China Power New Energy Development Company Limited

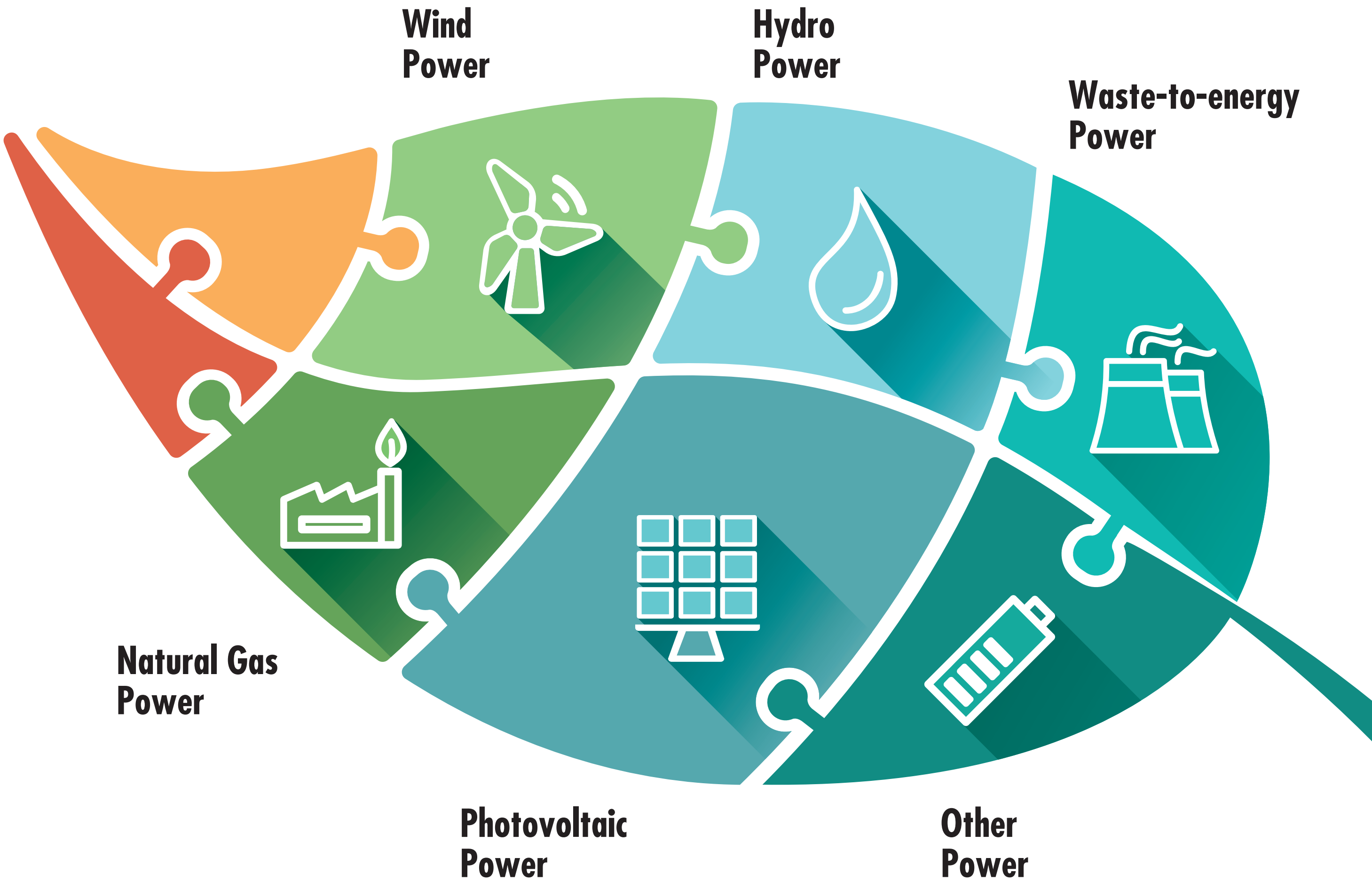
中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability
Stock Code : 735

Green Innovation

Annual Report 2015

*For identification purpose only



About CPNE

China Power New Energy Development Company Limited
is committed to the development of clean energy projects

Contents

Corporate Information

CHAIRMAN OF THE BOARD
Mr. Wang Binghua

VICE CHAIRMAN OF THE BOARD
Mr. Bi Yaxiong

CHIEF EXECUTIVE OFFICER
Mr. He Hongxin

EXECUTIVE DIRECTORS
Mr. Wang Zhongtang
Mr. Zhao Xinyan
Mr. He Hongxin
Mr. Qi Tengyun

NON-EXECUTIVE DIRECTORS
Mr. Wang Binghua
Mr. Bi Yaxiong
Mr. Wu Hanming

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Chu Kar Wing
Dr. Li Fang
Mr. Wong Kwok Tai
Ms. Ng Yi Kum

