of intangible assets	18	**550,686**	405,296
Amortisation of unrealised profit on sale and leaseback transactions	41	**(9,575)**	(12,482)
Finance costs	9	**3,002,102**	2,962,910
Finance income	9	**(731,342)**	(621,533)
Net foreign exchange gain		**(213,259)**	(111,412)
(Gain) loss on disposal of associates	8	**(27,500)**	294
Gain on disposal of joint ventures	8	**–**	(112,625)
Gain on disposal of available-for-sale financial assets	8	**(140,158)**	(104,003)
Gain on disposal of property, plant and equipment	8	**(9,717)**	(26,493)
Gain on disposal of prepaid lease payments	8	**(637,161)**	(141,047)
Gain on disposal of subsidiaries	8	**(545,521)**	–
Gain on disposal of investment properties	8	**21**	–
Gain on disposal of intangible assets	8	**16,305**	–
Recognition of allowance for trade receivables	8	**440,231**	345,298
Recognition of allowance for other receivables	8	**124,158**	70,479
Recognition of allowance on inventories	10	**235,974**	10,137
Impairment on available-for-sale financial assets	8	**43,427**	1,388
Impairment on investment properties	8	**13,788**	–
Impairment on property, plant and equipment	8	**45,734**	158,001
Impairment on prepaid lease payments	8	**41,279**	–
Impairment on intangible assets	8	**1,150**	–
Impairment on interest in associates	8	**988**	7,482
Dividend income from available-for-sale financial assets	7	**(135,711)**	(159,002)
Fair value changes of financial assets at fair value through profit or loss	8	**41,224**	(86,556)
Waiver of certain payables from suppliers and others	7	**(106,294)**	(30,106)
Government grants related to assets	7	**(22,995)**	(30,835)
Share of profit of joint ventures	20	**(10,909)**	(110,704)
Share of loss (profit) of associates	21	**23,315**	(31,629)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Operating cash flows before movements in working capital		**13,546,401**	11,247,170
Increase in trade and bill receivables		**(8,454,298)**	(6,932,123)
Increase in prepayments, deposits and other receivables		**(13,179,949)**	(1,465,514)
Decrease (increase) in inventories		**62,765**	(759,745)
(Increase) decrease in completed properties for sale		**(886,374)**	511,129
Increase in properties under development for sale		**(124,344)**	(862,601)
Increase in amounts due from customers for construction contracts		**(631,493)**	(5,111,108)
(Decrease) increase in amounts due to customers for construction contracts		**(951,296)**	2,429,788
Increase in trade and bills payables		**11,083,928**	9,612,274
Decrease in other payables and accruals		**(2,439,594)**	(891,219)
Decrease in defined benefit obligations		**(548,910)**	(595,278)
Increase in provisions		**27,992**	14,203
Decrease in financial assets at fair value through profit or loss		**53,510**	130,473
Cash (used in) generated from operations		**(2,441,662)**	7,327,449
Income tax paid		**(1,392,530)**	(2,095,715)
Net cash (used in) generated from operating activities		**(3,834,192)**	5,231,734

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Investing activities			
Interest received		**645,530**	537,932
Purchase of property, plant and equipment		**(5,013,268)**	(2,167,416)
Addition to prepaid lease payments		**(453,724)**	(768,138)
Addition to investment properties		**(13,760)**	(7,570)
Addition to intangible assets		**(745,208)**	(484,597)
Deposits for investments in joint ventures		**–**	(896,100)
Capital contributions to joint ventures		**(369,888)**	(25,034)
Capital contributions to associates		**(103,591)**	(772,424)
Purchase of available-for-sale financial assets		**(354,976)**	(150,756)
Proceeds from disposal of property, plant and equipment		**853,970**	247,323
Proceeds from disposal of prepaid lease payments		**378,917**	870,260
Proceeds from disposal of investment properties		**–**	22,380
Proceeds from disposal of intangible assets		**–**	63,837
Proceeds from disposal of joint ventures		**101,277**	119,380
Proceeds from disposal of associates		**151,996**	90,641
Proceeds from disposal of available-for-sale financial assets		**235,238**	440,518
Net increase in pledged deposits		**(847,227)**	(459,928)
Dividends received from joint ventures	20	**76,353**	78,582
Dividends received from associates	21	**30,408**	19,511
Dividends received from available-for-sale financial assets		**128,662**	159,002
Net withdrawal of deposits with original maturity of over three months		**880,702**	410,278
Acquisition of subsidiaries, net of cash acquired	51	**(541,877)**	(1,127,991)
Disposal of subsidiaries, net of cash disposed	52	**503,545**	(2,253)
New other loan receivables		**(17,587,247)**	(6,108,546)
Collection of other loan receivables		**18,696,563**	4,845,854
Repayments of cash advances by related parties		**–**	14,900
New cash advances made to related parties		**(18,700)**	–
Government grants received related to assets		**24,267**	5,573
Net cash used in investing activities		**(3,342,038)**	(5,044,782)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Financing activities			
Capital injections from non-controlling interests		**543,289**	2,541,158
Proceeds from disposal of partial interest in a subsidiary without losing control		**393,269**	–
Issue of perpetual capital instruments		**1,000,000**	–
Contributions by owner		**45,695**	3,803,325
Proceed from initial public offering		**10,542,336**	–
H share issuance proceeds received on behalf of National Council for Social Security Fund of the PRC ("NSSF")		**1,065,549**	–
Payment on transaction costs attributable to issue of new shares		**(248,686)**	–
Acquisition of additional interests in subsidiaries		**(129,437)**	(185,302)
Interests paid		**(2,828,987)**	(2,945,595)
New bank and other borrowings		**46,711,827**	23,273,372
Repayment of bank and other borrowings		**(29,902,088)**	(20,252,989)
New corporate bonds		**–**	1,050,000
Repayment of corporate bonds		**(676,835)**	(2,058,185)
New short-term financing notes		**7,000,000**	5,000,000
Repayment of short-term financing notes		**(7,162,712)**	(3,614,534)
Proceeds from sales and leaseback transactions		**22,176**	278,492
Repayment of finance lease payables		**(237,012)**	(125,745)
Repayment to related parties		**(31,372)**	(116,291)
Dividends paid to the owner		**–**	(716,757)
Dividends paid to non-controlling shareholders		**(692,836)**	(633,278)
Other distribution to owner		**–**	(237,649)
Expenditures paid on behalf of owner as other deemed distribution		**(19,205)**	–
Net cash from financing activities		**25,394,971**	5,060,022
Net increase in cash and cash equivalents		**18,218,741**	5,246,974
Cash and cash equivalents at the beginning of the year		**28,756,576**	23,505,428
Effects of exchange rate changes		**261,615**	4,174
Cash and cash equivalents at the end of the year		**47,236,932**	28,756,576

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company was established in the PRC on 19 December 2014 as a joint stock company with limited liability as part of the Reorganisation of Energy China Group in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Building No.106 Lize Zhongyuan, Chaoyang District, Beijing, the PRC. In the opinion of the directors of the Company (the "Directors"), Energy China Group, established in the PRC, is the immediate and ultimate holding company of the Company.

The Company listed on the Main Board of Stock Exchange on 10 December 2015.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Group reorganisation

Prior to the establishment of the Company, the operations of construction and contracting, survey, design and consultancy, equipment manufacturing, civil explosives and cement production, and investment and other businesses were carried out by various entities owned or controlled by Energy China Group or directly carried out by Energy China Group. Pursuant to a reorganisation agreement dated 3 December 2014, the principal operations and business of Energy China Group (the "Core Business ") were transferred to the Company which include:

(i) all operating assets and liabilities relating to the construction and contracting, survey, design and consultancy, equipment manufacturing, civil explosives and cement production, and investment and other businesses of Energy China Group;

(ii) contractual rights and obligations relating to the businesses, assets and equity interests transferred to the Company;

(iii) employees (including their personnel files, records and data with respect to their remuneration and other benefits and related liabilities) relating to the businesses, assets and equity interests transferred to the Company;

(iv) qualifications, licences and approvals relating to the businesses, assets and equity interests transferred to the Company;

(v) rights to claim and set-off against third parties and other similar rights in connection with the businesses, assets and equity interests transferred to the Company; and

(vi) data, books and/or records relating to business, accounting, finance, technology, research and development and all other know-how relating to the businesses transferred to the Company.

In consideration for Energy China Group transferring the Core Business and other relevant assets to the Company upon its establishment, and for EPPE Company injecting cash of RMB157,785,000 to the Company upon its establishment, the Company issued 21,497,460,000 ordinary shares to Energy China Group and 102,540,000 ordinary shares to EPPE Company, respectively. The shares issued to Energy China Group and EPPE Company amounting to 21,600 million shares in aggregate have a par value of RMB1.00 each and represented the entire registered and issued share capital of the Company upon its establishment. As such, the Company is directly owned as to 99.5% by Energy China Group and 0.5% by EPPE Company upon its establishment.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(a) Group reorganisation (continued)

In connection with the Reorganisation, certain assets, which included certain properties, plant and equipment, and prepaid lease payments that do not have perfected titles and ownership certificates amounting to RMB1,408,643,000 historically associated with the Core Business, that were retained by Energy China Group and were included in the consolidated financial statements from 1 January 2014 until the date of establishment of the Company, are reflected as a deemed distribution to owner of the Company immediately prior to the date of establishment of the Company on 19 December 2014.

In addition, Energy China Group retained those dissimilar businesses and operations as compared with the Core Businesses (the "Retained Operations") which mainly include the provision of community functions such as health care, education and public security. Retained Operations had distinct and separate management personnel, maintained separate accounting records as if they were autonomous and they were in dissimilar businesses and operations as compared with the Core Business. These Retained Operations are not included in these consolidated financial statements.

As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by Energy China Group. According to certain regulations issued by SASAC, all assets of these entities should be revalued and the revaluation surplus should be recorded as equity of these subsidiaries upon the transformation. Pursuant to the Reorganisation, an aggregate event-driven revaluation surplus of RMB8,619,309,000, including property, plant and equipment of RMB2,727,290,000 (note 15), prepaid lease payments of RMB5,586,513,000 (note 16), investment properties of RMB215,446,000 (note 17) and intangible assets of RMB90,060,000 (note 18), was adjusted to the carrying value of the respective property, plant and equipment, prepaid lease payments, investment properties and intangible assets to derive the deemed cost of the revalued assets as at 1 January 2014 after the revaluation, details of this revaluation are set out in note 15. As a result, according to the relevant regulations issued by SASAC, this event-driven revalued amount was used as a deemed cost of the revalued assets as at 1 January 2014 after the revaluation.

(b) Basis of preparation of these consolidated financial statements

As discussed in note 2(a) above, prior to the completion of the Reorganisation, all the Core Business were legally owned and controlled by Energy China Group. Upon the establishment of the Company on 19 December 2014, all the Core Business were transferred to the Company. As there is no change in the ultimate controlling shareholder of the Core Business, the Reorganisation has been accounted for as a combination of business under common control in a manner similar to a pooling-of-interests. For business combinations other than common control combinations (details of which are set out in note 51), acquisition method is adopted. As a result, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2014 include the results, changes in equity and cash flows of the Group as if the group structure upon completion of the Reorganisation had existed throughout the year ended 31 December 2014, or since their respective dates of establishment or dates of acquisition, where those is a shorter period.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries, and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has consistently applied all the IFRSs which are effective for the Group's financial year beginning on 1 January 2015 for both current and prior year.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments*[1]
IFRS 15	*Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[3]
Amendments to IAS 1	*Disclosure Initiative*[3]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[3]
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*[3]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[3]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[3]
Amendments to IAS 7	*Disclosure Initiative*[5]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs“) (CONTINUED)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors are of the view that the expected credit loss model may result in early and additional provision of credit losses which are not yet incurred for the Group's financial assets measured at amortised costs. However, it is not practicable to provide a reasonable estimate of the effect from using an expected credit loss model until a detailed review has been completed.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16. Given the nature of the Group's operations, it is expected to have impacts on the Group's consolidated financial statements. The Group has not completed its assessment of the full impact of adopting IFRS 16 and therefore the possible impacts on the Group's operating results and financial position have not been quantified.

Other than above, the Directors anticipate that the application of the other new and revised IFRSs will have no material impact on the financial performance and the financial position of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Business combination other than common control combination

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter periods, regardless of the date of the common control combination.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Investments in associates and joint ventures

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business. Revenue is recognised as follows:

Revenue for services rendered including research and development, feasibility study, and operation service provided under service concession arrangements, is recognised when services are rendered and when it is probable that the economic benefits associated with the transaction will flow to the group entities.

Revenue from survey, design and consultancy contracts is recognised under the percentage of completion method, when the contract has progressed to a stage where the stage of completion and expected profit on the contract can be estimated reliably and, depending on the nature of the contract, are measured mainly by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Anticipated losses are fully provided on contracts when identified.

The Group's policy for the recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Sale of goods is recognised when goods are delivered and title has passed.

Revenue from sale of properties in the ordinary course of business is recognised when the relevant properties have been completed and delivered to the purchasers pursuant to the sale agreements.

Dividend income from investments is recognised when a group entity's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Deposits and instalments received from customers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

The Group's policy for the recognition of revenue from operating leases is described in the accounting policy for leasing below.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts (continued)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for construction contracts. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for construction contracts.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and bills receivables.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the periods in which they become receivable.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of administrative expenses and finance costs or finance income. Curtailment gains and losses are accounted for as past service costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Retirement benefit costs and termination benefits (continued)

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost or deemed cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of each item of investment property over its estimated useful life and after taking into account its estimated residual value, using straight-line method.

If an item of investment property becomes owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to property, plant and equipment for subsequent measurement and disclosure purposes.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statement of financial position at cost or deemed cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Construction in progress is carried at cost, less recognised impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at an amount equals to the fair value of the consideration for provision of construction service upon initial recognition. The intangible asset with finite useful lives is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of the toll roads infrastructures is calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll roads, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants. The management of the Group is of the view that amortisation method based on units-of-usage is a more appropriate and systematic way to reflect the pattern in which the future economic benefits of toll roads are expected to be consumed by the Group.

Amortisation of the wastewater treatment infrastructures is provided using the straight-line method over the service concession period.

Amortisation for mining rights with finite useful lives is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

Non-patented technologies, patents, computer software and other intangible assets purchased with finite useful lives are recorded at cost on initial acquisition and subsequently stated at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

An internally-generated intangible asset arising from development expenditure is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

Impairment of tangible and intangible assets (other than goodwill) and investments in subsidiaries, associates and joint ventures

At the end of the reporting period, the Group and the Company reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets (other than goodwill) and investments in subsidiaries, associates and joint ventures (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis, except for those that are intended to be sold in the ordinary course of business upon completion of the relevant property development project. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as investment properties or property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial periods of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests/investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Completed properties/properties under development for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the land cost, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value represents the selling price estimated by management based on prevailing market conditions less estimated costs of completion, where applicable, and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale equity investments ("AFSs") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 46.

AFSs

AFSs are non-derivatives that are either designated as available for sale or are not classified as loans and receivables nor financial assets at FVTPL.

Listed equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of the reporting period. The Group has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of the reporting period. Fair value is determined in the manner described in note 46. Dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, deposits and other receivables, other loans, pledged deposits, bank and cash balances) are measured at amortised cost using the effective interest method, less any identified impairment at the end of the reporting period.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial asset, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit periods, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent periods, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFSs, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

Financial liabilities (including trade and bills payables, other payables, bank and other borrowings, corporate bonds, short-term financing notes and finance lease payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Derecognition of financial liabilities

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgements in applying accounting policy

Acquisition of companies owned by employees of the Group

During the year ended 31 December 2015, SASAC initiated the acquisition of certain companies owned by certain employees of the Group for the purpose of onward injection into Energy China Group so as to enable Energy China Group to make injection of these companies into the Group pursuant to the Reorganisation. Under these acquisition transactions initiated by SASAC, the total fair value of the net assets of these companies at the respective dates of acquisition were higher than the purchase consideration amounts, details of which are set out in note 51. As SASAC is the controlling party of Energy China Group, these bargain purchase gain obtained by SASAC at the date of acquisition of the above subsidiaries are recognised in reserve of the Group as shareholder contribution accordingly upon completion of the acquisition transactions.

De facto control over subsidiary

There is a subsidiary of the Company, China Gezhouba Group Stock Company Limited ("CGGC") (note 19), in which the Company has less than 50% ownership interest and voting rights. The Group's management exercises its critical judgement when determining whether the Group has de facto control over an entity by evaluating its influence over the entity which includes, but is not limited to:

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

(ii) potential voting rights held by the Group, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

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

Key assumptions and uncertainties about accounting estimates

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONTINUED)

Significant judgements in applying accounting policy (continued)

Useful lives and residual value of property, plant and equipment

The Group's management estimates the residual value and useful lives of property, plant and equipment. These estimates are based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or will write-off or write-down technically obsolete assets.

As at 31 December 2015, the carrying amounts of property, plant and equipment of the Group is RMB27,702 million (2014: RMB26,335 million). See note 15 for more details.

Amortisation and impairment assessment of service concession arrangements

The Group recognised the concession rights on the construction and operation of toll roads as intangible assets. Amortisation is calculated based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads over the service concession period as estimated by the management. These intangible assets are amortised commencing from the date of commencement of commercial operation.

The management of the Group makes judgement on the estimation of the total expected traffic volume over the service concession period. The total expected traffic volume over the respective service concession periods could change significantly. The Group reviews regularly the total expected traffic volume throughout the operating periods of the respective service concession arrangements. If it is considered appropriate, independent professional traffic studies will be obtained. When the difference between the actual traffic volume and the previous estimated expected traffic volume of the same period is material or/and there are circumstances came to the attention of the management that the future traffic volume may be significantly different to previous estimate, the Group will review and revise, if considered appropriate, the total expected traffic volume of the remaining period of the service concession, and adjust the future amortisation in accordance with the revised total expected traffic volume. Amortisation of concession rights was RMB363,725,000 for the year ended 31 December 2015 (2014: RMB290,169,000).