EXECUTIVE COMMITTEE
Mr. Wang Zhongtang *(Chairman)*
Mr. Zhao Xinyan
Mr. He Hongxin
Mr. Qi Tengyun

AUDIT COMMITTEE
Mr. Chu Kar Wing *(Chairman)*
Dr. Li Fang
Mr. Wong Kwok Tai
Ms. Ng Yi Kum

REMUNERATION COMMITTEE
Mr. Chu Kar Wing *(Chairman)*
Dr. Li Fang
Mr. Wong Kwok Tai
Ms. Ng Yi Kum

NOMINATION COMMITTEE
Mr. Wang Binghua *(Chairman)*
Mr. Chu Kar Wing
Dr. Li Fang
Mr. Wong Kwok Tai
Ms. Ng Yi Kum

INVESTMENT AND BUDGET MANAGEMENT COMMITTEE
Mr. Zhao Xinyan *(Chairman)*
Mr. He Hongxin
Dr. Li Fang
Mr. Wang Zhiying
Mr. Huang Yuanwang
Mr. Chen Xuezhi

COMPANY SECRETARY
Mr. Fung Chun Nam

AUDITOR
PricewaterhouseCoopers
(Certified Public Accountants)
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Rooms 3801–05, 38/F
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26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.cpne.com.hk

STOCK CODE

735

INVESTOR RELATIONSHIP

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Email: ir@cpne.com.hk

Distribution of Projects

Total installed capacity*

2,655.5 MW

* as at 31 December 2015

WELL-ESTABLISHED PLATFORMS WITH VARIOUS RENEWABLE PROJECTS

Natural Gas Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
1	Phase I of Guangdong Dongguan Project	360.00	100	360.00
	Sub-total of natural gas power project	360.00		360.00

Waste-to-energy Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
2	Yunnan Kunming Project	30.00	100	30.00
3	Phase I of Hainan Haikou Project	24.00	100	24.00
	Sub-total of waste-to-energy projects	54.00		54.00

Wind Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
4	Phase I of Gansu Jiuquan Project	100.50	100	100.50
5	Phase II of Gansu Jiuquan Project	49.50	100	49.50
6	Phase III of Gansu Jiuquan Project	201.00	100	201.00
7	Phase IV of Gansu Jiuquan Project	100.50	100	100.50
8	Phase V of Gansu Jiuquan Project	20.00	100	20.00
9	Heilongjiang Hongqi Project	49.50	100	49.50
10	Heilongjiang Hailang Project	49.75	100	49.75
11	Jiangsu Dafeng Project	200.25	100	200.25
12	Inner Mongolia Chayou Zhongqi Project	49.50	100	49.50
13	No. 2 Gansu Anbei Project	400.00	100	400.00
14	No. 6 Gansu Anbei Project	201.00	100	201.00
15	Shanghai Sea Wind Project	102.00	13.18	13.44
16	Shanghai Chongming Beiyan Project	48.00	20	9.60
17	German Bönen Project	8.00	100	8.00
	Sub-total of wind power projects	1,429.50*1		1,429.50*1

Notes:
*1 The above data of installed capacity did not include Shanghai Sea Wind Power Project and Chongming Beiyan Wind Power Project.

Hydro Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
18	Fujian Shaxikou Project	300.00	100	300.00
19	Fujian Niutoushan Project	115.00	52	59.80
20	Fujian Zhangping Huakou Project	36.60	100	36.60
21	Chongqing Meixihe Project	129.00	100	129.00
22	Yunnan Yingjiang Hongfu Industrial Project	64.00	100	64.00
23	Yunnan Yingjiang Huimin Project	6.40	100	6.40
	Sub-total of hydro power projects	651.00		595.80

Photovoltaic Power

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
24	Phase I of Gansu Wuwei Project	20.00	100	20.00
25	Phase II of Gansu Wuwei Project	30.00	100	30.00
26	Phase I of Gansu Baiyin Project	20.00	100	20.00
27	Phase II of Gansu Baiyin Project	30.00	100	30.00
28	Hainan Changjiang Project	20.00	100	20.00
29	Yunnan Yuanjiang Project	20.00	100	20.00
	Sub-total of photovoltaic power projects	140.00		140.00

Other Clean Energies

No.	Project Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
30	Jiangsu Hongze Reproductive Substance Project	15.00	100	15.00
31	Jiangsu Hongze Thermal Power Project	6.00	60	3.60
	Sub-total of other items	21.00		18.60
	Total of renewable energy projects	2,655.50		2,597.90

Milestone

2015

- Entered into a memorandum of understanding with State Power Investment Corporation (國家電力投資集團公司) ("SPIC") pursuant to which State Nuclear Power Technology Corporation (國家核電技術公司) ("SNPTC"), a subsidiary of SPIC, will seek to transfer all its nuclear power assets and businesses to the Company
- Mr. Wang Binghua was appointed as a non-executive director and the Chairman of the Board of Company and Mr. Wang Zhongtang was appointed as an executive director of the Company
- China Power Investment Corporation (中國電力投資集團公司), the substantial shareholder, and the SNPTC had been reorganised with the establishment of SPIC
- Entered into an agreement in relation to a construction project on a 50MW photovoltaic power plant in Panzhihua, Sichuan Province
- Successful bid for a Waste-to-energy Power Project in Deyang, Sichuan Province with total daily waste treatment amounted to 1,000 tonnes and entered into an exclusive concession right agreement for 25 years
- No. 6 Anbei Wind Power Project, Hainan Changjiang Photovoltaic Power Project and Yunnan Yuanjiang Photovoltaic Power Project commenced operation
- Guangdong Dongguan Lisha Island Natural Gas Power Project was approved

2014

- Completed the issuance of shares to China Energy Engineering Group Guangdong Electric Power Design Institute
- Increased to 100% equity interest in Dongguan China Power New Energy Heat and Power Company Limited
- 2 waste-to-energy Power Projects in Anhui Wuhu with 12MW, with total daily waste treatment amounted to 1,200 tonnes, won the open tender
- Macheng Chunyang Shan Wind Power Project of 80MW won the open tender
- 2 Waste-to-energy Power Projects in Guiyang Huaxi with 12MW, with total daily waste treatment amounted to 1,200 tonnes, entered into Concession Right Agreement
- For the Wind Power Project in Gansu Anbei of 600MW, 554.5MW of which successfully commenced operation of a trial run
- Commenced construction of Photovoltaic Power Project in Yunnan Yuanjiang of 20MW
- Commenced construction of Photovoltaic Power Project in Hainan Changjiang of 20MW

2013

- Cooperation with Charoen Energy and Water Asia Co., Ltd for developing Laos Phou Ngoy Hydroelectricity Project with a planned installed capacity of 728MW and annual average power generation of 3.25 billion kWh
- Entered into an equity acquisition cooperation agreement with SCHÖNBORG KRAFT AB. The installed capacity was 6MW
- Completed the acquisition of German Bönen Wind Power Project. The installed capacity was 8MW
- Entered into New Share Subscription Agreement with China Energy Engineering Group Guangdong Electric Power Design Institute and intended to issue shares with a total amount of RMB200,000,000
- Acquired 100% equity interests in both Yunnan Yingjiang Hongfu Industrial Company Limited and Yingjian Huimin Hydropower Company
- Commenced operation of Chongqing Meixihe Hydropower Company with 129MW installed capacity
- Commenced expansion of Dongguan Phase II Gas-fired Power Generation Project of 920MW
- Commenced Wind Power Project in Gansu Anbei of 600MW
- The expansion of Haikou Waste Power Project (Phase II of Haikou) of 24MW commenced

2012

- Completed the issue of convertible bonds in the principal amount of approximately HK$236,000,000 to China Power New Energy Limited
- Completed the issue of shares to China Three Gorges Corporation
- Signed the contract to acquire 20% equity interest in Hainan Dalecheng Development Holding Limited
- Completed the issue of RMB800,000,000 6.5% RMB denominated bonds due 2017
- Commenced operation of Heilongjiang Hailang Wind Power Project with 49.75MW

2011

- Completed the issue of RMB500,000,000 3.75% RMB denominated bonds due 2014
- Commenced operation of Phase III of Gansu Jiuquan with 200MW and Phase IV of Gansu Jiuquan with 100MW Wind Power Projects
- Increased to 90.1% equity interest in Dongguan China Power New Energy Heat and Power Company Limited and disposed of 40% equity interest in Dongguan City Kewei Environmental Power Company Limited
- Announced introduction of China Three Gorges Corporation as a shareholder by subscription of new shares of the Company
- Enter into a share transfer agreement to acquire 100% equity interest in Meixihe Hydropower Company
- Commenced operation of Heilongjiang Hongqi Wind Power Project with 49.5MW
- Commenced operation of Haikou Waste Power Project with 24MW
- Commenced operation of Zhangping Huakou Hydro Power Project with 36.6MW

2010

- Increased to 100% equity interest in Gansu China Power Jiuquan Wind Electric Power Company Limited
- Increased to 100% equity interest in Kunming China Power Environmental Power Company Limited
- Increased to 100% equity interest in Zhangping Huakou Hydro Power Company Limited
- Acquired 100% equity interest in China Power Dafeng Wind Power Company Limited

2009

- Acquired 51% equity interest in Zhangping Huakou Hydro Power Company Limited
- Changed the auditors and the financial year-end date
- Formed a joint venture with Shanghai Green Environmental Protection Energy Company Limited and CLP Power China (Chongming) Limited

2008

- Increased to 80% equity interest in Dongguan China Power New Energy Heat and Power Company Limited
- Acquired 60% equity interest in Kunming China Power Environmental Power Company Limited (formerly known as Yunnan Shuangxing Green Energy Co., Ltd.)