In addition, at the end of the reporting period, the management of the Group reviewed the carrying amounts of the concession rights to determine whether there was any indication that those assets have suffered an impairment loss. The management of the Group was of the view that there was no indication that concession rights have suffered any significant impairment loss on their carrying values at 31 December 2015. As such, no impairment loss on concession rights was charged to profit or loss during the year ended 31 December 2015 (2014: nil).

As at 31 December 2015, the carrying amount of the concession rights was RMB15,791 million (2014: RMB15,580 million). See note 18 for more details.

Recognition of deferred tax assets

As at 31 December 2015, deferred tax assets of RMB1,125 million (2014: RMB1,141 million) have been recognised in the consolidated statement of financial position. The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place. Besides, no deferred tax asset has been recognised in respect of certain deductible tax losses of RMB7,953,016,000 (2014: RMB 6,700,827,000) and other deductible temporary differences of RMB 2,833,958,000 (2014: RMB2,126,823,000), due to the unpredictability of future profit streams, details of which are set out in note 24. In cases where the actual future profits generated are higher than expected, the deferred tax assets will be adjusted and recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which such a situation takes place.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (CONTINUED)

Significant judgements in applying accounting policy (continued)

Land appreciation tax

The Group is subject to land appreciation tax in the PRC, according to the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon completion of the property development projects. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the period in which such tax is finalised with local tax authorities.

As at 31 December 2015, the amount of prepayments for land appreciation tax included as part of prepaid taxes in the prepayments, deposits and other receivables (note 26) in the consolidated statement of financial position was RMB34,957,906 (2014: RMB57,642,000).

As at 31 December 2015, the amount of provision for land appreciation tax which was included in income tax payable on the consolidated statement of financial position were RMB85,890,169 (2014: nil).

Construction contracts

Revenue from individual contract is recognised under the percentage of completion method which requires estimation made by the management. The Group's management estimates the contract revenue, contract costs and foreseeable losses of construction contracts based on the budgets prepared for the contracts. Management reviews and revises the estimation made on budgeted contract revenue and budgeted contract costs as the contract progresses. Variation in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Estimated impairment of receivables

Trade receivables, other receivables and loan receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the estimates, management considered detailed procedures have been in place to monitor this risk. In estimating whether allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and 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. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the aggregate carrying amount of trade, other receivables and loan receivables (net of allowance for doubtful debts), was approximately RMB60,899 million (2014: RMB53,499 million). Details of movements of allowance for trade receivables and other receivables are disclosed in notes 25, 26 and 27 respectively.

Retirement and other supplemental benefit obligations

The retirement and other supplemental benefit obligations are estimated based on a number of factors that are determined on an actuarial basis using a number of assumptions as disclosed in note 39. The accuracy of the estimate mainly depends on the extent of deviation between the actuarial assumptions and the actual conditions. Any changes in these assumptions will have an impact on the carrying amount of retirement and other supplemental benefit obligations.

6. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	2015 RMB'000	2014 RMB'000
Revenue from:		
Construction contracts	**159,752,223**	150,742,962
Rendering of other services	**21,400,294**	10,119,697
Sale of properties	**7,656,652**	6,277,800
Sale of goods	**16,883,780**	16,683,502
Total	**205,692,949**	183,823,961

The executive directors of the Company are identified as the chief operating decision maker (the "CODM") of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

- Provision of survey and design services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farms and solar power in China and overseas, and the provision of a broad range of consulting services, such as the policy and planning of power industry as well as testing, evaluation and supervision of power projects ("Survey, design and consulting");

- Provision of construction and contracting services for large scale power generation, transformation and transmission projects of fossil-fuel power, hydropower, nuclear power, wind farm and solar power in China and overseas, as well as undertaking other types of construction projects, such as water conservancy facilities, transportation, municipal engineering, industrial and civil construction projects ("Construction and contracting");

- Design, manufacturing and sales of various types of equipment for various sectors of the power industry, including mainly auxiliary machinery equipment for power plants, power grid equipment, steel structure, energy-saving and environmental-friendly equipment and complete sets of equipment ("Equipment manufacturing");

- Manufacturing and sales of civil explosives and cement, and the provision of blasting services for construction projects ("Civil explosives and cement production");

- Investing in and operating power plants, infrastructure projects (such as railways and roads) and environmental water project operation, as well as engaging in the real estate developing business ("Investment and other businesses").

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in note 4 above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

For the year ended 31 December 2015

	Survey, design and consulting RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	12,211,748	147,540,475	9,003,470	7,880,310	29,056,946	–	205,692,949
Inter-segment revenue	242,986	5,632,345	694,556	–	17,701	(6,587,588)	–
Segment revenue	12,454,734	153,172,820	9,698,026	7,880,310	29,074,647	(6,587,588)	205,692,949
Segment results	2,807,847	5,996,537	389,139	1,224,470	3,650,232	(243,677)	13,824,548
Unallocated items							
Cost of sales							(937,042)
Other income							881,638
Other gains and losses							167,399
Selling expenses							(125,722)
Administrative expenses							(2,569,333)
Research and development expenses							(372,423)
Finance income							731,342
Finance costs							(3,002,102)
Share of profit of joint ventures							10,909
Share of loss of associates							(23,315)
Profit before tax							8,585,899

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the year ended 31 December 2014

	Survey, design and consulting RMB'000	Construction and contracting RMB'000	Equipment manufacturing RMB'000	Civil explosives and cement production RMB'000	Investment and other businesses RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue							
External segment revenue	12,245,237	138,497,725	8,565,757	8,117,745	16,397,497	–	183,823,961
Inter-segment revenue	187,010	3,938,894	331,633	–	48,932	(4,506,469)	–
Segment revenue	12,432,247	142,436,619	8,897,390	8,117,745	16,446,429	(4,506,469)	183,823,961
Segment results	3,734,126	6,623,248	(132,823)	1,392,079	3,241,359	(376,312)	14,481,677
Unallocated items							
Cost of sales							(1,426,450)
Other income							656,523
Other gains and losses							(98,217)
Selling expenses							(172,382)
Administrative expenses							(4,468,639)
Research and development expenses							(755,635)
Finance income							621,533
Finance costs							(2,962,910)
Share of profit of joint ventures							110,704
Share of profit of associates							31,629
Profit before tax							6,017,833

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations and non-current assets are mainly located in Mainland China. The geographical information about its revenue and non-current assets prepared by location of customers is as follows:

	2015	2014
	RMB'000	RMB'000
Segment revenue		
Mainland China	**176,270,112**	161,140,781
Overseas:		
Pakistan	**4,134,464**	3,528,935
Iran	**1,078,158**	1,131,335
Ethiopia	**567,918**	827,406
Others	**23,642,297**	17,195,504
Total	**205,692,949**	183,823,961

	2015	2014
	RMB'000	RMB'000
Non-current assets		
Mainland China	**58,893,783**	56,000,437
Overseas:		
Ethiopia	**110,011**	359,922
State of Libya	**110,948**	101,424
Republic of Ecuador	**20,484**	70,441
Others	**509,634**	644,679
Total	**59,644,860**	57,176,903

Non-current assets exclude financial instruments and deferred tax assets.

Revenue from major customers

There is no major individual customers contributing over 10% of the total revenue of the Group for the year ended 31 December 2015 (31 December 2014: nil).

Segment assets and liabilities

Information reported to the CODM for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. OTHER INCOME

	2015	2014
	RMB'000	RMB'000
Government grants		
– grants related to income (note)	**597,256**	409,547
– grants related to assets (note 41)	**22,995**	30,835
Dividend income from available-for-sale financial assets	**135,711**	159,002
Dividend income from financial assets at FVTPL	**1,895**	8,304
Compensation income on contract violation	**17,487**	18,729
Waiver of certain payables from suppliers and others	**106,294**	30,106
Total	**881,638**	656,523

Note:

Government grants include various government subsidies received by the Group from relevant government bodies primarily in connection with enterprise expansion, technology advancement and value-added tax refund. There were no unfulfilled conditions or contingencies relating to these grants and subsidies as at 31 December 2015.

8. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Net foreign exchange gain/(loss)	**7,765**	(47,384)
Gain/(loss) on disposal of:		
– Associates	**27,500**	(294)
– Joint ventures	**–**	112,625
– Financial assets at FVTPL	**193,401**	18,214
– Available-for-sale financial assets	**140,158**	104,003
– Property, plant and equipment	**9,717**	26,493
– Prepaid lease payments	**637,161**	141,047
– Subsidiaries (note 52)	**545,521**	–
– Investment properties (note 17)	**(21)**	–
– Intangible assets (note 18)	**(16,305)**	–
Impairment loss recognised in respect of:		
– Trade receivables (note 25)	**(440,231)**	(345,298)
– Other receivables (note 26)	**(124,158)**	(70,479)
– Available-for-sale financial assets	**(43,427)**	(1,388)
– Interests in associates	**(988)**	(7,482)
– Property, plant and equipment (note 15)	**(45,734)**	(158,001)
– Prepaid lease payments (note 16)	**(41,279)**	–
– Investment properties (note 17)	**(13,788)**	–
– Intangible assets (note 18)	**(1,150)**	–
Fair value changes of financial assets at FVTPL	**(41,224)**	86,556
Others	**11,036**	43,171
Total	**803,954**	(98,217)

9. FINANCE INCOME AND FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest income on:		
Bank and cash balances and pledged deposits	**437,964**	253,663
Other loans	**218,438**	275,073
Defined benefit plan assets	**74,940**	92,797
Total finance income	**731,342**	621,533
Interest expenses on:		
Bank and other borrowings	**2,800,950**	2,934,254
Corporate bonds	**334,617**	181,258
Finance leases	**35,211**	23,661
Discounted bills	**46,311**	27,286
Short-term financing notes	**120,921**	151,791
Defined benefit obligations	**457,363**	597,620
	3,795,373	3,915,870
Less: Interest capitalised in		
– Construction in progress	**59,737**	83,587
– Properties under development	**733,534**	869,373
Total finance costs	**3,002,102**	2,962,910

Borrowing costs were capitalised to the qualifying assets based on the effective interest rates of bank and other borrowings, corporate bonds and short-term financing notes.

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10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2015 RMB'000	2014 RMB'000
Directors' and supervisors' emoluments (note 11)	**4,414**	–
Other staff costs:		
Salaries and other labor costs	**16,161,295**	15,265,717
Retirement benefits and pensions	**2,402,638**	2,180,881
Other social benefits	**3,852,868**	3,741,194
Total staff and labor costs	**22,421,215**	21,187,792
Less: Capitalised in construction in progress	**(8,081)**	–
Less: Capitalized in properties under development for sale	**(22,004)**	(41,071)
	22,391,130	21,146,721
Depreciation:		
– Property, plant and equipment (note 15)	**2,757,005**	2,738,130
– Investment properties (note 17)	**33,338**	21,536
Less: released from deferred revenue under sales and leaseback transactions (note 41)	**(9,575)**	(12,482)
	2,780,768	2,747,184
Less: Capitalized in construction in progress	**(4,861)**	(4,657)
Less: Capitalized in properties under development for sale	**(2,388)**	(2,056)
	2,773,519	2,740,471
Amortization:		
– Intangible assets (included in cost of sales)	**361,692**	262,306
– Intangible assets (included in administrative expenses)	**188,448**	142,693
– Intangible assets (included in selling expenses)	**546**	297
Subtotal (note 18)	**550,686**	405,296
– Prepaid lease payments (note 16)	**189,036**	94,246
Less: Capitalized in construction in progress	**(1,868)**	(720)
	737,854	498,822
Auditor's remuneration	**16,950**	4,700
Recognition (reversal) of allowance on:		
– Inventories	**235,974**	10,137
– Trade receivables (note 25)	**440,231**	345,298
– Other receivables (note 26)	**124,158**	70,479
Cost of inventories recognised as expense	**58,161,371**	51,348,900
Operating lease expenses	**407,363**	140,529
Gross rental income from investment properties	**(60,254)**	(55,308)
Less: Direct operating expenses (including depreciation of investment properties) incurred for investment properties that generated rental income	**34,538**	33,131
	(25,716)	(22,177)

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

Directors', chief executive's and supervisors' remuneration of the Company during the year are as follows:

	2015 RMB'000	2014 RMB'000
Directors' fee	**319**	–
Salaries and other allowances	**1,418**	–
Discretionary bonus	**2,413**	–
Retirement benefit scheme contributions	**264**	–
Total	**4,414**	–

	Directors' fee RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2015					
Executive directors and chief executive:					
Mr. WANG Jianping#	–	186	415	44	645
Mr. DING Yanzhang# (chief executive)	–	186	415	44	645
Mr. ZHANG Xianchong#	–	171	373	44	588
	–	543	1,203	132	1,878
The executive directors and chief executive's emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.					
Non-executive director:					
Mr. MA Chuanjing#	–	–	–	–	–
Independent non-executive directors:					
Mr. DING Yuanchen#	95	–	–	–	95
Mr. WANG Bin#	92	–	–	–	92
Mr. ZHENG Qiyu#	76	–	–	–	76
Mr. CHEUNG Yuk Ming*	56	–	–	–	56
	319	–	–	–	319
The non-executive director's emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.					
Supervisors:					
Mr. WANG Baoguo#	–	163	352	44	559
Mr. LIAN Yongjiu#	–	323	444	44	811
Mr. MAO Xiangqian#	–	295	414	44	753
Mr. WEI Zhongxin*	–	46	–	–	46
Mr. FU Dexiang*	–	48	–	–	48
	–	875	1,210	132	2,217
Total	319	1,418	2,413	264	4,414

11. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

During the year ended 31 December 2014, all the executive directors, non-executive director and supervisors received their emoluments from Energy China Group, part of which was in respect of their services as employees to the companies now comprising the Group. No apportionment has been made as the Directors consider that it is impracticable to apportion these amounts between their services to the companies now comprising the Group and their services to Energy China Group.

These executive directors, non-executive director, independent non-executive directors, supervisors and chief executive of the Company were appointed on 19 December 2014.

* These independent non-executive director and supervisors were appointed on 28 May 2015.

Discretionary bonuses are calculated based on the Group's or respective member's performance for such financial period.

Five highest paid individuals

For the year ended 31 December 2015, the five highest paid employees were not Directors, supervisors nor chief executive of the Group.

Details of the remuneration of the five highest paid individuals during the year are as follows:

	2015	2014
	RMB'000	RMB'000
Basic salaries and other allowances	**1,280**	777
Discretionary bonus	**5,667**	4,621
Retirement benefit scheme contributions	**221**	205
	7,168	5,603

Discretionary bonuses are calculated based on the Group's or respective member's performance for such financial year.

The number of the five highest paid individuals whose remuneration fell within the following bands is as follows:

	2015	2014
Hong Kong Dollar ("HKD") 1,000,001 to HKD1,500,000	**–**	3
HKD1,500,001 to HKD2,000,000	**5**	2
	5	5

During the year, no emoluments were paid by the Group to any of the Directors, supervisors, chief executive, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, supervisors and chief executive has waived any emoluments during the year.

12. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current enterprise income tax	**1,761,985**	1,672,194
Deferred tax (note 24)	**152,779**	13,404
Land appreciation tax ("LAT")	**200,772**	236,659
	2,115,536	1,922,257

The majority of the entities in the Group are located in Mainland China. Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for certain preferential treatments available to the Company's subsidiaries, which were exempted or taxed at a preferential rate of 15% during the reporting period primarily due to their status as entities engaging in technology development or development projects in the western part of Mainland China, the PRC entities within the Group are subject to corporate income tax at a rate of 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	**8,585,899**	6,017,833
Tax at the applicable tax rate of 25%	**2,146,475**	1,504,458
Effect of expenses that are not deductible for tax purposes	**84,818**	332,537
Tax effect of share of profit of joint ventures	**(2,727)**	(27,676)
Tax effect of share of loss (profit) of associates	**5,829**	(7,907)
Effect of tax-free income	**(133,221)**	(41,827)
Effect of unrecognised deductible losses and unrecognised deductible temporary differences	**738,101**	478,886
Effect of using previously unrecognised deductible losses and previously unrecognised deductible temporary differences	**(242,261)**	(72,439)
Preferential tax policies	**(650,957)**	(459,443)
LAT	**200,772**	236,659
Tax effect of LAT	**(50,193)**	(59,165)
Others	**18,900**	38,174
	2,115,536	1,922,257

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13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015 **RMB'000**	2014 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**4,235,671**	2,152,848

	2015 **'000**	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**22,082,192**	21,501,112

The computation of diluted earnings per share for the year ended 31 December 2015 does not assume the exercise of over-allotment option pursuant to the listing of the Company's H shares on the Stock Exchange since its exercise would result in an increase in earnings per share.

14. DIVIDENDS

During the year ended 31 December 2014, cash dividend in the total amount of approximately RMB716,757,000 was declared and paid to Energy China Group by relevant subsidiaries of the Company to their then shareholder, Energy China Group, prior to the establishment of the Company on 19 December 2014.

On 3 August 2015, the Company made a special resolution to make a special distribution to the then shareholders of the Company (the "Special Distribution") in an amount equal to the Group's profit attributable to the equity owners of the Company derived from 1 January 2015 to 31 October 2015. The Special Distribution amounting to RMB2,523.07 million was determined based on the audited consolidated financial statements of the Company prepared in accordance with the relevant accounting policies and financial regulations in the PRC (the "PRC GAAP") for the ten months ended 31 October 2015, after allowance has been made for the allocation to the statutory reserve and after giving effect to relevant necessary adjustments. The Company will make an announcement on the outcome of the special audit and the amount of Special Distribution before actual payment. As advised by the Group's PRC legal advisor, the declaration of the Special Distribution is subject to the Company having sufficient distributable reserves in accordance with PRC law, and as a result, the Company will need to make arrangements for the distribution of dividends from its subsidiaries to the Company prior to declaring and paying the Special Distribution. In the opinion of the Directors, the Special Distribution will be paid during the year ending 31 December 2016.