2007

- Acquired China Power International New Energy (Shanghai) Holding Company Limited
- Changed the company name to China Power New Energy Development Company Limited
- Acquired 40% equity interest in Dongguan China Power New Energy Heat and Power Company Limited and 40% equity interest in Dongguan City Kewei Environmental Power Company Limited
- China National Offshore Oil Corporation became a strategic shareholder
- Acquired Shanghai New Energy Tower
- Acquired 90% equity interest in Gansu China Power Jiuquan Wind Electric Power Company Limited and 100% equity interest in CPI (Fujian) Power Development Limited
- Acquired 100% equity interest in Zhejiang Deqing Jia Neng Waste Incineration Power Company Limited

2006

- Acquired 60% equity interest in Zhongdian Hongze Thermal Power Co., Ltd. and 100% equity interest in Zhongdian Hongze Reproductive Substance Thermal Power Co., Ltd.

Business and Financial Highlights

Fujian Shaxikou Hydro-electric Power Plant

Dongguan China Power New Energy Heat and Power Plant

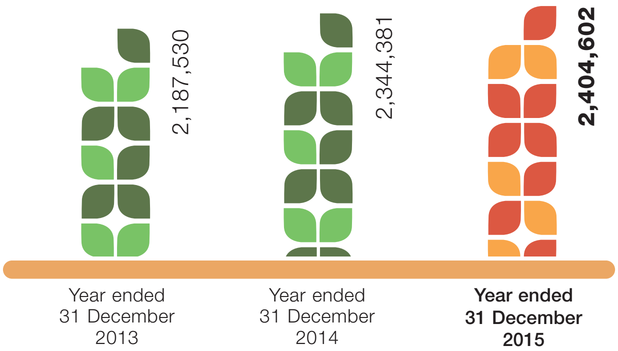
China Power Dafeng Wind Power Project

Haikou Waste Incineration Power Plant

Gansu Wuwei Photovoltaic Power Project

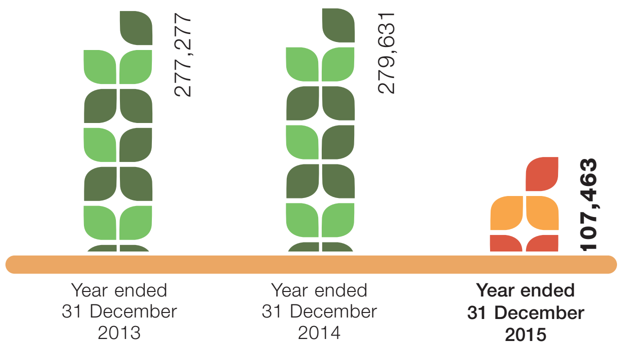
REVENUE AND TARIFF ADJUSTMENT

RMB'000



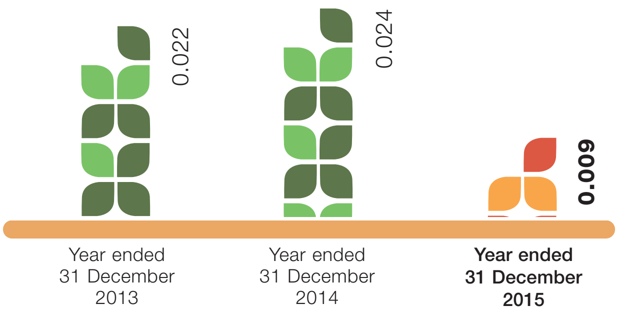
PROFIT FOR THE YEAR

RMB'000



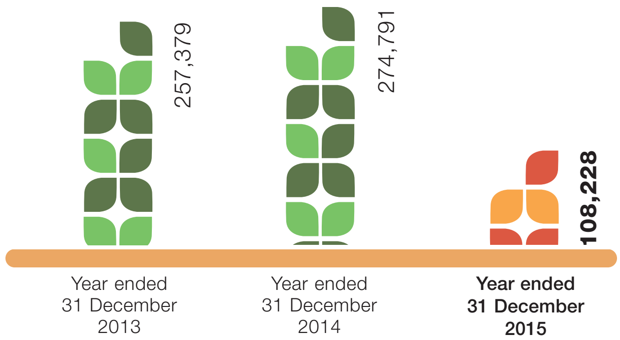
BASIC EARNINGS PER SHARE

RMB

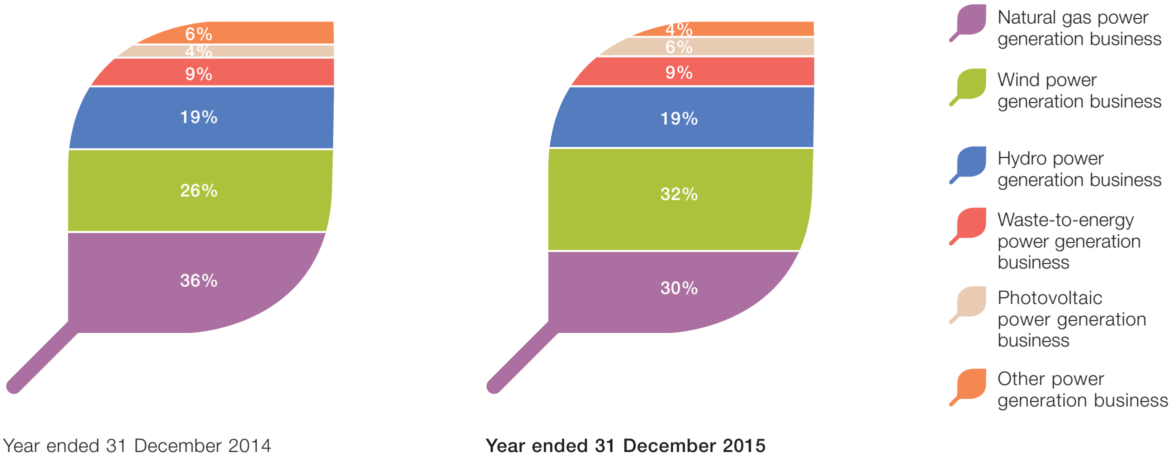


PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

RMB'000



REVENUE AND TARIFF ADJUSTMENT BY BUSINESS SEGMENTS



On behalf of the Board of directors (the "Board") of China Power New Energy Development Company Limited (the "Company" or "CPNE"), I am pleased to present the financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015.

Dear Shareholders,

As one of the pioneers in developing clean energy in the People's Republic of China (the "PRC"), the Group owned power generation projects in natural gas power, waste-to-energy power, wind power, hydro power, photovoltaic power and other power projects with a total installed capacity of 2,655.5MW as at the end of 2015. All projects were located in regions that offer maximum strategic advantages. In recent years, development of the abovementioned five segments, by rotation, has opened up various and complementary sources of revenue, and effectively diversified our investment risks. The structure and development of the clean energy industry has consistently been optimised by synergistic development in the five geographical regions of the PRC, thereby setting a solid foundation for future development.

For the year ended 31 December 2015, the Group recorded revenue and tariff adjustment of approximately RMB2,404,602,000. The Group's profit for the year was approximately RMB107,463,000. Profit attributable to equity holders of the Company amounted to approximately RMB108,228,000.

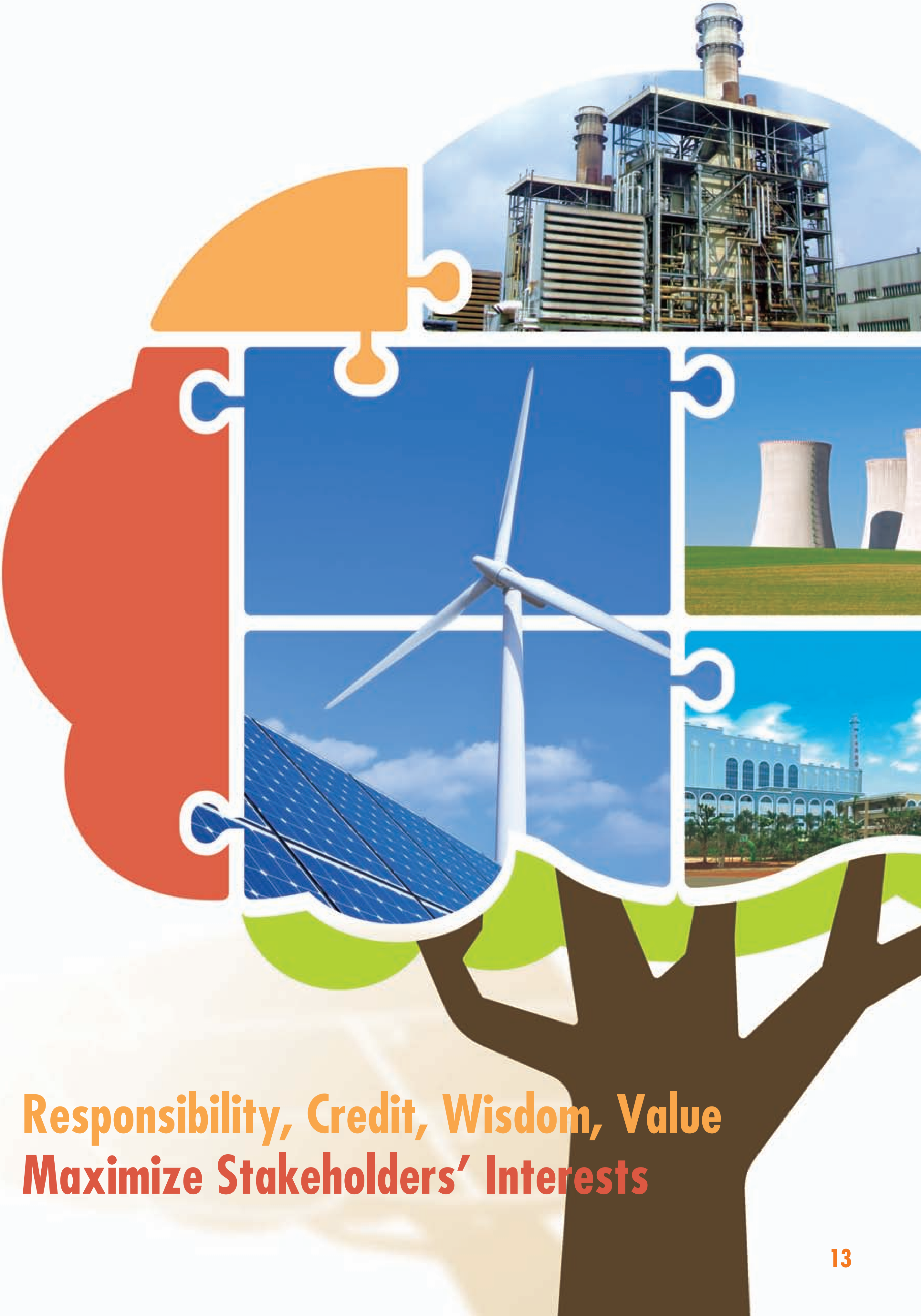
In 2015, the Group pursued its development strategy aiming at adjusting structure, optimising industrial layout, further implementing the integration of management and control with orderly performance for each project. As a result, approved or filing projects with a total installed capacity of 854.1MW and provincial road slip projects with a total installed capacity of 761.4MW were obtained in the year. In addition, the Group has entered into agreements with a number of local governments for developing power generation projects with reserve capacity of 3,000.0MW. In 2015, three completed projects of the Group, namely, No.6 Gansu Guazhou Anbei Wind Power Project, Hainan Changjiang Photovoltaic Power Project and Yunnan Yuanjiang Photovoltaic Power Project, commenced production with additional installed capacity of 86.5MW in total. In the beginning of 2016, the Group's Phase II of Dongguan Natural Gas Power Project, Phase II of Haikou Waste-to-energy Power Project and Phase III of Gansu Baiyin Photovoltaic Power Project also commenced commercial operation with additional installed capacity of 979.0MW in total.