In addition to the Special Distribution, a final dividend of RMB0.00416 per share in respect of the year ended 31 December 2015, comprising 29,600,000,000 shares existed as at 31 December 2015 together with 420,396,364 new shares issued by the Company on the exercise of the over-allotment option on 8 January 2016, has been proposed by the Directors and is subject to the approval by the shareholders in the forthcoming annual general meeting.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Transportation vehicles/ vessels RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2014	16,053,573	17,315,768	3,740,956	1,519,700	397,084	744,564	2,691,786	42,463,431
Additions	337,864	983,855	82,287	127,411	51,740	80,962	1,253,318	2,917,437
Transfer from investment properties (note 17)	28,954	–	–	–	–	–	–	28,954
Transfer within property, plant and equipment	1,957,807	190,136	7,604	6,654	5,267	15,833	(2,183,301)	–
Event-driven revaluation (note)	1,967,555	63,751	(56,635)	(178,717)	–	–	–	1,795,954
Acquisition of subsidiaries (note 51)	782,173	–	–	–	–	–	–	782,173
Contribution by owner	14,805	–	–	–	–	–	–	14,805
Deemed distribution to owner	(1,680,798)	(46,974)	(2,614)	(35,744)	(5,243)	(39,556)	–	(1,810,929)
Other distribution to owner	(189,164)	–	–	–	–	–	–	(189,164)
Disposal of subsidiaries (note 52)	(4,971)	–	–	–	–	–	–	(4,971)
Transfer to investment properties (note 17)	(81,431)	–	–	–	–	–	–	(81,431)
Write off/disposals	(1,499,108)	(1,584,518)	(413,043)	(213,729)	(56,371)	(114,747)	(10,802)	(3,892,318)
At 31 December 2014	17,687,259	16,922,018	3,358,555	1,225,575	392,477	687,056	1,751,001	42,023,941
Additions	**490,680**	**807,935**	**202,669**	**212,860**	**149,003**	**6,807**	**2,746,233**	**4,616,187**
Transfer within property, plant and equipment	**753,696**	**866,941**	**12,659**	**56,827**	**15,880**	**20,269**	**(1,726,272)**	**–**
Acquisition of subsidiaries (note 51)	**293,084**	**20,766**	**2,876**	**4,274**	**441**	**182**	**–**	**321,623**
Contribution by owner	**4,609**	**913**	**1,329**	**778**	**–**	**–**	**–**	**7,629**
Transfer from investment properties (note 17)	**38,464**	**–**	**–**	**–**	**–**	**–**	**–**	**38,464**
Exchange adjustment	**245**	**33,066**	**7,066**	**1,290**	**(57)**	**(334)**	**(90)**	**41,186**
Write off/disposals	**(94,159)**	**(797,691)**	**(270,231)**	**(174,371)**	**(79,764)**	**(105,142)**	**–**	**(1,521,358)**
Disposal of subsidiaries (note 52)	**(530,646)**	**(294,130)**	**(3,795)**	**(93)**	**(1,462)**	**(17)**	**(12,680)**	**(842,823)**
Transfer to investment properties (note 17)	**(135,141)**	**–**	**–**	**–**	**–**	**–**	**–**	**(135,141)**
At 31 December 2015	**18,508,091**	**17,559,818**	**3,311,128**	**1,327,140**	**476,518**	**608,821**	**2,758,192**	**44,549,708**

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery RMB'000	Transportation vehicles/ vessels RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2014	(4,514,648)	(9,208,545)	(2,193,493)	(988,725)	(272,874)	(362,118)	(1,244)	(17,541,647)
Provided for the year (note 10)	(673,344)	(1,339,200)	(400,254)	(217,415)	(58,426)	(49,491)	–	(2,738,130)
Impairment for the year (note 8)	(1,013)	(2,275)	(151,263)	(1,338)	(13)	(2,099)	–	(158,001)
Transfer from investment properties (note 17)	(23,197)	–	–	–	–	–	–	(23,197)
Event-driven revaluation (note)	94,278	331,125	334,991	170,942	–	–	–	931,336
Deemed distribution to owner	708,258	736	1,940	22,706	3,600	21,750	–	758,990
Other distribution to owner	94,332	–	–	–	–	–	–	94,332
Write off/disposals	721,529	1,581,756	373,134	211,729	50,270	30,375	1,244	2,970,037
Transfer to investment properties (note 17)	17,086	–	–	–	–	–	–	17,086
At 31 December 2014	(3,576,719)	(8,636,403)	(2,034,945)	(802,101)	(277,443)	(361,583)	–	(15,689,194)
Provided for the year (note 10)	**(743,670)**	**(1,354,782)**	**(365,062)**	**(173,284)**	**(57,158)**	**(63,049)**	**–**	**(2,757,005)**
Transfer from investment properties (note 17)	**(14,470)**	**–**	**–**	**–**	**–**	**–**	**–**	**(14,470)**
Exchange adjustment	**–**	**(19,359)**	**(8,490)**	**(624)**	**(46)**	**(145)**	**–**	**(28,664)**
Write off/disposals	**44,924**	**556,450**	**269,879**	**170,275**	**74,566**	**70,387**	**–**	**1,186,481**
Disposal of subsidiaries (note 52)	**209,041**	**275,910**	**3,090**	**40**	**1,087**	**9**	**–**	**489,177**
Transfer to investment properties (note 17)	**11,639**	**–**	**–**	**–**	**–**	**–**	**–**	**11,639**
Impairment for the year (note 8)	**(24,653)**	**(17,314)**	**(1,705)**	**(487)**	**(212)**	**–**	**(1,363)**	**(45,734)**
At 31 December 2015	**(4,093,908)**	**(9,195,498)**	**(2,137,233)**	**(806,181)**	**(259,206)**	**(354,381)**	**(1,363)**	**(16,847,770)**
CARRYING VALUES								
At 31 December 2015	**14,414,183**	**8,364,320**	**1,173,895**	**520,959**	**217,312**	**254,440**	**2,756,829**	**27,701,938**
At 31 December 2014	14,110,540	8,285,615	1,323,610	423,474	115,034	325,473	1,751,001	26,334,747

Note: As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by Energy China Group. According to certain regulations issued by SASAC, all assets of these entities should be revalued and the revaluation surplus should be recorded as equity of these subsidiaries upon the transformation. Energy China Group engaged China United Assets Appraisals Co. Ltd. ("CUAA"), a certified asset appraiser in the PRC and a member of China Appraisal Society, to carry out an independent valuation on its assets as at 31 December 2013, the valuation date for the purpose of such exercise. CUAA issued a valuation report (Zhonglian Pingbaozi No.1056) on 20 October 2014 which was approved by SASAC in the same year pursuant to the Approval of Valuation Report on Assets of China Energy Engineering Group Co., Ltd (Guozichanquan [2014] No. 1112). As a result, according to the relevant regulations issued by SASAC, this event-driven revalued amount was used as a deemed cost of the revalued assets as at 1 January 2014 after the revaluation.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	8-40 years
Machinery	4-22 years
Transportation vehicles/vessels	4-30 years
Electronic equipment	3-10 years
Office equipment	5-10 years
Others	4-15 years

As at the end of each reporting period, there was indication that certain specific property, plant and equipment have suffered an impairment loss due to the change of the market condition. The recoverable amount of these assets were estimated by management of the Group in order to determine the extent of the impairment loss. Impairment on property, plant and equipment of RMB45,734,000 was made for the year ended 31 December 2015 (2014: RMB158,001,000) to reduce the carrying value of certain property, plant and equipment to the recoverable amount. These impairment losses were primarily due to the expected future losses of the cash generating units to which the assets belong. The recoverable amount is calculated based on the higher of assets' value in use or fair value less cost of disposal.

The Group pledged certain buildings with carrying values of approximately RMB881,325,000 as at 31 December 2015 (2014: RMB1,106,117,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 49.

The carrying amounts of property, plant and equipment held under finance leases as at 31 December 2015 amounted to RMB596,772,000 (2014: RMB962,235,000). Leased assets are pledged as security for the related finance lease liabilities, details of which are set out in note 36.

As at 31 December 2015, the Group was in the process of applying the title certificates of certain of its buildings with aggregate carrying amounts of approximately RMB363 million (2014: RMB577 million). After consulting with the legal advisor of the Company, the Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings without incurring significant costs. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of reporting period.

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16. PREPAID LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
COST		
At beginning of the year	**8,395,861**	3,325,489
Additions	**495,299**	636,598
Acquisition of subsidiaries (note 51)	**32,349**	98,583
Event-driven revaluation (note)	**–**	5,586,513
Disposal of subsidiaries (note 52)	**(28,103)**	–
Disposals	**(150,379)**	(893,107)
Other distribution to owner	**–**	(1,511)
Deemed distribution to owner	**–**	(356,704)
At end of the year	**8,745,027**	8,395,861
AMORTISATION AND IMPAIRMENT		
At beginning of the year	**(382,537)**	(452,185)
Provided for the year (note 10)	**(189,036)**	(94,246)
Disposal of subsidiaries (note 52)	**4,174**	–
Disposals	**97,787**	163,894
Impairment for the year (note 8)	**(41,279)**	–
At end of the year	**(510,891)**	(382,537)
CARRYING VALUES		
At end of the year	**8,234,136**	8,013,324
At beginning of the year	**8,013,324**	2,873,304
Analysed for reporting purposes as:		
Non-current	**8,042,079**	7,869,106
Current	**192,057**	144,218
	8,234,136	8,013,324

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

16. PREPAID LEASE PAYMENTS (CONTINUED)

As at 31 December 2015, the Group pledged leasehold land with carrying value of RMB90,837,000 (2014: RMB101,874,000) to secure loan facilities of the Group. Details of pledge of assets are set out in note 49.

As at 31 December 2015, the Group was in the process of applying the title certificates of certain of its land use rights in the PRC with aggregate carrying amount of approximately RMB16 million (2014: RMB255 million). After consulting with the legal advisor of the Company, the Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land use rights without incurring significant costs. The Directors are also of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of the reporting period.

17. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
COST		
At the beginning of the year	**720,879**	503,064
Transfer from property, plant and equipment (note 15)	**135,141**	81,431
Event-driven revaluation (note)	**–**	213,777
Disposals	**(6,351)**	(56,009)
Transfer to property, plant and equipment (note 15)	**(38,464)**	(28,954)
Additions	**13,760**	7,570
At the end of the year	**824,965**	720,879
ACCUMULATED DEPRECIATION		
At the beginning of the year	**(93,486)**	(113,359)
Transfer from property, plant and equipment (note 15)	**(11,639)**	(17,086)
Provided for the year (note 10)	**(33,338)**	(21,536)
Disposals	**6,330**	33,629
Transfer to property, plant and equipment (note 15)	**14,470**	23,197
Event-driven revaluation (note)	**–**	1,669
Impairment for the year (note 8)	**(13,788)**	–
At the end of the year	**(131,451)**	(93,486)
CARRYING VALUES	**693,514**	627,393

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

17. INVESTMENT PROPERTIES (CONTINUED)

The above investment properties are depreciated on a straight-line basis taking into account their estimated residual value, over the estimated useful lives of 15 to 40 years, which is the shorter of the lease term of land and estimated useful lives of buildings.

As at 31 December 2015, the Group is in the process of applying for the title certificates for certain of its investment properties with an aggregate carrying value of RMB88 million (2014: RMB41 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use these investment properties without incurring significant costs. The Directors are of the opinion that the aforesaid matter will not have any significant impact on the Group's financial position as at the end of reporting period.

As at 31 December 2015, the Group investment properties with carrying value of RMB69 million (2014: RMB Nil) to secure loan facilities of the Group. Details of pledge of assets are set out in note 49.

The carrying amount of investment properties included the Group's leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties.

The carrying amount of the Group's investment properties as at 31 December 2015 was RMB694 million (2014: RMB627 million). The fair value of the Group's investment properties as at 31 December 2015 was RMB1,235 million (2014: RMB1,186 million), including the fair value of the underlying buildings and land use rights.

The fair value of the investment properties as at 31 December 2015 has been arrived at based on a valuation carried out by DTZ Debenham Tie Leung Limited (the "DTZ"), independent valuer not connected with the Group, based on the income approach and direct comparison approach. The fair value of the investment properties as at 31 December 2014 has been arrived at based on a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "JLL"), independent valuers not connected with the Group, based on the income approach and direct comparison approach. The Directors are of the view that it is the best estimate of the fair value of these investment properties.

There has been no change from the valuation technique used for the reporting period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. INVESTMENT PROPERTIES (CONTINUED)

Details of the carrying values of the Group's investment properties and information about the fair value hierarchy were as follows:

	Carrying value as at		(level 3) Fair value as at	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Located in Anhui	**112,277**	137,903	**149,330**	222,759
Located in Yunnan	**100,510**	105,012	**118,960**	142,887
Located in Sichuan	**97,794**	102,192	**171,370**	155,380
Located in Shaanxi	**95,054**	97,550	**235,510**	229,769
Located in Xinjiang	**78,001**	–	**78,640**	–
Located in Jilin	**39,790**	47,099	**39,790**	47,410
Located in Hunan	**35,444**	36,219	**90,830**	86,500
Located in Zhejiang	**34,408**	36,667	**71,670**	72,412
Located in Jiangsu	**42,334**	–	**96,000**	–
Located in Liaoning	**22,729**	26,827	**40,960**	41,040
Located in Guangxi	**11,045**	11,764	**55,240**	52,650
Located in Hubei	**8,795**	10,891	**10,710**	17,139
Located in Tianjin	**6,965**	7,673	**31,370**	28,929
Located in Hebei	**5,440**	5,740	**6,020**	5,810
Located in Shanxi	**2,055**	–	**4,590**	–
Located in Gansu	**751**	1,734	**2,000**	4,400
Located in Guangdong	**122**	122	**32,090**	78,681
	693,514	627,393	**1,235,080**	1,185,766

18. INTANGIBLE ASSETS

	Patent & unpatented technology RMB'000	Software RMB'000	Mining rights RMB'000	Concession rights RMB'000	Others RMB'000	Total RMB'000
COST						
At 1 January 2014	44,413	445,732	101,101	17,746,779	91,983	18,430,008
Additions	116,880	110,564	1,081	210,949	45,123	484,597
Acquisition of subsidiaries (note 51)	–	–	–	–	43,258	43,258
Contribution by owner	–	–	7,234	–	–	7,234
Write off/disposal	(4,854)	(65,695)	(17,782)	–	(26,041)	(114,372)
Other distribution to owner	–	–	–	(1,537)	–	(1,537)
At 31 December 2014	156,439	490,601	91,634	17,956,191	154,323	18,849,188
Additions	**20,111**	**78,097**	**53,969**	**516,569**	**76,462**	**745,208**
Acquisition of subsidiaries (note 51)	**56,128**	**–**	**–**	**59,657**	**–**	**115,785**
Transfer within intangible assets	**–**	**3,717**	**–**	**–**	**(3,717)**	**–**
Disposal of subsidiaries (note 52)	**–**	**(197)**	**–**	**–**	**–**	**(197)**
Write off/disposal	**(33)**	**(10,118)**	**(28,957)**	**(2,165)**	**(21,461)**	**(62,734)**
At 31 December 2015	**232,645**	**562,100**	**116,646**	**18,530,252**	**205,607**	**19,647,250**
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2014	(19,004)	(297,635)	(20,293)	(2,085,657)	(21,634)	(2,444,223)
Provided for the year (note 10)	(21,749)	(74,706)	(8,668)	(290,169)	(10,004)	(405,296)
Event-driven revaluation (note)	–	90,060	–	–	–	90,060
Write off/disposal	2,402	30,929	10,548	–	6,656	50,535
At 31 December 2014	(38,351)	(251,352)	(18,413)	(2,375,826)	(24,982)	(2,708,924)
Provided for the year (note 10)	**(27,542)**	**(103,812)**	**(33,734)**	**(363,725)**	**(21,873)**	**(550,686)**
Disposal of a subsidiary (note 52)	**–**	**95**	**–**	**–**	**–**	**95**
Write off/disposal	**13**	**1,102**	**27,957**	**87**	**17,270**	**46,429**
Impairment for the year (note 8)	**(495)**	**(655)**	**–**	**–**	**–**	**(1,150)**
At 31 December 2015	**(66,375)**	**(354,622)**	**(24,190)**	**(2,739,464)**	**(29,585)**	**(3,214,236)**
CARRYING VALUES						
At 31 December 2015	**166,270**	**207,478**	**92,456**	**15,790,788**	**176,022**	**16,433,014**
At 31 December 2014	118,088	239,249	73,221	15,580,365	129,341	16,140,264

Note: Details of the valuation pursuant to the Reorganisation are set out in note 15.

18. INTANGIBLE ASSETS (CONTINUED)

The Group has entered into a number of service concession arrangements with certain government authorities in the PRC on a "Build-Operate-Transfer" ("BOT") basis in respect of its toll road operations and wastewater treatment plants. Pursuant to the service concession arrangement contracts, the Group (i) is responsible for the construction of toll roads and wastewater treatment plants, and the acquisition of the related facilities and equipment; (ii) has the contractual obligations to maintain the infrastructures at a specified level of serviceability and also maintain the infrastructure to an acceptable level of working conditions before handling over the infrastructures to the grantors; and (iii) is entitled to operate the toll roads and the wastewater treatment plants upon completion for a specified concession period from 25 to 30 years by charging users of the public service. The Group will not hold any residual interest in the toll roads and the wastewater treatment plants upon expiration of the concession period. As such, the service concession arrangement contracts are accounted for as service concession arrangements and an intangible asset was recognised at an amount equal to the fair value of the consideration for provision of construction service upon initial recognition.

The rights in respect of toll road income under three concession agreements with an aggregate carrying amount of RMB10,008,105,000 as at 31 December 2015 (2014: RMB10,230,268,000) are pledged to obtain bank borrowings (note 49).

Except for mining rights and concession rights related to toll roads, intangible assets are amortised using the straight-line method at the following years:

Patent & unpatented technology	10 years
Software	5 years
Concession right related to wastewater treatment plants	20-30 years
Others	5-10 years

Amortisation for mining rights is provided using the unit of production method based on the actual production volume over the estimated total proved and probable reserves of the ores mines.

Amortisation of the toll roads infrastructures is calculated to write off their cost, over their expected useful lives or the remaining concession period, whichever is the shorter, commencing from the date of commencement of commercial operation of the toll roads, based on a units-of-usage basis, which is the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads as estimated by the management or by reference to traffic projection reports prepared by independent traffic consultants.