In 2015, China Power Investment Corporation and SNPTC reorganised with the establishment of the SPIC. SPIC is principally engaged in development and construction of clean energy by utilising advanced technology and innovation in energy, such as nuclear power, for the purpose of establishment of state-owned capital investment corporation. As disclosed in an announcement made by the Group, SNPTC, a subsidiary of SPIC, would conduct a reorganisation in due course for transferring all of its nuclear power assets and businesses to the Company. We are confident that the abovementioned reorganisation will have profound and positive impacts on the Group's future development. Upon the completion of the reorganisation, the Group will be the major capital owner of the nuclear power assets and businesses of SPIC, positioning the Group in a new starting point and a new platform, thereby providing the Group a stronger and more outstanding core competitiveness.

I would like to thank our staff for their efforts and dedication in years. The Group is determined to optimise the structure of energy sector in China, develop clean energy and improve people's living quality by going all the way with clean energy, innovation, determination and symbiosis and harmony for maintaining steady growth in our business and further enhancing our shareholders' value. I would also wish to take this opportunity to extend our gratitude to our shareholders, business partners and associates, bankers and auditor for their continued support and encouragement. With a passion for excellence, the Group will continue to be successful through the unremitting efforts of all.

Wang Binghua
Chairman of the Board

23 March 2016



Responsibility, Credit, Wisdom, Value
Maximize Stakeholders' Interests

Directors and Senior Management Profiles

CHAIRMAN OF THE BOARD

Mr. Wang Binghua, aged 61, joined the Group in December 2015. He is a non-executive director and the Chairman of the Board and of the Nomination Committee of the Company.

Mr. Wang is a senior engineer at professor level holding a Master of engineering degree in power system and automation from Wuhan University of Hydraulic and Electric Engineering. He is currently the chairman of SPIC (an indirect substantial shareholder of the Company, which is formerly known as China Power Investment Corporation (中國電力投資集團公司)). He is also the chairman of SNPTC and China Power International Holding Limited (the holding company of China Power New Energy Limited which is a substantial shareholder of the Company). Besides, he is the chairman and a non-executive director of China Power International Development Limited (a company listed on the Hong Kong Stock Exchange with stock code ("HKEx") 2380). Mr. Wang is a member of the National Committee of the Chinese People's Political Consultative Conference.

VICE CHAIRMAN OF THE BOARD

Mr. Bi Yaxiong, aged 53, joined the Group in April 2013. He was re-designated from the office of executive director to non-executive director of the Company on 19 August 2014. Mr. Bi is also the Vice Chairman of the Board.

Mr. Bi graduated from South China Institute of Technology (currently South China University of Technology) with a Bachelor Degree in Electric System and Automation and obtained a PhD in Technology Economics and Management from Chongqing University. He joined China Gezhouba Power Plant (葛洲壩電廠) in August 1982 and was the head of the power plant when he left China Gezhouba Power Plant (葛洲壩電廠) in September 2002. Mr. Bi then joined China Yangtze Power Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code ("SSE") 600900) as the deputy general manager in September 2002 to December 2003 and was appointed as the general manager of China Yangtze Power Co., Ltd. from April 2004 to January 2006, and was a director of that company from May 2004 to May 2015. At the same time, Mr. Bi has acted as the deputy general manager of China Three Gorges Corporation (a substantial shareholder of the Company) since December 2003.

EXECUTIVE DIRECTORS

Mr. Wang Zhongtang, aged 51, joined the Group in December 2015. He is an executive director and the Chairman of the Executive Committee of the Company.

Mr. Wang has a Master's degree in nuclear reactor engineering from Shanghai Jiao Tong University. He is currently the assistant to the general manager of SPIC (an indirect substantial shareholder of the Company), which is formerly known as China Power Investment Corporation (中國電力投資集團公司). He is also the general manager of SNPTC. Mr. Wang previously served as the chief engineer of SPIC and SNPTC, and the Director General of Department of Nuclear Safety Management of Ministry of Environmental Protection of the People's Republic of China.

Mr. Zhao Xinyan, aged 53, joined the Group in May 2007. He is an executive director, a member of the Executive Committee, and the Chairman of the Investment and Budget Management Committee of the Company.

Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor's degree in materials engineering and from Guanghua School of Management, Peking University with a Master of Business Administration (MBA) degree. He has been a director of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006 and a director of Companhia de Electricidade de Macau since January 2014. Mr. Zhao is also the vice president of China Power International Holding Limited (the holding company of China Power New Energy Limited, a substantial shareholder of the Company) and China Power International Development Limited (HKEx 2380). He has previously served as a manager in various departments of China Power International Development Limited.

Mr. He Hongxin, aged 45, joined the Group in April 2013. He is an executive director, the Chief Executive Officer, and a member of the Executive Committee and the Investment and Budget Management Committee of the Company.

Mr. He graduated from Zhongnan University of Finance and Economics with a Bachelor Degree in Financial Accounting, and from Peking University with the Executive Master of Business Administration (EMBA) degree. From August 1991 to December 1997, Mr. He served in the accounting department of Maanshan Iron & Steel Company Limited. Since December 1997, Mr. He has worked in the finance department of China Three Gorges Corporation (a substantial shareholder of the Company). He subsequently acted as the deputy head of the asset finance and accounting department between December 2003 and May 2008, and was then appointed as the head of asset finance, accounting and audit department between May 2008 and April 2011. Since April 2011, Mr. He has acted as the deputy manager of the capital finance department of China Three Gorges Corporation.

Mr. Qi Tengyun, aged 46, joined the Group in August 2014. He is an executive director and a member of the Executive Committee of the Company.

Mr. Qi graduated from Shandong Institute of Mining and Technology (山東礦業學院) (being a predecessor of Shandong University of Science and Technology) with a Bachelor Degree in Mining Machinery (礦業機械), and obtained a Master Degree in Management Science and Engineering from China University of Mining and Technology (中國礦業大學). He worked in Shandong Institute of Mining and Technology from July 1991 to April 2000. During the period from April 2000 to November 2003, Mr. Qi was appointed as the deputy minister of the Department of Student Affairs, the deputy head of the Student Affairs' Office of Shandong University of Science and Technology and during the period from August 2002 to November 2003, Mr. Qi was concurrently appointed as the head of Department of Student Associations Affairs of the Qingdao Campus of Shandong University of Science and Technology. Mr. Qi joined China International Water & Electric Corp. (中國水利電力對外公司) in November 2003, as the deputy head of the General Manager Office. During the period from April 2004 to January 2006, Mr. Qi worked in China International Water & Electric Co., Ltd (中水電海外建設有限公司) as the assistant manager of the Department of General Affairs. From January to April of 2006, he was the assistant manager of the Department of General Affairs of China International Water & Electric Corp. From April 2006 to November 2014, Mr. Qi has also been acting as the head of the General Manager Office of China Three Gorges New Energy Corp. (中國三峽新能源公司) (formerly known as China Water Investment Group Corp. (中國水利投資集團公司)) , and he was appointed as the General Manager Assistant since December 2014. He was also concurrently appointed as a committee member of the Commission for Discipline Inspection from November 2007 to January 2016. During his service with China Three Gorges New Energy Corp., Mr. Qi had held the position of the Secretary of the Youth League Committee during the period from January 2008 to October 2009. Since November 2014, Mr. Qi has served as the Deputy General Manager of China Power International New Energy Holdings Limited and concurrently been appointed as committee member of the Party of China Power International New Energy Holdings Limited since December 2014. Besides, Mr Qi has been appointed as the directors of various subsidiaries of the Group since February 2015.

NON-EXECUTIVE DIRECTOR

Mr. Wu Hanming, aged 56, was appointed as a non-executive director of the Company with effect from 23 March 2016.