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19. SUBSIDIARIES

Details of the Company's principal directly-held subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Date and place of establishment/operation	Paid up registered capital RMB	Equity interests attributable to the Group At 31 December 2015	2014	Principal activities
中國能源建設集團東北電力第一工程有限公司 China Energy Engineering Group Northeast No. 1 Electric Power Engineering Co., Ltd. (Note i)	16 September 1951 PRC	99,277,263	**100%**	100%	Construction
中國能源建設集團安徽電力建設第二工程有限公司 China Energy Engineering Group Anhui No.2 Electric Power Construction Engineering Co., Ltd. (Note i)	9 November 1952 PRC	201,261,650	**100%**	100%	Construction
中國能源建設集團黑龍江省火電第三工程有限公司 China Energy Engineering Group Heilongjiang No.3 Thermal Power Engineering Co., Ltd. (Note i)	1 January 1962 PRC	350,000,000	**100%**	100%	Construction
中國能源建設集團天津電力建設有限公司 China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd. (Note i)	15 December 1980 PRC	600,000,000	**100%**	100%	Construction
中國能源建設集團浙江火電建設有限公司 China Energy Engineering Group Zhejiang Thermal Power Construction Co., Ltd. (Note i)	6 April 1982 PRC	700,000,000	**100%**	100%	Construction
中國能源建設集團安徽電力建設第一工程有限公司 China Energy Engineering Group Anhui No.1 Electric Power Construction Engineering Co., Ltd. (Note i)	11 December 1982 PRC	241,514,000	**100%**	100%	Construction
中國能源建設集團天津電力設計院有限公司 China Energy Engineering Group Tianjin Electric Power Design Institute Co., Ltd. (Note i)	15 March 1985 PRC	100,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團東北電力第三工程有限公司 China Energy Engineering Group Northeast No.3 Electric Power Engineering Co., Ltd. (Note i)	7 April 1985 PRC	205,000,000	**100%**	100%	Construction
中國能源建設集團東北電力第二工程有限公司 China Energy Engineering Group Northeast No. 2 Electric Power Engineering Co., Ltd. (Note i)	27 March 1986 PRC	39,872,700	**100%**	100%	Construction
中國能源建設集團廣東火電工程有限公司 China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. (Note i)	12 May 1986 PRC	1,000,000,000	**100%**	100%	Construction
中國能源建設集團山西省電力勘測設計院有限公司 China Energy Engineering Group Shanxi Electric Power Design Institute Co., Ltd. (Note i)	31 July 1986 PRC	600,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團雲南省電力設計院有限公司 China Energy Engineering Group Yunnan Electric Power Design Institute Co., Ltd. (Note i)	1 March 1987 PRC	160,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團江蘇省電力建設第三工程有限公司 China Energy Engineering Group Jiangsu No.3 Electric Power Construction Engineering Co., Ltd. (Note i)	10 September 1987 PRC	260,000,000	**100%**	100%	Construction

19. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Date and place of establishment/operation	Paid up registered capital RMB	Equity interests attributable to the Group At 31 December 2015	2014	Principal activities
中國能源建設集團山西電力建設有限公司 China Energy Engineering Group Shanxi Electric Power Construction Co., Ltd. (Note i)	12 May 1988 PRC	377,000,000	**100%**	100%	Construction
中國能源建設集團新疆電力設計院有限公司 China Energy Engineering Group Xinjiang Electric Power Design Institute Co., Ltd. (Note i)	3 August 1989 PRC	100,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團廣東電力工程局有限公司 China Energy Engineering Group Guangdong Electric Power Engineering Co., Ltd. (Note i)	26 August 1989 PRC	33,000,000	**100%**	100%	Construction
中國能源建設集團陝西省電力設計院有限公司 China Energy Engineering Group Shaanxi Electric Power Design Institute Co., Ltd. (Note i)	18 November 1989 PRC	100,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團安徽省電力設計院有限公司 China Energy Engineering Group Anhui Electric Power Design Institute Co., Ltd. (Note i)	3 January 1990 PRC	118,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團遼寧電力勘測設計院有限公司 China Energy Engineering Group Liaoning Electric Power Design Institute Co., Ltd. (Note i)	29 March 1990 PRC	71,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團甘肅省電力設計院有限公司 China Energy Engineering Group Gansu Electric Power Design Institute Co., Ltd. (Note i)	12 April 1990 PRC	80,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團江蘇省電力設計院有限公司 China Energy Engineering Group Jiangsu Electric Power Design Institute Co., Ltd. (Note i)	21 September 1990 PRC	300,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團江蘇省電力建設第一工程有限公司 China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Engineering Co., Ltd. (Note i)	17 July 1991 PRC	36,483,100	**100%**	100%	Construction
中國能源建設集團黑龍江省電力設計院有限公司 China Energy Engineering Group Heilongjiang Electric Power Design Institute Co., Ltd. (Note i)	24 April 1993 PRC	100,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團湖南省電力設計院有限公司 China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. (Note i)	13 October 1993 PRC	80,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團西北電力建設工程有限公司 China Energy Engineering Group Northwest Electric Power Construction Engineering Co., Ltd. (Note i)	13 April 1994 PRC	710,000,000	**100%**	100%	Construction
中國能源建設集團湖南省火電建設有限公司 China Energy Engineering Group Hunan Thermal Power Construction Co., Ltd. (Note i)	2 May 1995 PRC	249,000,000	**100%**	100%	Construction
廣西水利電力建設集團有限公司 Guangxi Water Conservancy & Electric Power Construction Group Co., Ltd. (Note i)	3 November 1995 PRC	800,000,000	**100%**	100%	Construction

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19. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Date and place of establishment/operation	Paid up registered capital RMB	Equity interests attributable to the Group At 31 December 2015	2014	Principal activities
中國能源建設集團浙江省電力設計院有限公司 China Energy Engineering Group Zhejiang Electric Power Design Institute Co., Ltd. (Note i)	2 April 1996 PRC	580,000,000	**100%**	100%	Survey, design, consulting and construction
中國能源建設集團黑龍江省火電第一工程有限公司 China Energy Engineering Group Heilongjiang No.1 Thermal Power Engineering Co., Ltd. (Note i)	16 April 1996 PRC	51,628,700	**100%**	100%	Construction
中國能源建設集團廣東省電力設計研究院有限公司 China Energy Engineering Group Guangdong Electric Power Design Institute Co., Ltd. (Note i)	8 November 2001 PRC	1,000,000,000	**100%**	100%	Survey, design, consulting and construction
中國葛洲壩集團有限公司 CGGC Group (Note i)	10 June 2003 PRC	3,000,000,000	**100%**	100%	Survey, design, consulting, construction, civilian blasting, cement sales and real estate development
中國電力工程顧問集團有限公司 China Power Engineering Consulting Group Co., Ltd. ("CPEC") (Note i)	12 August 2003 PRC	600,000,000	**100%**	100%	Survey, design, consulting and construction
中國能建集團裝備有限公司 China Energy Engineering Group Equipment Co., Ltd. (Note i)	16 August 2012 PRC	3,597,117,270	**100%**	100%	Manufacturing of equipment

Note:

(i) English name of these companies are for reference only and have not been registered.

Information of debt securities, representing corporate bonds, issued by subsidiaries of the Group:

As at 31 December 2015, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB Million	Carrying value of debt securities RMB Million	Maturity date
CGGC	**500**	**524**	**25/02/2016**
	550	**549**	**25/12/2019**
	600	**625**	**06/03/2020**
CGGC Group (exclude CGGC)	**400**	**405**	**16/08/2017**
	500	**521**	**06/03/2018**
	500	**500**	**26/12/2019**
		3,124	

19. SUBSIDIARIES (CONTINUED)

As at 31 December 2014, the Group had outstanding issued debt securities as follows:

Name	Face value of debt securities RMB Million	Carrying value of debt securities RMB Million	Maturity date
CGGC	500	506	20/09/2015
	500	524	25/02/2016
	550	550	25/12/2019
	600	625	06/03/2020
CGGC Group (exclude CGGC)	400	406	16/08/2017
	500	520	06/03/2018
	500	500	26/12/2019
		3,631	

Composition of the Group

Principal activity	**Place of incorporation and operation**	**Number of directly-held subsidiaries**	
		2015	2014
Construction	PRC	**17**	17
Manufacturing of equipment	PRC	**1**	1
Survey, design, consulting and construction	PRC	**14**	14
Survey, design, consulting, construction, civilian blasting, cement sales and real estate development	PRC	**1**	1
		33	33

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19. SUBSIDIARIES (CONTINUED)

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

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of equity interests and voting rights held by non-controlling interests at 31 December		Profit (loss) allocated to non-controlling interests year ended 31 December		Accumulated non-controlling interests at 31 December	
		2015	2014	**2015**	2014	**2015**	2014
				RMB'000	RMB'000	**RMB'000**	RMB'000
CGGC (note (a))	PRC	**57.66%**	58.01%	**2,295,276**	1,907,955	**18,530,967**	16,349,351
Others				**16,996**	71,090	**305,175**	372,683
Eliminations (note (b))				**(77,580)**	(36,317)	**(1,019,502)**	(836,428)
Total				**2,234,692**	1,942,728	**17,816,640**	15,885,606

Notes:

(a) The proportion of voting rights and ownership interests of CGGC indirectly held by the Company is less than 50%. The Directors concluded that the Group has had control over CGGC on the basis of the Group's absolute size of holding and voting rights in CGGC and the relative size and dispersion of the shareholdings owned by the other shareholders.

(b) Eliminations represent certain cross holding of subsidiaries by other subsidiaries of the Group.

Summarised financial information in respect of CGGC that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group elimination.

CGGC

	2015	2014
	RMB'000	RMB'000
Current assets	**79,576,896**	62,648,497
Non-current assets	**48,052,875**	42,251,758
Current liabilities	**69,741,052**	54,554,700
Non-current liabilities	**29,787,897**	26,186,797
Equity attributable to owners of the Company	**8,569,855**	7,809,407
Perpetual capital instruments holders	**1,000,000**	–
Non-controlling interests	**18,530,967**	16,349,351

19. SUBSIDIARIES (CONTINUED)

	2015 RMB'000	2014 RMB'000
Revenue	**82,274,932**	71,605,390
Expenses	**78,843,057**	68,804,648
Profit for the year	**3,431,875**	2,800,742
Profit attributable to owners of the Company	**1,136,599**	892,787
Profit attributable to non-controlling interests	**2,295,276**	1,907,955
Total comprehensive income for the year	**2,789,916**	3,861,946
Total comprehensive income attributable to owners of the Company	**864,741**	1,338,434
Total comprehensive income attributable to non-controlling interests	**1,925,175**	2,523,512
Dividends paid to non-controlling interests	**714,103**	570,998
Total other changes to equity	**2,225,920**	5,214,739
Net cash (outflows) inflows from operating activities	**(4,749,522)**	1,146,316
Net cash outflows from investing activities	**(4,971,794)**	(4,563,721)
Net cash inflows from financing activities	**16,271,435**	5,662,827
Net cash inflows	**6,673,676**	2,223,988

Change in ownership interests in subsidiaries:

During the year, Gezhouba Cements Group Co., Ltd. ("Gezhouba Cements Group", a subsidiary of CGGC) entered into an agreement with an independent third party, Hubei Zhongsha Cement Co., Limited ("Hubei Zhongsha"), under which Hubei Zhongsha agreed to make a cash capital contribution of RMB393,269,000 to Jingmen Gezhouba Cements Limited ("Jingmen Cements", a subsidiary of Gezhouba Cements Group). The carrying amounts of the Group's interest and the non-controlling interest in Jingmen Cements are adjusted to reflect the changes in their relative interests in Jingmen Cements. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration received is recognized directly in equity and attributed to owners of the Company since the change in the Group's ownership interest in Jingmen Cements does not result in the Group losing control over Jingmen Cements and should be accounted for as equity transaction. Upon the completion of the transaction, the Gezhouba Cements Group's equity interest in Jingmen Cements reduced from 97.79% to 53.78%.

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20. INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Unlisted cost of interests in joint ventures	**2,861,802**	466,081
Share of post-acquisition profits, net of dividends received and receivable	**6,239**	104,791
	2,868,041	570,872

Particulars of the principal joint ventures of the Group are as follows:

Name of the joint venture	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group At 31 December	
			2015	2014
廣州市正林房地產開發有限公司 Guangzhou Zhenglin Real Estate Development Co., Ltd ("Zhenglin")* (note (a))	Real estate	PRC	**49%**	N/A
廣州市如茂房地產開發有限公司 Guangzhou Rumao Real Estate Development CO., Ltd ("Rumao")* (note (a))	Real estate	PRC	**49%**	N/A
中電廣西防城港電力有限公司 CLP Guangxi Fangchenggang Power Co., Ltd ("Fangchenggang")* (note (b))	Generation and sale of electricity	PRC	**30%**	30%

Notes:

(a) During the year, the Group newly established two joint ventures and completed its capital contribution of RMB1,790,229,700 into these two joint ventures, details of which are set out in note 26(c). The Group held 49% equity interest in these two entities respectively and the remaining 51% equity interest in these two entities are held by another independent third party of the Group. Under the joint venture agreement, the boards of directors of these two entities all comprise 5 directors each, 2 of which are appointed by the Group. Unanimous approvals by all directors are required for decision on directing the relevant activities of these two entities. Hence, in the opinion of the Directors, the Group's interest in these two entities are accounted for as joint ventures. The share of net assets of these two joint ventures by the Group aggregated RMB1,789,193,645 as at 31 December 2015.

(b) Guangxi Water Conservancy & Electric Power Construction Group Co., Ltd. ("Guangxi Water & Power Group"), a directly-held wholly-owned subsidiary of the Company, held 30% equity interest in Fangchenggang. The remaining 70% equity interest in Fangchenggang was held by other three third parties which are independent to the Group. Under the joint venture agreement, at least three-fourths of the voting rights are required for decision on directing the relevant activities of Fangchenggang, and hence in the opinion of the Directors, the Group's interest in Fangchenggang is accounted for as a joint venture. During the year, the Group made further capital injection of RMB345,000,000 (note 54) to Fangchenggang.

* The English name of the joint ventures represent a direct translation for the Chinese name of these joint ventures as no English name has been registered.

The summarised financial information in respect of the Group's material joint ventures which are accounted for using the equity accounting method and prepared using IFRSs is set out below.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Fangchenggang

	2015 RMB'000	2014 RMB'000
Current assets	**381,244**	803,488
Non-current assets	**6,156,804**	4,562,369
Current liabilities	**952,462**	1,558,917
Non-current liabilities	**3,041,257**	2,155,719
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**128,318**	354,942
Current financial liabilities (excluding trade and other payables and provisions)	**668,285**	208,780
Non-current financial liabilities (excluding trade and other payables and provisions)	**3,015,599**	2,129,340

	2015 RMB'000	2014 RMB'000
Revenue	**1,116,511**	1,819,974
Profit and other comprehensive income for the year	**107,978**	364,870
Cash dividends received from the joint venture	**76,353**	78,582
The above profit for the year includes the following:		
Depreciation and amortisation	**145,234**	146,951
Finance income	**2,024**	12,591
Finance costs	**128,310**	130,889
Income tax expense	**39,442**	113,536

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Fangchenggang recognised in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture	**2,544,329**	1,651,221
Proportion of the Group's interest in Fangchenggang	**30%**	30%
Carrying amount of the Group's interest in Fangchenggang	**763,299**	495,366

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20. INTERESTS IN JOINT VENTURES (CONTINUED)

Zhenglin

	2015 RMB'000
Current assets	**2,202,964**
Non-current assets	**–**
Current liabilities	**124,154**
Non-current liabilities	**–**
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	**1,551**
Current financial liabilities (excluding trade and other payables and provisions)	**–**
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**

	2015 RMB'000
Revenue	**–**
Loss and other comprehensive expenses for the year	**(190)**
Cash dividends received from the joint venture	**–**
The above profit for the year includes the following:	
Depreciation and amortisation	**–**
Finance income	**2,541**
Finance costs	**–**
Income tax expense	**–**

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Zhenglin recognised in the consolidated financial statements:

	2015 RMB'000
Net assets of the joint venture	**2,078,810**
Proportion of the Group's interest in Zhenglin	**49%**
Other adjustments	**10,290**
Carrying amount of the Group's interest in Zhenglin	**1,028,907**

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Rumao

	2015 RMB'000
Current assets	1,748,199
Non-current assets	67
Current liabilities	212,196
Non-current liabilities	–
The above amounts of assets and liabilities include the following: Cash and cash equivalents	1,249
Current financial liabilities (excluding trade and other payables and provisions)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–

	2015 RMB'000
Revenue	–
Loss and other comprehensive expenses for the year	(1,924)
Cash dividends received from the joint venture	–
The above profit for the year includes the following: Depreciation and amortisation	–
Finance income	2,191
Finance costs	–
Income tax expense	–

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Rumao recognised in the consolidated financial statements:

	2015 RMB'000
Net assets of the joint venture	1,536,070
Proportion of the Group's interest in Rumao	49%
Other adjustments	7,613
Carrying amount of the Group's interest in Rumao	760,287

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material:

	2015 RMB'000	2014 RMB'000
The Group's share of (loss) profit and other comprehensive (expenses) income	**(20,448)**	1,243
Cash dividend received	**–**	–

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	**315,548**	75,506

21. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Unlisted cost of interests in associates	**1,749,424**	1,746,185
Share of post-acquisition profits, net of dividends received and receivable	**(51,694)**	14,918
Provision for impairment	**(40,982)**	(40,982)
	1,656,748	1,720,121

Details of the Group's principal associates are as follows:

Name of associate	Place/country of establishment and operations	Proportion of ownership interest held by the Group at 31 December 2015 %	 2014 %	Principal activities
Chongqing Jiangqi Highway Co., Ltd.	PRC	**40.00**	40.00	Express highway construction
Chongqing Gezhouba Sunac Jinyu Real Estate Co., Ltd.	PRC	**49.00**	49.00	Real estate development
Sichuan Meigu River Hydropower Development Co., Ltd.	PRC	**23.50**	23.50	Hydroelectric generation

The Directors are of the view that none of the associates of the Group is individually material to affect the results or financial position of the Group.

21. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of (losses) profit and other comprehensive (expenses) income	**(23,315)**	31,629
Cash dividends received	**30,408**	19,511

22. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost		
At the beginning of the year	**725,467**	49,730
Arising on acquisition of subsidiaries (note 51)	**54,491**	675,737
At the end of year	**779,958**	725,467
Impairment		
At the beginning and end of the year	**–**	–
Carrying values		
At the end of year	**779,958**	725,467
At the beginning of the year	**725,467**	49,730

Impairment testing on goodwill

The carrying amount of goodwill at the end of year is attributable to the acquisition of subsidiaries of the following directly-held subsidiaries of the Company:

	2015 RMB'000	2014 RMB'000
CGGC Group	**742,173**	687,682
CPEC	**21,094**	21,094
Guangxi Water & Power Group	**10,493**	10,493
Others	**6,198**	6,198
	779,958	725,467

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22. GOODWILL (CONTINUED)

Impairment testing on goodwill (continued)

The basis of determining the recoverable amounts of the above subsidiaries and their major underlying assumptions are summarised below:

Goodwill with amount of RMB687,682,000, arising on acquisition of 葛洲壩鐘祥水泥有限公司 (Gezhouba Zhongxiang Cement Company Limited) (the "Zhongxiang Cement") by CGGC Group in 2014 included in civil explosives and cement production business of the Group, is principally engaged in the production and sales of cement businesses. As at 31 December 2014, the purchase price allocation of the acquisition has not been completed and the amount of goodwill was reported as provisional amount accordingly. During the current year, purchase price allocation exercise was completed. No adjustment is required on the amount of goodwill. The recoverable amount of this cash generating unit as at 31 December 2015 has been determined based on a value in use calculation. The recoverable amount is based on the financial budget approved by management of CGGC for the next 5 years and extrapolates cash flows for the following 5 years based on an estimated constant growth rate of 0%. The rate used to discount the forecast cash flows is 7.85%. Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on the subsidiary's past performance.

Goodwill with amount of RMB20,780,000, arising on acquisition of AB, ENERGETIKOS TINKLU INSTITUTAS by CPEC in 2013 included in survey, design and consultancy business of the Group, is principally engaged in survey and design businesses. The recoverable amount of this cash generating unit has been determined based on a value in use calculation. The recoverable amount is based on the financial budget approved by management of CPEC for the next 5 years and extrapolates cash flows for the following 5 years based on an estimated constant growth rate of 3% (31 December 2014: 3%). The rate used to discount the forecast cash flows is 17% (31 December 2014:17%). Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on the subsidiary's past performance.

The recoverable amounts in respect of subsidiaries, which are principally engaged in civil explosive product manufacturing, cements production, waste water treatment and electronic power, other than Zhongxiang Cement, AB, ENERGETIKOS TINKLU INSTITUTAS, have been determined based on a value in use calculation. That calculation uses cash flow projections based on the most recent financial budgets of five years approved by management and an extrapolated financial budget for the following five years, and a discount rate of 5.4% to 13.39% (31 December 2014: 5.4% to 13.39%). One major assumption is annual growth rates in revenue which vary among different subsidiaries for the most recent financial budgets period, covering 3 to 5 years, and a growth rate of 0% to 5% for the extrapolation period. The growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculations is the stable budgeted gross margin, which is determined based on the subsidiaries' past performance.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the remaining subsidiaries to exceed its recoverable amount.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
Listed investments:		
Equity securities listed in Mainland China	**2,641,334**	3,100,113
Equity securities listed in Hong Kong	**216,100**	200,000
Subtotal	**2,857,434**	3,300,113
Unlisted investments:		
Private companies (note (a))	**3,450,223**	3,147,147
Listed company (note (b))	**347,977**	744,003
Provision for impairment	**(119,107)**	(75,680)
Subtotal	**3,679,093**	3,815,470
Total	**6,536,527**	7,115,583
Analysed for reporting purposes as:		
Non-current assets	**6,536,527**	7,115,583

Notes:

(a) The unlisted investments in private companies represent equity securities of private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the Directors are of the opinion that the fair values cannot be reliably measured. The Group does not intend to dispose them in the near future.

(b) These investments represent non-tradable shares of Huadian Fuxin Energy Corporation Limited ("Huadian Fuxin", a PRC established company which is under control by SASAC) which was listed on the Stock Exchange in 2012.

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the year:

	Defined benefit obligations	Impairment of assets	Unrealised profit in intra-group transactions	Employee benefits payables	Deductible losses	Depreciation difference between taxation and accounting basis	Fair value changes of available-for -sale financial assets	Differences between book value and tax basis of assets acquired not under common control	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	436,929	449,509	57,464	57,081	27,117	(213,686)	(239,709)	(16,857)	10,733	568,581
(Charge) credit to profit or loss (note 12)	(11,631)	20,597	47,683	15,892	(18,255)	(61,998)	–	2,113	(7,805)	(13,404)
Credit (charge) to other comprehensive income	50,740	–	–	–	–	–	(485,504)	–	–	(434,764)
Acquisitions of subsidiaries (note 51)	–	–	–	–	–	–	–	(11,717)	–	(11,717)
At 31 December 2014	476,038	470,106	105,147	72,973	8,862	(275,684)	(725,213)	(26,461)	2,928	108,696
(Charge) credit to profit or loss (note 12)	**(213,590)**	**69,050**	**64,062**	**(5,933)**	**(4,800)**	**(114,870)**	**–**	**15,516**	**37,786**	**(152,779)**
Credit to other comprehensive income	**21,216**	**–**	**–**	**–**	**–**	**–**	**209,947**	**–**	**–**	**231,163**
Acquisitions of subsidiaries (note 51)	**–**	**86**	**–**	**–**	**–**	**(94,688)**	**–**	**(7,814)**	**–**	**(102,416)**
Disposals of subsidiaries (note 52)	**–**	**(638)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(638)**
At 31 December 2015	**283,664**	**538,604**	**169,209**	**67,040**	**4,062**	**(485,242)**	**(515,266)**	**(18,759)**	**40,714**	**84,026**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015	2014
	RMB'000	RMB'000
Deferred tax assets	**1,125,493**	1,140,755
Deferred tax liabilities	**1,041,467**	1,032,059
	84,026	108,696

Details of tax losses and other temporary differences not recognised are set out below:

	2015	2014
	RMB'000	RMB'000
Tax losses	**7,953,016**	6,700,827
Other unrecognised temporary differences	**2,833,958**	2,126,823

24. DEFERRED TAXATION (CONTINUED)

No deferred tax asset has been recognised in respect of the above tax loss due to the unpredictability of future profit stream for relevant subsidiaries. Included in unrecognised tax losses are losses that will expire in the following years:

	2015 RMB'000	2014 RMB'000
2015	–	547,517
2016	1,628,226	1,703,500
2017	1,127,124	1,209,399
2018	1,221,426	1,383,000
2019	1,759,117	1,857,411
2020	2,217,123	–
	7,953,016	6,700,827

Note: As part of the Reorganisation, during the year ended 31 December 2014, certain subsidiaries now comprising the Group were transformed from State-owned enterprises to limited liability companies by Energy China Group. According to the transformation, the accumulated losses of these subsidiaries at the date of transformation amounting to RMB2,206,404,000 were eliminated against capital reserve of these companies. As such, unrecognised tax loss of the Group of RMB2,206,404,000 was forfeited during the year ended 31 December 2014.

25. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	40,756,525	36,114,420
Retention money receivables	6,797,604	4,955,267
Less: allowance of doubtful debts	(2,375,139)	(1,933,170)
	45,178,990	39,136,517
Bills receivable	3,477,579	2,823,304
Build-transfer ("BT")/BOT project receivables	5,832,200	4,474,606
Total trade and bills receivables	54,488,769	46,434,427
Analysed for financial reporting purpose:		
Non-current	7,113,935	4,474,606
Current	47,374,834	41,959,821
	54,488,769	46,434,427

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25. TRADE AND BILLS RECEIVABLES (CONTINUED)

The following is an analysis of trade and bills receivables including BT and BOT receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
0 to 6 months	**34,137,929**	30,246,833
6 months to 1 year	**6,497,153**	4,644,180
1 year to 2 years	**8,450,143**	6,231,943
2 years to 3 years	**3,178,505**	3,899,638
3 years to 4 years	**1,185,050**	765,099
4 years to 5 years	**476,944**	402,533
Over 5 years	**563,045**	244,201
	54,488,769	46,434,427

An aged analysis of the trade and bills receivables that are past due but neither individually nor collectively considered to be impaired is as follows:

	2015 RMB'000	2014 RMB'000
Less than 6 months past due	**604,581**	1,732,520
6 months-1 year past due	**527,430**	776,602
1-2 years past due	**261,825**	1,270,973
2-3 years past due	**3,175**	476,546
3-4 years past due	**26,159**	169,728
4-5 years past due	**41,151**	73,177
Over 5 years past due	**22,701**	219,980
	1,487,022	4,719,526

Movements in the allowance of doubtful debts are set out as follows:

	2015 RMB'000	2014 RMB'000
At the beginning of the year	**1,933,170**	1,588,015
Provided for the year (note 8)	**440,231**	345,298
Written off	**(2,636)**	(143)
Disposal of subsidiaries	**(24)**	–
Exchange adjustment	**4,398**	–
At the end of the year	**2,375,139**	1,933,170

25. TRADE AND BILLS RECEIVABLES (CONTINUED)

The amounts due from ultimate holding company, fellow subsidiaries, joint ventures and associates included in the trade and bills receivables are analysed as follows:

	2015 RMB'000	2014 RMB'000
Ultimate holding company	**1,324**	–
Fellow subsidiaries	**14,764**	9,300
Joint ventures	**849**	9,271
Associates	**277,254**	146,628
Total	**294,191**	165,199

The above amounts are unsecured and interest-free. The Group has not granted any credit periods to related parties. All balances are past due but not impaired and aged within one year.

As at 31 December 2015, the Group pledged its trade receivables from grid companies amounting to approximately RMB1,368,035,000 (31 December 2014: RMB767,644,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 49.

Trade receivables denominated in currencies other than the functional currencies of respective entities are set out below:

	2015 RMB'000	2014 RMB'000
United States Dollar ("USD")	**909,889**	650,513
Rupee ("NRs")	**–**	68,973
Others	**40,760**	99,110
	950,649	818,596

Bills receivable issued among subsidiaries of the Group for intra-group transactions were discounted with recourse at 31 December 2015 and 31 December 2014 and these bills receivable have not been recognised in these consolidated financial statements.

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26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Advance to suppliers	**23,999,025**	13,652,706
Other receivables (note (a))	**11,140,065**	8,254,599
Prepayments for acquisition of property, plant and equipment	**1,187,528**	1,459,842
Prepaid taxes	**1,391,096**	1,059,076
Dividends receivable	**28,724**	345,810
Interest receivable	**27,865**	16,993
Relocation compensation receivable from government (note (b))	**192,075**	701,451
Deposits for investments (note (c))	**–**	896,100
Deposits for prepaid lease payments (note (d))	**89,965**	131,540
	38,056,343	26,518,117
Analysed for financial reporting purpose:		
Non-current	**1,469,568**	3,188,933
Current	**36,586,775**	23,329,184
	38,056,343	26,518,117

Notes:

(a) Other receivables mainly represented bidding bonds, performance bonds and various deposits required for the Group's business operations.

(b) A subsidiary of the Company was required by the local government for relocation to other place due to certain commercial development plan in the local area. The local government would make compensation to the Group for relocation costs and loss of assets as a result of such relocation. This compensation receivable will be settled with the Group progressively after the local government obtains proceeds from sales of the above underlying piece of land.

(c) A subsidiary of the Company engaging in real estate development business had made an advance amounting to RMB896,100,000 to an independent party (the "Party") to establish two 49%-owned joint ventures with independent third parties. As at 31 December 2014, the Group had remaining outstanding capital contribution commitment of RMB894,130,000, included as part of the investment commitments in joint ventures of RMB1,304,130,000 in note 46, in establishing these two new joint ventures. During the year, the Group acquired the entire equity interest in the Party. The acquisition of the Party was included in the acquisition of subsidiaries set out in note 51. Subsequent to this acquisition, the Group made the remaining capital contribution of RMB894,130,000 into the aforesaid two joint ventures. The establishment of these two joint ventures were completed during the year. Hence, the entire deposits of RMB896,100,000 as at 31 December 2014 were transferred to investments in joint ventures during the year.

(d) During the year ended 31 December 2014, the Group placed deposits amounting to RMB131,540,000 with certain government authorities for the purpose of acquiring certain land use rights through public auction, tendering or listing. The land acquisition procedures were completed during the year and as such, the deposits made before 31 December 2014 were utilized as part of the considerations paid for the acquisition of land use rights and recognized as new additions of prepaid lease payments for the year.

During the year, the Group has made another deposit amounting to RMB89,965,000 for other land use rights, of which the relevant procedures have not yet completed at 31 December 2015.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance of doubtful debts are set out as follows:

	2015 RMB'000	2014 RMB'000
At the beginning of the year	**939,623**	882,648
Provided for the year (note 8)	**124,158**	70,479
Written off	**(29,184)**	(13,504)
Elimination on disposal of subsidiaries	**(5,916)**	–
Exchange adjustment	**6,282**	–
At the end of the year	**1,034,963**	939,623

The amounts due from ultimate holding company, fellow subsidiaries, joint ventures and associates included in the prepayments, deposits and other receivables are analysed as follows:

	2015 RMB'000	2014 RMB'000
Ultimate holding company		
– Trade nature	**35,081**	–
– Non-trade nature	**1,090,936**	562,236
Fellow subsidiaries		
– Trade nature	**50,929**	27,763
Joint ventures		
– Trade nature	**136,895**	3,050
Associates		
– Trade nature	**170,082**	39,889
Total	**1,483,923**	632,938

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27. OTHER LOANS

At 31 December 2015, the amounts due from joint ventures, associates and third parties included in other loans were mainly repayable within one year, except for loans amounting to RMB1,300,000,000 as at 31 December 2015 (31 December 2014: RMB817,000,000) which were repayable from 1 to 2 years. These loans are all unsecured, further details of which are analysed as follows:

	2015 RMB'000	2014 RMB'000
Amounts due from:		
Joint ventures	–	758,343
Associates	**2,907,578**	2,337,181
Third parties	**2,091,652**	3,013,022
	4,999,230	6,108,546
Analysed for financial reporting purpose:		
Non-current	**1,300,000**	817,000
Current	**3,699,230**	5,291,546
	4,999,230	6,108,546
Loans:		
With third party guarantees	**600,000**	2,000,000
Without guarantees	**4,399,230**	4,108,546
	4,999,230	6,108,546
Interest bearing loans (fixed rate)	**4,710,528**	5,535,924
Interest-free loans repayable on demand	**288,702**	572,622
	4,999,230	6,108,546
Range of interest rate (per annum)	**2.55% to 10.50%**	1.87% to 10.50%

For these loans, the management of the Group assesses recoverability on an individual item basis based on estimated irrecoverable amounts which is determined by reference to the credit history, objective evidences of impairment and expected recoverable amounts.

28. INVENTORIES

	2015 RMB'000	2014 RMB'000
Materials in transit	**62,011**	110,869
Raw materials	**3,246,822**	3,517,351
Work in progress	**1,271,934**	1,624,603
Finished goods	**4,446,031**	4,019,358
Low value consumables and spare parts	**216,268**	256,169
Total	**9,243,066**	9,528,350

29. PROPERTIES UNDER DEVELOPMENT FOR SALE/COMPLETED PROPERTIES FOR SALE

	2015 RMB'000	2014 RMB'000
Properties under development for sale	**17,503,195**	16,642,929
Completed properties for sale	**2,116,053**	2,085,983
	19,619,248	18,728,912

The amount of properties under development for sale not expected to be completed within the next twelve months is as follows:

	2015 RMB'000	2014 RMB'000
Properties under development	**14,931,502**	13,440,796

Certain properties under development for sale and completed properties for sale of the Group were pledged against the loans and borrowings, details of which are set out in note 49.

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30. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONSTRUCTION CONTRACTS

	2015 RMB'000	2014 RMB'000
Gross amounts due from customers for construction work	**17,193,862**	16,562,369
Gross amounts due to customers for construction work	**(4,553,593)**	(5,504,889)
	12,640,269	11,057,480
Contract costs incurred plus recognised profits less recognised losses to date	**652,544,244**	493,635,195
Less: Progress billings received and receivables	**(639,903,975)**	(482,577,715)
	12,640,269	11,057,480

Gross amounts due from customers for construction work above include amounts attributable to joint ventures and associates as follows:

	2015 RMB'000	2014 RMB'000
Joint ventures	**–**	37,723
Associates	**70,597**	167,186
	70,597	204,909

Gross amounts due to customers for construction work above include amounts attributable to joint ventures as follows:

	2015 RMB'000	2014 RMB'000
Joint ventures	**52,872**	–

The transactions between these related parties were based on prices mutually agreed between the parties after taking reference of the market prices.

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The analysis of the Group's financial assets at FVTPL is as follows:

	2015 RMB'000	2014 RMB'000
Listed investments		
Equity securities listed in Mainland China (note 45(b))	**66,663**	161,397

32. BANK AND CASH BALANCE, PLEDGED DEPOSITS/OTHER DEPOSITS OVER THREE MONTHS

	2015 RMB'000	2014 RMB'000
Bank and cash balances	**47,534,919**	28,810,783
Time deposits	**3,366,453**	3,643,708
	50,901,372	32,454,491
Less: Pledged deposits for		
Bills payable	**1,438,124**	864,438
Letter of credit	**1,017,434**	743,243
Others	**195,055**	195,705
	2,650,613	1,803,386
Bank and cash balances at end of year	**48,250,759**	30,651,105
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**1,013,827**	1,894,529
Cash and cash equivalents in the consolidated statement of cash flows	**47,236,932**	28,756,576

The Group's bank and cash balances comprise cash and bank deposits, including pledged deposits, carrying interest at prevailing variable market rates ranging from 0.30% to 1.495% per annum as at 31 December 2015 (31 December 2014: 0.005% to 3.250% per annum).

As at 31 December 2015, the bank deposits of RMB1,013,827,000 (31 December 2014: RMB1,894,529,000) carried fixed rate interests ranging from 0.45% to 4.75% per annum (31 December 2014: 2.85% to 4.75% per annum) with original maturity of more than three months.

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33. TRADE AND BILLS PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**56,334,038**	47,097,876
Bills payable	**6,125,028**	4,437,835
	62,459,066	51,535,711

The credit period on purchases of goods or services ranges from 30 days to 180 days.

As at 31 December 2015, retention payables of RMB2,242,086,000 (31 December 2014: RMB2,153,525,000) is included in trade and bills payables. Retention payables are interest-free and payable at the end of the retention periods of the respective construction contracts. The Group's normal operating cycle with respect to the construction contracts is usually more than one year.

Details of the bank deposits pledged for the Group's bills payable are set out in note 32.

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Within 1 year	**52,233,016**	42,349,663
1 to 2 years	**5,953,089**	4,944,268
2 to 3 years	**1,873,757**	2,143,412
More than 3 years	**2,399,204**	2,098,368
	62,459,066	51,535,711

The amounts due to fellow subsidiaries and associates included in the trade and bills payables are analysed as follows:

	2015 RMB'000	2014 RMB'000
Fellow subsidiaries	**88,862**	219,880
Associates	**1,061**	20,438
	89,923	240,318

The above amounts due to related parties are unsecured, non-interest bearing and repayable on similar credit terms offered by other suppliers of the Group.

34. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Advance from customers	**22,583,279**	26,859,410
Other payables	**16,059,140**	14,121,006
Payable to NSSF (Note)	**1,065,549**	–
Accrued payroll and welfare	**1,871,753**	2,264,186
Non-income tax related tax payables	**1,968,778**	1,674,657
Dividend payables to non-controlling interests	**127,013**	72,858
Interest payables	**148,172**	94,687
	43,823,684	45,086,804
Analysed for financial reporting purpose:		
Current	**43,464,444**	44,975,521
Non-current portion	**359,240**	111,283
	43,823,684	45,086,804

Note: In accordance with relevant PRC regulations regarding disposal of state-owned shares, in the event of an initial public offering to public shareholders in overseas securities market by a PRC joint stock company in which the state has an interest, such company shall dispose of its state-owned shares representing 10% of the amount received from such offering. Proceeds generated from the disposal of such state-owned shares is payable to NSSF.

The balances of other payables mainly include payments made by third parties on behalf of the Group, retention money payables, deposits payable and others.

The amounts due to ultimate holding company, fellow subsidiaries, joint ventures and associates included in other payables are analysed as follows:

	2015 RMB'000	2014 RMB'000
Ultimate holding company	**217,025**	98,932
Fellow subsidiaries	**177,649**	54,741
Joint ventures	**479,659**	49,405
Associates	**421,699**	156,319
	1,296,032	359,397
Analysed by nature:		
Trade nature	**1,150,662**	182,655
Non-trade nature (Note)	**145,370**	176,742
	1,296,032	359,397

Note: The above amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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35. BANK AND OTHER BORROWINGS

	2015 RMB'000	2014 RMB'000
Current		
Short term bank borrowings:		
– unsecured	**25,029,012**	13,562,681
– secured	**786,300**	1,005,300
Short term other borrowings:		
– unsecured	**1,784,119**	2,996,550
– secured	**112,460**	–
Current portion of long term bank borrowings:		
– unsecured	**3,940,735**	4,686,790
– secured	**3,394,371**	1,010,428
Current portion of long term other borrowings:		
– secured	**113,623**	–
	35,160,620	23,261,749
Non-current		
Long term bank borrowings:		
– unsecured	**19,394,494**	14,297,286
– secured	**9,045,235**	11,566,572
Long term other borrowings:		
– secured	**1,525,802**	–
	29,965,531	25,863,858

	2015 RMB'000	2014 RMB'000
Carrying amount is repayable as follows:		
On demand or within one year	**35,160,620**	23,261,749
More than one year but within two years	**6,546,671**	6,881,657
More than two years but within three years	**8,846,269**	5,492,695
More than three years but within four years	**2,545,401**	2,114,920
More than four years but within five years	**1,185,698**	1,580,051
More than five years	**10,841,492**	9,794,535
	65,126,151	49,125,607
Less: Amounts due within one year shown under current liabilities	**35,160,620**	23,261,749
Amounts shown under non-current liabilities	**29,965,531**	25,863,858

35. BANK AND OTHER BORROWINGS (CONTINUED)

The amounts due to ultimate holding company, fellow subsidiaries and associates included in bank and other borrowings above are analysed as follows:

	2015 RMB'000	2014 RMB'000
Ultimate holding company	**1,103,117**	1,266,394
Fellow subsidiaries	**–**	53,461
Associates	**25,000**	–
	1,128,117	1,319,855

Bank borrowings and other borrowings were secured by certain assets of the Group, details of which are set out in note 49.

The amounts of bank and other borrowings guaranteed by ultimate holding company and third parties are analysed as follows:

	2015 RMB'000	2014 RMB'000
Guaranteed by		
Ultimate holding company (note 50)	**185,000**	3,560,455
Third parties	**436,250**	2,319,157
	621,250	5,879,612

Bank and other borrowings denominated in currencies other than the functional currencies of respective entities are set out below:

	2015 RMB'000	2014 RMB'000
USD	**1,110,756**	890,315
Japanese Yen ("JPY")	**120,250**	119,157
EURO	**3,766**	–
	1,234,772	1,009,472

35. BANK AND OTHER BORROWINGS (CONTINUED)

The carrying amount of the bank and other borrowings and the range of interest rates are as below:

	2015		2014	
	RMB'000	%	RMB'000	%
Fixed rate bank and other borrowings	**34,723,850**	**1.05-9.60**	17,460,568	1.05-10.0
Floating rate bank and other borrowings	**30,402,301**	**2.75-8.70**	31,665,039	2.36-8.64
	65,126,151		49,125,607	

The floating rate bank and other borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China or at London Interbank Offered Rate.

36. FINANCE LEASE PAYABLES

The Group leases certain of its buildings and machinery. These leases are classified as finance leases and have average lease term ranging from 3 to 7 years. The Group has the option to purchase the buildings and machinery at nominal amounts upon the expiry of the lease term.

At the end of the reporting period, the Group's total future minimum lease payments under finance leases and their present values are as follows:

	Minimum lease payments At 31 December		Present value of minimum lease payments At 31 December	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable:				
Within one year	**235,852**	153,648	**228,775**	144,445
In the second year	**308,761**	225,217	**279,103**	183,240
In the third year	**–**	412,691	**–**	378,927
Total minimum finance lease payments	**544,613**	791,556	**507,878**	706,612
Future finance charges	**(36,735)**	(84,944)	**–**	–
Total net finance lease payables	**507,878**	706,612	**507,878**	706,612
Portion classified as current liabilities			**228,775**	144,445
Non-current portion			**279,103**	562,167

	2015	2014
Effective interest rate (per annum)	**5.15%-8.0%**	5.15%-8.0%

37. CORPORATE BONDS

Corporate bonds represent unsecured medium-term notes.

	2015 RMB'000	2014 RMB'000
Carrying amount repayable based on repayment term:		
Within one year	**500,000**	505,981
More than one year but within two years	**407,113**	523,888
More than two years but within three years	**520,342**	406,016
More than three years but within four years	**1,050,790**	519,997
More than four years but within five years	**625,284**	1,050,000
More than five years	**3,170,083**	3,609,948
	6,273,612	6,615,830
Less: Amounts due within one year shown under current liabilities	**500,000**	505,981
Amounts shown under non-current liabilities	**5,773,612**	6,109,849
Effective interest rate (per annum)	**4.75%-5.85%**	4.27%-5.85%

38. SHORT-TERM FINANCING NOTES

Short-term financing notes are unsecured with fixed interest rate.

	2015 RMB'000	2014 RMB'000
Short-term financing notes	**3,515,981**	3,557,772
Effective interest rate (per annum)	**3.08% – 3.38%**	4.08% – 4.70%

39. DEFINED BENEFIT OBLIGATIONS

The Group paid post-employment obligations to its retired employees in the PRC. In addition, the Group was committed to make periodic benefits payments to certain former employees, who were terminated or early retired, standby staff with injury and the dependents of deceased employees in accordance with various employee benefit schemes adopted by the Group. These benefits were only applicable to the qualifying employees.

Energy China Group has operated a fund, which was injected into Energy China Group by the MOF in 2012. According to the circular issued by the MOF, this fund can be used to pay for certain pension or allowance of the above qualifying employees. Energy China Group has deposited this fund entirely with specific accounts in certain commercial banks in the PRC and China Energy Engineering Group Gezhouba Finance Co., Ltd., a financial institution and a subsidiary of the Company, as time deposits, of which an amount of RMB3,283,313,000 was designated by Energy China Group in 2012 for satisfying the needs of certain pension or allowance of the above qualifying employees of the Group. This designated fund of RMB3,283,313,000 is accounted for as a defined benefit plan asset consisting of time deposits operated under the name of Energy China Group (the "Defined Benefit Plan Asset"). The interest income generated on the Defined Benefit Plan Asset is also allocated to the Group. During the year, Energy China Group made some cash payments to the Group amounting to RMB431,261,000 (2014:RMB280,542,000) to settle part of the Defined Benefit Plan Asset with the Group, details of the movements of the Defined Benefit Plan Asset during the year are set out in the latter part of this note below. The Defined Benefit Plan Asset as at 31 December 2015 was offset against defined benefit obligations of the Group for presentation purpose in these consolidated financial statements.

The plan exposes the Group to actuarial risks such as interest rate risk, benefit risk and average medical expense risk.

Interest rate risk	The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.
Benefit risk	The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the benefits of the plan participants will increase the plan liability.
Average medical expense risk	The present value of the defined benefit plan obligations is calculated by reference to the future average medical expense of plan participants. As such, an increase in the average medical expense of the plan participants will increase the plan liability.

The actuarial valuations of the present value of the defined benefit obligations as at 31 December 2015 and 31 December 2014 were carried out by an independent firm of actuaries, Towers Watson, a member of China Association of Actuaries. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

39. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2015	2014
Discount rate	**2.75%-3.00%**	3.50%-3.75%
Early-retiree's and standby staff with injury salary and supplemental benefit inflation rate	**4.50%**	4.50%
Retired employees, dependents of deceased employees and standby staff 's benefit inflation rate	**2.00%**	2.00%
Medical cost trend rates	**5.50%**	5.50%

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2015 RMB'000	2014 RMB'000
Past service cost	**21,230**	–
Interest cost	**457,363**	597,620
Less: Interest income	**74,940**	92,797
Components of defined benefit costs recognised in profit or loss	**403,653**	504,823
Component of defined benefit costs recognised in other comprehensive income	**591,258**	1,210,300
Total	**994,911**	1,715,123

Past service cost is included in the administrative expenses in profit or loss. The interest cost is included in the finance costs in profit or loss. The interest income is included in the finance income in profit or loss. The remeasurement of the net defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

The amount of retirement and supplemental benefit obligations recognised in the consolidated statement of financial position are determined as follows:

	2015 RMB'000	2014 RMB'000
Liability arising from defined benefit obligations	**13,166,120**	13,097,670
Fair value of Defined Benefit Plan Asset	**(2,312,162)**	(2,668,483)
Less: Net amount due within one year	**776,240**	814,558
Net amount due after one year	**10,077,718**	9,614,629

39. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Movements in the present value of the retirement and supplemental benefit obligations during the year were as follows:

	2015 RMB'000	2014 RMB'000
At beginning of the year	**13,097,670**	12,165,570
Past service cost	**21,230**	–
Interest cost	**457,363**	597,620
Benefits paid	**(1,001,401)**	(875,820)
Actuarial losses arising from changes in financial assumptions	**591,258**	1,210,300
At end of the year	**13,166,120**	13,097,670

Movements in the present value of Defined Benefit Plan Asset during the year were as follows:

	2015 RMB'000	2014 RMB'000
At beginning of the year	**2,668,483**	2,856,228
Interest income	**74,940**	92,797
Cash received by the Group from Energy China Group	**(431,261)**	(280,542)
At end of the year	**2,312,162**	2,668,483

Mortality is assumed to be the average life of expectancy of residents in Mainland China and the medical costs paid to early retirees are assumed to continue until the death of the retirees.

Significant actuarial assumptions made in determining defined benefit obligations are discount rate, supplemental benefit rate and average medical cost trend rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other factors constant.

- If the discount rate on benefit obligations increases by 0.25%, the defined benefit obligations would decrease by RMB320,440,000 for the year ended 31 December 2015 (2014: RMB307,830,000);

- If the discount rate on benefit obligations decreases by 0.25%, the defined benefit obligations would increase by RMB335,460,000 for the year ended 31 December 2015 (2014: RMB321,970,000);

39. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

- If the supplemental benefit rate increases by 1%, the defined benefit obligations would increase by RMB1,067,370,000 for the year ended 31 December 2015 (2014: RMB1,007,850,000);
- If the supplemental benefit rate decreases by 1%, the defined benefit obligations would decrease by RMB911,870,000 for the year ended 31 December 2015 (2014: RMB863,910,000);
- If the average medical cost trend rate increases by 1%, the defined benefit obligations would increase by RMB359,910,000 for the year ended 31 December 2015 (2014: RMB369,990,000);
- If the average medical cost trend rate decreases by 1%, the defined benefit obligations would decrease by RMB299,620,000 for the year ended 31 December 2015 (2014: RMB308,400,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis during the reporting period.

The average duration of the benefit obligations can be analysed as follows:

- Retired members: 18 years for the year ended 31 December 2015 (2014: 18 years);
- Civil retirees: 6 years for the year ended 31 December 2015 (2014: 6 years);
- Early retired staff: 4 years for the year ended 31 December 2015 (2014: 4 years);
- Standby staff with injury: 11 years for the year ended 31 December 2015 (2014: 12 years);
- Dependents of deceased employees: 14 years for the year ended 31 December 2015 (2014: 14 years);
- Terminated staff: 8 years for the year ended 31 December 2015 (2014: 9 years);

40. PROVISIONS

The movements of provisions are shown as follows:

	Provision for relocation	Others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2014	–	16,541	16,541
Additions	82,225	14,203	96,428
At 31 December 2014	82,225	30,744	112,969
Additions	**168,687**	**120,989**	**289,676**
Paid	**(59,523)**	**(19,205)**	**(78,728)**
At 31 December 2015	**191,389**	**132,528**	**323,917**

41. DEFERRED REVENUE

	Government grants related to assets	Unrealised profit of sales and leaseback transaction	Total
	RMB'000	RMB'000	RMB'000
	(note (a))	(note (b))	
At 1 January 2014	330,798	–	330,798
Additions	5,573	89,434	95,007
Released to profit or loss	(30,835)	(12,482)	(43,317)
At 31 December 2014	305,536	76,952	382,488
Additions	**24,267**	**–**	**24,267**
Released to profit or loss	**(22,995)**	**(9,575)**	**(32,570)**
At 31 December 2015	**306,808**	**67,377**	**374,185**

Notes:

(a) The government grants received are treated as deferred revenue and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment.

(b) When a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset upon sale is deferred and amortised over the lease term.

42. CAPITAL AND RESERVE

(a) Issued share capital

The details of the Company's issued share capital are as follows:

	At 31 December 2015		At 31 December 2014	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RMB'000	'000	RMB'000
Registered, issued and fully paid				
State legal person shares of RMB 1.00 each	**20,800,000**	**20,800,000**	21,600,000	21,600,000
H Shares of RMB 1.00 each	**8,800,000**	**8,800,000**	–	–
	29,600,000	**29,600,000**	21,600,000	21,600,000

A summary of the movements in the Company's issued share capital is as follows:

	At 31 December 2015		At 31 December 2014	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RMB'000	'000	RMB'000
At beginning of the year	**21,600,000**	**21,600,000**	–	–
Capitalisation as a result of Reorganisation (Note (i))	**–**	**–**	21,600,000	21,600,000
Reduction of State legal person shares (Note (iii))	**(800,000)**	**(800,000)**	–	–
Conversion to H shares (Note (iii))	**800,000**	**800,000**	–	–
Public offer of H shares (Note (ii))	**8,000,000**	**8,000,000**	–	–
	29,600,000	**29,600,000**	21,600,000	21,600,000

Notes:

(i) The Company was established on 19 December 2014 with an initial share capital of RMB21,600 million divided into 21,600 million shares with a par value of RMB1.00 each. 21,600 million State legal person shares with a par value of RMB1.00 each were issued to Energy China Group and EPPE Company, all of which were credited as fully paid, in consideration for the transfer of the Core Business by Energy China Group and cash injection by EPPE Company to the Company pursuant to the Reorganisation as set out in note 2.

(ii) On 10 December 2015, the Company issued 8,000,000,000 H shares of RMB1.00 each at the price of HK1.59 per share by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

(iii) On 10 December 2015, 800,000,000 State legal person shares of the Company were converted into H shares and transferred to the NSSF.

(b) Group's reserves

Details of the Group's reserves for the year are presented in the consolidated statement of changes in equity.

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43. PERPETUAL CAPITAL INSTRUMENTS

Beijing Weiyi Real Estate Development Co., Limited (北京唯逸房地產開發有限公司) ("Beijing Weiyi", a subsidiary of the Group), issued the first tranche of perpetual capital instruments on 31 December 2015, with a total principal amount of RMB1billion. There is no maturity of these instruments and the repayments of instruction can be deferred at the discretion of Beijing Weiyi. As long as the compulsory interest payment events have not occurred, Beijing Weiyi has the right to defer the interests payment at each interest payment date to the next interest payment date unlimitedly, which does not cause Beijing Weiyi for breach of contract.

Beijing Weiyi could not defer current interests and all deferred interests when any of the following compulsory interest payment events occur:

- to declare and pay dividend to shareholders;
- to decrease share capital

When any of the compulsory interest payment events occur, Beijing Weiyi shall make distribution to the holders of these instruments at the distribution rate as defined in the subscription agreement.

Beijing Weiyi does not have the contractual obligation to deliver cash or other financial assets to other parties, therefore the perpetual capital instruments are recognized as an equity in these consolidated financial statements.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of debt, which includes bank and other borrowings, finance lease payables, corporate bonds and short-term financing notes, as disclosed in notes 35, 36, 37 and 38 respectively, net of pledged deposits, bank and cash balances, perpetual capital instruments and equity attributable to owners of the Company.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations by the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares or capital contribution, raising new debts or the redemption of existing debts.

45. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables	**54,488,769**	46,434,427
Deposits and other receivables	**9,124,982**	8,194,222
Other loans	**4,999,230**	6,108,546
Pledged deposits	**2,650,613**	1,803,386
Bank and cash balances	**48,250,759**	30,651,105
Subtotal	**119,514,353**	93,191,686
Available-for-sale financial assets	**6,536,527**	7,115,583
Financial assets at FVTPL	**66,663**	161,397
Financial liabilities		
Amortised cost:		
Trade and bills payables	**62,459,066**	51,535,711
Other payables	**17,061,789**	14,288,551
Short-term financing notes	**3,515,981**	3,557,772
Bank and other borrowings	**65,126,151**	49,125,607
Finance lease payables	**507,878**	706,612
Corporate bonds	**6,273,612**	6,615,830
	154,944,477	125,830,083

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45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, available-for-sale financial assets, financial assets at fair value through profit or loss, other loans, pledged deposits, bank and cash balances, deposits and other receivables, trade and bills payable, other payables, short-term financing notes, bank and other borrowings, corporate bonds and finance lease payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Interest rate risk*

The Group is exposed to fair value interest rate risk which arises from fixed rate bank and other borrowings, other loans, corporate bonds, short-term financing notes and finance lease payables.

In addition, the Group is exposed to cash flow interest rate risk which arises from corporate bonds, floating rate bank and other borrowings, pledged deposits and bank and cash balances. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank and cash balances, pledged deposits, floating rate corporate bonds and bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 10 basis points increase or decrease in interest rate on bank and cash balances and pledged deposits and a 50 basis points increase or decrease in interest rate on floating rate corporate bonds and bank and other borrowings are used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank and cash balances and pledged deposits with all other variables held constant, the Group's post-tax profit for the year ended 31 December 2015 would increase/decrease by approximately RMB38,359,000 (2014: RMB22,088,000).

If interest rates had been 50 basis points higher/lower for floating rate corporate bonds and bank and other borrowings with all other variables held constant, the Group's post-tax profit (net of interest capitalised) for the year ended 31 December 2015 would decrease/increase by approximately RMB87,068,000 (2014: RMB82,575,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as exposure at the end of the reporting period does not reflect the exposure during the year.

45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Currency risk

The Group's exposure to currency risk is attributable to bank and cash balances, available-for-sales financial assets, trade and bills receivables, trade and bills payables and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**4,995,933**	3,039,682	**1,406,574**	2,532,491
EURO	**159,680**	189,486	**8,824**	–
HKD	**11,729,673**	200,000	**–**	–
Others	**441,663**	922,511	**311,409**	311,728

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in the Group's post-tax profit and the Group's other comprehensive income, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the post-tax profit and other comprehensive income for the year.

	2015	2014
	RMB'000	RMB'000
Increase (decrease) in the Group's post-tax profit		
– if RMB strengthens against USD	**(148,813)**	(17,259)
– if RMB strengthens against EURO	**(5,684)**	(6,448)
– if RMB strengthens against HKD	**(433,833)**	–
– if RMB strengthens against others	**(4,908)**	(20,784)
Decrease in the Group's other comprehensive income		
– if RMB strengthens against HKD	**(8,143)**	(6,806)

45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) *Other price risk*

The Group is exposed to other price risk because the fair value of certain available-for-sale financial assets and financial assets at fair value through profit or loss are measured by reference to quoted prices or determined in accordance with Black-Scholes option pricing model. Details of the available-for-sale financial assets and financial assets at fair value through profit or loss are set out in notes 23 and 31, respectively.

The Group currently does not have a policy to hedge the other price risk. However, the management closely monitors such risk by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below has been determined based on a 10% increase/decrease in equity price of the equity securities mentioned above. 10% is the sensitivity rate used and represents management's assessment of the reasonably possible change in equity price. A positive (negative) number below indicates an increase (decrease) in the Group's post-tax profit or increase (decrease) in the Group's other comprehensive income.

	2015	2014
	RMB'000	RMB'000
Increase (decrease) in post-tax		
– as a result of increase in equity price	**5,024**	10,984
– as a result of decrease in equity price	**(5,024)**	(10,984)
Increase (decrease) in other comprehensive income		
– as a result of increase in equity price	**241,561**	267,207
– as a result of decrease in equity price	**(241,561)**	(267,207)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to the financial guarantees provided by the Group.

The Group has concentration of credit risk as 7% of the total trade receivables was due from the Group's largest five customers in the PRC as at 31 December 2015 (31 December 2014: 4%). The Group's remaining customers individually contribute less than 1% of the total trade receivables of the Group.

In the opinion of management, the Group has no significant credit risk with these largest customers as the Group maintains long-term and stable business relationships with these companies with healthy repayment history. For other trade and bills receivables, the management of the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and is of the opinion that the outstanding debts are recoverable.

The ongoing individual credit evaluation of the counterparties' financial conditions are also performed for other loans, and the management of the Group is of the opinion that the outstanding debts are recoverable.

45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group has concentration of credit risk on amount due from the ultimate holding company as at 31 December 2015. Credit risk is considered limited because the ultimate holding company has positive operating results and/or cash flows.

Regarding balances with other related parties, the management of the Group assesses the recoverability by reviewing their financial position and results periodically and considers the credit risk to be insignificant.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputation.

Other than the above mentioned concentration of credit risk, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank and cash balances as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and bills payable to ensure compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings with a repayable on demand clause were included in the earliest time band regardless of the probability of the lenders choosing to exercise their right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

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45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	Repayable on demand or within one year RMB'000	In the second year RMB'000	In the third year RMB'000	In the fourth year RMB'000	In the fifth year RMB'000	After five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2015									
Trade and bills payables	N/A	62,459,066	–	–	–	–	–	62,459,066	62,459,066
Other payables	N/A	16,702,549	179,620	107,251	72,369	–	–	17,061,789	17,061,789
Short-term financing notes	3.39	3,613,604	–	–	–	–	–	3,613,604	3,515,981
Financial lease payables	6.13	235,852	308,761	–	–	–	–	544,613	507,878
Corporate bonds	5.16	792,210	688,115	770,415	1,294,775	794,049	3,505,708	7,845,272	6,273,612
Financial guarantee contracts	N/A	4,423,881	–	–	–	–	–	4,423,881	–
Interest-bearing bank and other borrowings									
– Floating rate	5.01	8,743,575	5,325,619	7,821,680	2,859,157	1,228,393	9,116,073	35,094,497	30,402,301
– Fixed rate	5.42	28,929,766	2,643,139	2,026,111	390,789	556,870	2,009,772	36,556,447	34,723,850
		125,900,503	9,145,254	10,725,457	4,617,090	2,579,312	14,631,553	167,599,169	154,944,477

	Weighted average interest rate %	Repayable on demand or within one year RMB'000	In the second year RMB'000	In the third year RMB'000	In the fourth year RMB'000	In the fifth year RMB'000	After five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014									
Trade and bills payables	N/A	51,535,711	–	–	–	–	–	51,535,711	51,535,711
Other payables	N/A	14,177,268	76,688	32,993	1,602	–	–	14,288,551	14,288,551
Short-term financing notes	4.47	3,616,400	–	–	–	–	–	3,616,400	3,557,772
Financial lease payables	6.48	153,648	225,217	412,691	–	–	–	791,556	706,612
Corporate bonds	5.19	838,578	816,098	687,018	770,070	1,293,985	4,114,338	8,520,087	6,615,830
Financial guarantee contracts	N/A	3,226,070	–	–	–	–	–	3,226,070	–
Interest-bearing bank and other borrowings									
– Floating rate	6.11	10,253,216	7,115,283	5,824,273	2,742,058	1,756,534	11,473,459	39,164,823	31,665,039
– Fixed rate	6.54	15,339,330	1,168,762	689,411	158,731	493,628	805,784	18,655,646	17,460,568
		99,140,221	9,402,048	7,646,386	3,672,461	3,544,147	16,393,581	139,798,844	125,830,083

45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the "Repayable on demand or within one year" time band in the above maturity analysis. As at 31 December 2015, the aggregate carrying amount of these bank borrowings amounted to RMB487,860,000 (31 December 2014: RMB424,960,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand for immediate repayment.

The bank borrowings with a repayment on demand clause as at 31 December 2015 will be repaid after 5 years from 31 December 2015 in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate interest cash outflows repaid in 2016 will be RMB31,955,000.

The bank borrowings with a repayment on demand clause as at 31 December 2014 will be repaid after 5 years from 31 December 2014 in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate interest cash outflows repaid in 2015 would be RMB28,130,000.

Other borrowings have no fixed repayment term and are included in the "Repayable on demand or within one year" time band in the above maturity analysis.

The amounts included above for financial guarantee contracts are the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value measurement

Fair value measurement for financial instruments not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in these consolidated financial statements approximate their fair values.

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Bank and other borrowings (fixed rate)	**34,723,850**	17,460,568	**34,913,525**	17,500,473
Corporate bonds (fixed rate)	**5,773,612**	6,209,814	**5,996,911**	6,423,240
Financial lease payables (fixed rate)	**507,878**	706,612	**548,185**	808,467
	41,005,340	24,376,994	**41,458,621**	24,732,180

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45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Fair value measurement (continued)

Fair value hierarchy as at 31 December 2015

	Level 1 RMB '000	Level 2 RMB '000	Level 3 RMB '000	Total RMB '000
Financial liabilities				
Bank borrowings (fixed rate)	**–**	**–**	**34,913,525**	**34,913,525**
Corporate bonds (fixed rate)	**–**	**5,996,911**	**–**	**5,996,911**
Financial lease payables (fixed rate)	**–**	**–**	**548,185**	**548,185**
	–	**5,996,911**	**35,461,710**	**41,458,621**

Fair value hierarchy as at 31 December 2014

	Level 1 RMB '000	Level 2 RMB '000	Level 3 RMB '000	Total RMB '000
Financial liabilities				
Bank borrowings (fixed rate)	–	–	17,500,473	17,500,473
Corporate bonds (fixed rate)	–	6,423,240	–	6,423,240
Financial lease payables (fixed rate)	–	–	808,467	808,467
	–	6,423,240	18,308,940	24,732,180

Fair value measurements for financial instruments measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

45. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Fair value measurement (continued)

Financial assets	Fair value at		Fair value hierarchy	Valuation technique	Key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2015	31 December 2014					
	RMB'000	RMB'000					
Tradable listed equity securities classified as available-for-sale financial assets	**2,857,434**	3,300,113	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable
Non-tradable securities of a company listed in Hong Kong classified as available-for-sale financial assets (note)	**347,977**	744,003	Level 3	Black-Scholes option pricing model	Spot price of the securities, volatility of the securities, expected life of the option and risk-free interest rate	Expected volatility. Expected life of the option.	The higher the volatility, the lower the fair value. The longer the expected life of the option, the lower the fair value.
Subtotal	**3,205,411**	4,044,116					
Financial assets at fair value through profit or loss (note 31)	**66,663**	161,397	Level 1	Unadjusted quoted price on active market	Not applicable	Not applicable	Not applicable

Note: These investments represent non-tradable shares of Huadian Fuxin which was listed on the Stock Exchange in 2012.

Reconciliation of level 3 fair value measurement of financial assets:

	2015	2014
	RMB'000	RMB'000
At beginning of year	**744,003**	615,314
Fair value (loss) gain recognised in other comprehensive income	**(396,026)**	128,689
At end of year	**347,977**	744,003

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46. CAPITAL COMMITMENTS

Capital expenditure:

	2015	2014
	RMB'000	RMB'000
Contracted for but not provided in these consolidated financial statements:		
Property, plant and equipment	**2,866,876**	3,188,696

The Group's share of the capital commitments of its joint ventures is as follows:

	2015	2014
	RMB'000	RMB'000
Commitments to contribute funds for the acquisition and construction of property, plant and equipment	**424,389**	799,891

Investment commitments:

According to relevant agreements, the Group has the following investment commitments:

	2015	2014
	RMB'000	RMB'000
Investment commitments in:		
– Associates	**622,542**	621,460
– Joint ventures	**2,272,697**	1,304,130
– Acquisition of subsidiaries	**–**	472,500
	2,895,239	2,398,090

47. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**256,667**	67,973
1 to 3 years	**391,078**	148,116
Over 3 years	**155,500**	174,219
	803,245	390,308

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises. Lease of rented premises are negotiated with fixed lease term for 1 to 10 years.

The Group as lessor

For the year ended 31 December 2015, rental income earned by the Group from its investment properties was RMB60,254,000 (2014: RMB55,308,000).

All of the properties leased out have committed tenants for 1 to 18 years without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015 RMB'000	2014 RMB'000
Within one year	**46,018**	9,322
1 to 3 years	**71,859**	25,152
Over 3 years	**173,874**	21,213
	291,751	55,687

48. CONTINGENCIES

(a) The Group was involved in a number of legal proceedings and claims against it in the ordinary course of business. Provision has been made for the probable losses to the Group on those legal proceedings and claims when the management can reasonably estimate the outcome of the legal proceedings and claims taking into account the legal advice. No provision has been made for pending legal proceedings and claims when the outcome of the legal proceedings and claims cannot be reasonably estimated or management believes that the probability of loss is remote.

(b) Guarantees

	2015 **RMB'000**	2014 RMB'000
Guarantees given to banks and other financial institutions in respect of loan facilities granted to: (note i)		
Fellow subsidiaries (note 50(a))	**–**	928,000
Associates (note 50(a))	**3,565,588**	536,873
Investee recognised as available-for-sale financial asset	**79,500**	123,000
	3,645,088	1,587,873
Mortgage loan guarantees provided by the Group to banks in favor of its customers (note ii)	**778,793**	1,638,197
	4,423,881	3,226,070

(i) In the opinion of the Directors, the fair value of these guarantee contracts is insignificant at initial recognition.

(ii) The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the buyer obtained the individual property ownership certificate.

In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition, and the Directors consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in these consolidated financial statements for these guarantees.

49. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities (including bank borrowings, bills payable and letter of credit) granted to the Group:

	Notes	2015 RMB'000	2014 RMB'000
Property, plant and equipment	15	**881,325**	1,106,117
Prepaid lease payments	16	**90,837**	101,874
Investment properties	17	**69,254**	–
Intangible assets	18	**10,008,105**	10,230,268
Trade receivables	25	**1,368,035**	767,644
Properties under development for sale	29	**10,348,935**	5,544,197
Completed properties for sale	29	**99,940**	902,975
Bank deposits	32	**2,650,613**	1,803,386
		25,517,044	20,456,461

50. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into the following transactions with related parties during the year:

	2015 RMB'000	2014 RMB'000
Sales of goods		
Associates	–	796
Construction service		
Ultimate holding company	8,006	–
Joint ventures	152,725	88,850
Associates	1,266,569	1,330,109
Fellow subsidiaries (Note)	–	15,269
Fellow subsidiaries	3,666	–
	1,430,966	1,434,228
Purchase of goods		
Joint ventures	–	7,459
Associates	10,259	11,078
	10,259	18,537
Purchase of services		
Fellow subsidiaries	51,863	29,286
Associates	–	11,886
Fellow subsidiaries (Note)	–	89,853
	51,863	131,025
Rental income		
Associates	–	1,171
Lease expense		
Fellow subsidiaries	108,415	–
Associates	–	820
	108,415	820
Finance income		
Associates	120,988	97,286
Ultimate holding company (Note)	–	1,284
	120,988	98,570
Finance cost		
Ultimate holding company	54,175	54,476
Ultimate holding company (Note)	–	105
Fellow subsidiaries (Note)	–	35
Associates	121,765	–
	175,940	54,616

Note: These related party transactions have been ceased after the listing of the H shares of the Company on the Stock Exchange on 10 December 2015.

50. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

The Group had issued guarantees to banks or other financial institutions in respect of the banking facilities granted to the following parties:

	2015 RMB'000	2014 RMB'000
Fellow subsidiaries (note 48(b))	–	928,000
Associates (note 48(b))	**3,565,588**	536,873
	3,565,588	1,464,873

The Group had obtained guarantees by ultimate holding company in respect of certain bank loans of the Group:

	2015 RMB'000	2014 RMB'000
Ultimate holding company (note 35)	**185,000**	3,560,455

In the opinion of the Directors, the transaction between the Group and the related parties were based on prices mutually agreed between the parties after taking reference of the market prices.

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively "State-owned Enterprises"). During the year, the Group had transactions with State-owned Enterprises including, but not limited to, the provision of infrastructure construction services and purchases of services. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for services and products, and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

50. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 25, 26, 27, 30, 33, 34, 35 and 39.

(c) Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2015 RMB'000	2014 RMB'000
Directors' fee	**319**	–
Salaries and other allowances	**2,934**	–
Discretionary bonus	**5,461**	–
Retirement benefit schemes contributions	**618**	–
	9,332	–

The remuneration of key management is determined having regard to the Group's or respective member's performance for such financial period.

During the year ended 31 December 2014, all the key management received their emoluments from Energy China Group, part of which was in respect of their services to the companies now comprising the Group. No apportionment has been made as the Directors consider that it is impracticable to apportion these amounts between their services to the companies now comprising the Group and their services to Energy China Group.

51. ACQUISITION OF SUBSIDIARIES

During the years ended 31 December 2015 and 2014, the Group acquired equity interests of certain companies owned by other independent third parties.

In respect of the companies owned by certain employees of the Group, during the year ended 31 December 2015, SASAC initiated the transactions to acquire these companies for the purpose of onward injection into Energy China Group so as to enable Energy China Group to make injection of these companies into the Group pursuant to the Reorganization. Under these acquisition transactions initiated by SASAC, the total fair value of the net assets of these companies at the respective dates of acquisition were higher than the purchase consideration amounts. As SASAC is the controlling party of Energy China Group, these bargain purchase gain obtained by SASAC at the date of acquisition of the above subsidiaries are recognised in reserve of the Group as shareholder contribution upon completion of the acquisition transactions.

All the above investees are engaged in the similar business activities of the Group. The purpose of the above transactions is to satisfy the need for the expansion of the Group's business operations.

Acquisition-related costs relating to the above transactions are insignificant and have been excluded from the cost of acquisitions and have been recognised directly as expenses in the year in which the transactions were made and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

51. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Assets and liabilities recognised at the date of acquisition are as follows:

2015

	Enterprises-owned by employees RMB'000	Others RMB'000	Total RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment (note 15)	25,899	295,724	321,623
Intangible assets (note 18)	2,478	113,307	115,785
Investments in joint ventures	–	886,010	886,010
Trade receivables	–	781,966	781,966
Prepayments, deposits and other receivables	–	19,013	19,013
Available-for-sale financial assets	–	6,382	6,382
Deferred tax assets (note 24)	–	86	86
Prepaid lease payments (note 16)	–	32,349	32,349
	28,377	2,134,837	2,163,214
CURRENT ASSETS			
Inventories	1	15,429	15,430
Trade and bills receivables	14,820	68,957	83,777
Prepayments, deposits and other receivables	26,480	40,192	66,672
Bank and cash balances	6,868	44,017	50,885
	48,169	168,595	216,764
CURRENT LIABILITIES			
Bank and other borrowings	–	2,200	2,200
Trade and bills payables	13,162	57,846	71,008
Other payables and accruals	25,577	1,084,831	1,110,408
	38,739	1,144,877	1,183,616
NET CURRENT ASSETS/(LIABILITIES)	9,430	(976,282)	(966,852)
TOTAL ASSETS LESS CURRENT LIABILITIES	37,807	1,158,555	1,196,362
NON-CURRENT LIABILITIES			
Bank and other borrowings	–	337,850	337,850
Other payable	–	4,780	4,780
Deferred tax liabilities (note 24)	–	102,502	102,502
	–	445,132	445,132
Net assets	37,807	713,423	751,230

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51. ACQUISITION OF SUBSIDIARIES (CONTINUED)

2015 (continued)

	Enterprises-owned by employees RMB'000	Others RMB'000	Total RMB'000
Identifiable net assets acquired	**(37,807)**	**(713,423)**	**(751,230)**
Non-controlling interests	**–**	**157,152**	**157,152**
Consideration transferred			
– Consideration paid/payable	**4,600**	**610,762**	**615,362**
Bargain purchase gain recognized as deemed contributions by owner	**33,207**	**–**	**33,207**
Goodwill (note 22)	**–**	**54,491**	**54,491**
Net cash outflow arising on acquisition			
Total cash consideration paid	**–**	**(592,762)**	**(592,762)**
Add: cash and cash equivalents acquired	**6,868**	**44,017**	**50,885**
Net outflow of cash and cash equivalents in respect of the acquisition	**6,868**	**(548,745)**	**(541,877)**

51. ACQUISITION OF SUBSIDIARIES (CONTINUED)

2014

	Others RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment (note 15)	782,173
Prepaid lease payments (note 16)	98,583
Intangible assets (note 18)	43,258(*)
Deferred tax assets (note 24)	350
	924,364
CURRENT ASSETS	
Inventories	110,865
Trade and bills receivables	39,503
Prepayments, deposits and other receivables	803,683
Bank and cash balances	94,471
	1,048,522
CURRENT LIABILITIES	
Bank and other borrowings	2,000
Trade and bills payables	120,296
Other payables and accruals	721,087
	843,383
NET CURRENT ASSETS	205,139
TOTAL ASSETS LESS CURRENT LIABILITIES	1,129,503
NON-CURRENT LIABILITIES	
Other payables and accruals	320
Deferred tax liabilities (note 24)	12,067
	12,387
Net assets	1,117,116
Identifiable net assets acquired	(1,117,116)
Non-controlling interests	864,654
Consideration transferred	
– Consideration paid/payable	928,199
Goodwill (note 22)	675,737(*)
Net cash outflow arising on acquisition	
Total cash consideration paid	(883,931)
Add: cash and cash equivalents acquired	94,471
Net outflow of cash and cash equivalents in respect of the acquisition	(789,460)

51. ACQUISITION OF SUBSIDIARIES (CONTINUED)

2014 (continued)

* The amounts of goodwill and intangible assets were provisional at 31 December 2014.

In December 2014, the Group's cement production segment acquired a business to expand its operation in Hubei province in the PRC.

The initial accounting for the acquisition was incomplete by 31 December 2014, provisional amounts ware reported for intangible assets and goodwill. As at 31 December 2014, the Group was then still in the process to engage a third party valuation firm to obtain some new information about facts and circumstances that existed as of the acquisition date. During the year, purchase price allocation exercise was completed, no adjustment is required on the amounts of identifiable intangible assets and goodwill accordingly.

The aggregate fair value of receivables acquired as a result of the above acquisitions amounting to RMB983,439,000 for the year ended 31 December 2015 (2014: RMB814,389,000), which comprised trade receivables, bills receivable and other receivables, approximate the gross contractual amounts. There are no contractual cash flows not expected to be collected.

Goodwill arose on the above acquisitions because the costs of the combinations included a control premium. In addition, the considerations paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the acquirees. These benefits are not recognised separately from goodwill because they are not capable of being separated from the acquirees group and sold, transferred, licensed, rented or exchanged, either individually or collectively. None of the goodwill arising on these transactions is expected to be deductible for tax purposes.

Had the respective acquisition been completed at the beginning of respective year, total revenue and profit of the Group for the year would be as follows:

Pro forma information

	2015	2014
	RMB'000	RMB'000
Revenue	**205,767,376**	183,891,441
Profit for the year	**6,533,719**	4,099,291

The additional business generated by these newly acquired subsidiaries contributed revenue and (loss) profit to the Group in the year of acquisition are as follows:

	2015	2014
	RMB'000	RMB'000
Revenue	**235,067**	28,884
(Loss) profit for the year	**(56,075)**	541

In determining the "pro-forma" revenue and profit of the Group had the respective subsidiaries been acquired at the beginning of the year, the Directors have calculated depreciation of property, plant and equipment, investment properties and amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combinations rather than the carrying amounts recognized in the pre-acquisition financial statements.

52. DISPOSAL OF SUBSIDIARIES

During the year and 2015, equity interests of certain companies held by the Group were disposed of by the Group.

2015

	RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment (note 15)	353,646
Deferred tax assets (note 24)	638
Intangible assets (note 18)	102
Prepaid lease payments (note 16)	23,929
Prepayments, deposits and other receivables	579,924
	958,239
CURRENT ASSETS	
Inventories	1,975
Properties held for sale	802,308
Trade and bills receivables	43,502
Prepayments, deposits and other receivables	257,708
Bank and cash balances	167,425
	1,272,918
CURRENT LIABILITIES	
Trade and bills payables	147,887
Other payables and accruals	503,446
	651,333
NET CURRENT ASSETS	621,585
TOTAL ASSETS LESS CURRENT LIABILITIES	1,579,824
NON-CURRENT LIABILITIES	
Bank and other borrowings	1,149,245
	1,149,245
Net assets	430,579
Less: non-controlling interest	119,728
Less: carrying amount of the Group's retained interests	256
Net assets disposed of	310,595
Cash consideration received/receivable by the Group	(855,950)
Gain on remeasurement of group's retained interests	(166)
Gain on disposal of subsidiaries	(545,521)
Net cash outflow arising on disposal	
Cash consideration received	670,970
Less: Cash and cash equivalents disposed of	(167,425)
	503,545

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

52. DISPOSAL OF SUBSIDIARIES (CONTINUED)

2014

	RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment (note 15)	4,971
Investment in an associate	2,000
	6,971
CURRENT ASSETS	
Inventories	6,009
Trade and bills receivables	3,377
Prepayments, deposits and other receivables	24,937
Bank and cash balances	14,464
	48,787
CURRENT LIABILITIES	
Trade and bills payables	17,900
Other payables and accruals	3,647
	21,547
NET CURRENT ASSETS	27,240
Net assets	34,211
Non-controlling interest	(9,099)
Net assets disposed of	25,112
Cash consideration received	(12,211)
Net-off with other payables	(12,901)
Gain on disposal of subsidiaries	–
Net cash outflow arising on disposal	
Cash consideration received	12,211
Less: Cash and cash equivalents disposed of	(14,464)
	(2,253)

53. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**16,581**	6,081
Intangible assets	**12,276**	6,502
Investments in subsidiaries	**36,559,490**	36,208,667
Available-for-sale financial assets	**268,043**	211,043
Other receivables (note)	**918,375**	843,435
	37,774,765	37,275,728
CURRENT ASSETS		
Other receivables	**4,386,018**	3,632,922
Other loans	**1,679,850**	1,369,850
Bank and cash balances	**15,557,520**	1,185,737
	21,623,388	6,188,509
CURRENT LIABILITIES		
Other payables and accruals	**9,943,816**	4,150,567
	9,943,816	4,150,567
NET CURRENT ASSETS	**11,679,572**	2,037,942
TOTAL ASSETS LESS CURRENT LIABILITIES	**49,454,337**	39,313,670
NON-CURRENT LIABILITIES		
Corporate bonds	**3,149,713**	2,984,769
	3,149,713	2,984,769
NET ASSETS	**46,304,624**	36,328,901
Capital and reserves		
Issued share capital	**29,600,000**	21,600,000
Reserves	**16,704,624**	14,728,901
TOTAL EQUITY	**46,304,624**	36,328,901

Note: The other receivables represent part of the Defined Benefit Plan Assets to be recovered from Energy China Group, details of which are set out in note 39.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

53. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

	Share capital	Capital reserve	Retained earnings (accumulated losses)	Total
	RMB'000	RMB'000 (note (a))	RMB'000	RMB'000
Capitalisation as a result of Reorganisation on 19 December 2014	21,600,000	14,728,898	–	36,328,898
Profit for the period from the date of incorporation of the Company to 31 December 2014	–	–	3	3
As at 31 December 2014	21,600,000	14,728,898	3	36,328,901
Issue of shares	8,000,000	2,542,336	–	10,542,336
Transaction costs attributable to issue of new shares	–	(273,258)	–	(273,258)
Contribution by Energy China Group	–	69,315	–	69,315
Loss for the year	–	–	(159,384)	(159,384)
Others (note (b))	–	(203,286)	–	(203,286)
As at 31 December 2015	29,600,000	16,864,005	(159,381)	46,304,624

Notes:

(a) Capital reserve of the Company upon its establishment represents the excess of fair value of net asset value of the Core Business and cash transferred to the Company by Energy China Group and EPPE Company on 19 December 2014 pursuant to the Reorganisation less the nominal value of the ordinary shares issued to Energy China Group and EPPE Company. Further details are set out in note 2.

(b) The Company incurred certain expenses on behalf of Energy China Group for the year which will not be reimbursed by Energy China Group to the Company. As such, these transactions were accounted for as deemed distribution to owner of the Company for the year.

54. MAJOR NON-CASH TRANSACTIONS

Major non-cash transactions during the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Contributions of non-cash net assets (liabilities) to the Group by Energy China Group (note)	**118,400**	(652,353)
Deemed distribution of non-cash net assets to Energy China Group pursuant to the Reorganization (note)	**–**	1,408,643
Other distributions of non-cash net assets to Energy China Group (note)	**–**	365,624
Addition of property, plant and equipment under finance lease arrangements	**16,102**	298,045
Increase of equity interests in a joint venture through conversion of dividend receivables	**345,000**	–

Note: Details of these contributions and distributions are set out in notes to the consolidated statement of changes in equity.

55. EVENTS AFTER THE REPORTING PERIOD

(a) On 8 January 2016, the Company issued an additional 420,396,364 H shares of RMB1.00 each at the price of HK$1.59 per share by means of partial exercise of the over-allotment option as set out in the prospectus issued by the Company dated 27 November 2015.

(b) On 23 February 2016, CGGC issued a corporate bonds with a principal amount of RMB3,000 million and with a term of 5 years in the PRC. The interest rate of this corporate bonds is 3.14% per annum.

(c) In March 2016, as approved by the State Council of the PRC, starting from 1 May 2016, the replacement of business tax with value added tax (the "VAT Pilot Program") will be implemented nationwide to cover various industries including construction, real estate, financial service and lifestyle services.

On 23 March 2016, the MOF and the State Administration of Taxation of the PRC jointly issued Cai Shui [2016] No. 36 "Notice on Tax Policy Concerning Nationwide Implementation of VAT Pilot Program" (the "No.36 Notice") setting out regulations on the implementation and other relevant matters.

The VAT Pilot Program may have certain impact on the financial performance and financial position of the Group. As at the date of approval of these consolidated financial statements, detailed review of the effect of the VAT Pilot Program according to the requirements of the No.36 Notice is being undertaken by the Group.

Glossary of Vocabulary and Technical Terms

"Articles of Association"	refer to the Articles of Association of China Energy Engineering Corporation Limited, which was effective and implemented on 10 December 2015 after the listing on the Stock Exchange of Hong Kong.
"Board"	refers to the board of directors of the Company
"CGGC"	refers to China Gezhouba Group Stock Company Limited (中國葛洲壩集團股份有限公司), a joint stock company established in the PRC with limited liability on 21 May 1997, the shares of which are listed on the Shanghai Stock Exchange, and a subsidiary of our Company
"CGGC Group"	refers to China Gezhouba Group Company Limited (中國葛洲壩集團有限公司), a limited liability company established in the PRC on 10 June 2003 and a wholly-owned subsidiary of our Company
"Company", "our Company"	refers to China Energy Engineering Corporation Limited (中國能源建設股份有限公司), a joint stock company with limited liability established under the laws of the PRC on December 19, 2014
"Company Law"	refers to Company Law of the People's Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on December 28, 2013 to take effective on March 1, 2014
"Corporate Governance Code"	refers to the Corporate Governance Code as contained in Appendix 14 to the Listing Rules
"CPECC"	refers to China Power Engineering Consulting Group Co., Ltd. (中國電力工程顧問集團有限公司), a limited liability company established in the PRC on 12 August 2003 and a wholly-owned subsidiary of our Company
"Director(s)"	refers to the director(s) of the Company
"Energy China Group"	refers to China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司), a wholly state-owned company with limited liability established in the PRC on 28 September 2011, the Controlling Shareholder and one of the promoters of our Company, and thus a connected person of our Company
"EPC"	refers to a common form of contracting arrangement whereby the contractor is commissioned by the project owner to carry out such project work as design, procurement, construction and trial operations, or any combination of the above, either through the contractor's own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
"EPPE Company"	refers to Electric Power Planning & Engineering Institute Co., Ltd. (電力規劃總院有限公司), a limited liability company established in the PRC on 17 July 2014 and a wholly-owned subsidiary of Energy China Group and one of the promoters of our Company, and thus a connected person of our Company

Glossary of Vocabulary and Technical Terms

"Gezhouba Finance Company"	refers to China Energy Engineering Group Gezhouba Finance Co.,Ltd. (中國能源建設集團葛洲壩財務有限公司), a limited liability company established in the PRC on January 18,1996 and a subsidiary of our Company
"Group" or "our Group"	refers to the Company and its subsidiaries
"intelligent substation"	refers to substations that use advanced, reliable, integrated and intelligent devices to automatically complete basic functions of information collection, measurement, control, protection, survey and testing for the basic requirements of electronic information, network communication platform, standardized information sharing of the whole station while having advanced features such as real-time automatic control of the power grids, smart regulation, online analysis and decision-making and collaborative interaction
"Listing Date"	refers to the date of listing of the H shares of the Company on the Stock Exchange, namely 10 December 2015
"Listing Rules"	refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Model Code"	refers to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"MOF"	refers to Ministry of Finance of the PRC (中華人民共和國財政部)
"MW"	refers to a measure of electric power equal to 1,000,000 watts, alternatively 1 MW equals 1,000 kW
"One Belt and One Road"	refers to a development strategy and framework, proposed by the People's Republic of China that focuses on connection and cooperation among countries primarily in Eurasia, which consists of two main components, the land-based "Silk Road Economic Belt" and oceangoing "Maritime Silk Road"
"PPP"	refers to public-private-partnership, a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector
"PRC"	refers to the People's Republic of China
"PV"	refers to a technology directly converting the light energy into electrical energy by using the photovoltaic effect of the semiconductor interface
"Reporting Period"	refers to the year ended 31 December 2015
"SASAC"	refers to State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFO"	refers to Hong Kong Securities and Future Ordinance

"Securities Law"	refers to Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"smart grid"	refers to the new modern grid highly integrating the advanced sensor measurement technology, information and communication technology, analysis and decision technology, automatic control technology, energy electric technology and power grid infrastructure in order to achieve the reliable, economical, efficient, and environmental friendly and safety use objectives
"sponge city"	refers to the city having a good "flexibility" in adaptation to environmental change and response to natural disasters caused by rain, etc., capable of water absorption, water storage, water seepage, and water purification when it rains, and "release" and exploitation of the stored water when required
"Stock Exchange"	refers to the Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Supervisory Committee"	refers to the committee of supervisors of the Company
"USC"	refers to main steam pressure higher than that of a supercritical generation unit. The main steam pressure is normally at 28 MPa or above with temperature higher than 600°C
"year-on-year"	refers to comparison with the same period of the previous year
"13th Five-Year Plan"	refers to the Thirteenth Five-Year Planning Outline For National Economic and Social Development of the People's Republic of China
"920 Funds"	refers to the funds allocated to Energy China Group by MOF for realizing 9200 MW power generation assets to finance five types of labor costs and expenses, namely: (i) the cost of early retired employees of Energy China Group; (ii) the overall cost of employees who officially retired; (iii) the cost of surviving dependants and widows after employees' death (including those who suffered from work-related injury or occupational disease, and those who were deprived of jobs due to organizational streamlining); (iv) the cost of people waiting for employment; and (v) the localized cost of social insurance of Energy China Group

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