Mr. Wu is a senior accountant graduated from Tsinghua University with a Master degree in EMBA in 2009. From 1987 to 1995, he served as the Financial Accountant and the Head of Financial Division of Bohai Oil Shipping Towage Co. (渤海石油船舶拖運公司). From 1995 to 2001, he served as the Manager of Financial Department and Deputy Chief Accountant of China Offshore Oil Northern Shipping Co. (中海石油北方船舶公司). From 2001 to 2002, he served as the Manager of Planning and Financial Department of CNOOC Shipping Co., Ltd. (中海石油船舶有限公司). From 2002 to 2007, he was the General Manager of Planning and Accounting Department and the Chief Economist of China Oilfield Services Limited (中海油田服務股份有限公司). From 2007 to 2012, he served as the Chief Financial Officer of Offshore Oil Engineering Co., Ltd. (海洋石油工程股份有限公司). From 2012 to 2014, he was the Deputy General Manager of CNOOC Finance Corporation Limited (中海石油財務有限責任公司). From 2014 until now, he has been serving as the Deputy Chairman of CNOOC Investment Holding Co., Ltd. (中海石油投資控股有限公司). He has also been the Chairman of the board of directors of CNOOC International Financial Leasing Limited (中海油國際融資租賃有限公司) for the same period. Since 26 February 2016, he has been serving as the General Manager of CNOOC Investment Holding Co., Ltd..

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing, aged 58, joined the Group in December 2002. He is an independent non-executive director, the Chairman of both the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company.

Mr. Chu holds a bachelor's degree in social science majoring in economics. He has extensive experience in the banking and finance sector. He is also an independent non-executive director of Emperor Capital Group Limited (HKEx 717). In 2012, Mr. Chu was appointed as the president of Canada-China Culture and Education Association.

Dr. Li Fang, aged 53, joined the Group in July 2011. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment and Budget Management Committee of the Company.

Dr. Li graduated from University of Science and Technology Beijing with a bachelor of engineering degree and received his juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Dr. Li has extensive experience in business management and corporate finance. He has served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk & Wardwell LLP in the United States. Dr. Li holds directorship in various listed companies as follow: as a director of Beijing Mainstreets Investment Group Corporation (a company listed on Shenzhen Stock Exchange with stock code 000609), as an independent non-executive director of China Power International Development Limited (HKEx 2380), and as a director of Guangdong Guanhao High-tech Co. Ltd. (SSE 600433) since 29 September 2014.

Mr. Wong Kwok Tai, aged 77, joined the Group in September 2004. He is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. He is currently the director of W. Wong CPA Limited, and an independent non-executive director of the following companies listed on the Hong Kong Stock Exchange: Takson Holdings Limited (HKEx 918) and Winshine Entertainment & Media Holding Company Limited (HKEx 209, formerly known as China Tycoon Beverage Holdings Limited). On the other hand, Mr. Wong was appointed as an executive director of China Solar Energy Holdings Limited (HKEx 155) on 15 May 2015 and resigned on 16 May 2015. He also acted as an independent non-executive director of Skyway Securities Group Limited (HKEx 1141, formerly known as Mission Capital Holdings Limited) from 24 August 2001 to 30 July 2015.

Ms. Ng Yi Kum, aged 58, joined the Group in June 2013. She is an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Ms. Ng is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an Associate of The Institute of Chartered Accountants in England and Wales and The Institute of Chartered Secretaries and Administrators, a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and a member of the American Institute of Certified Public Accountants. Ms. Ng has contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority for years until November 2013.

Currently, she holds various directorships and senior management positions in the following companies listed on the Hong Kong Stock Exchange: as an independent non-executive director of Tianjin Development Holdings Limited (HKEx 882); as the Chief Strategy Officer & Chief Financial Officer (since 27 July 2015), the Company Secretary (since 1 August 2015), an executive director and the Deputy Chairman (since 15 December 2015) of Tse Sui Luen Jewellery (International) Limited (HKEx 417). On the other hand, Ms. Ng resigned as an independent non-executive director of Hong Kong Resources Holdings Company Limited (HKEx 2882) on 31 July 2015. Furthermore, she resigned as an independent director of China Mobile Games and Entertainment Group Limited (delisted from the NASDAQ in the United States on 10 August 2015, stock symbol: CMGE) on the same date when the company is delisted.

SENIOR MANAGEMENT

Mr. Chen Xuezhi, aged 47, joined the Group in 2009. He is the Chief Financial Officer of the Company and deputy general manager of China Power International New Energy Holding Limited, an indirect wholly-owned subsidiary of the Company.

Mr. Chen is a senior accountant and graduated in Fuzhou University with a major in Accountancy. He also received a master's degree in business administration from Capital University of Economics and Business. He is the financial controller of China Power International New Energy Holding Limited. He was the deputy general manager of the department of finance and ownership of China Power International Holding Limited (the holding company of China Power New Energy Limited, a substantial shareholder of the Company) and China Power International Development Limited (HKEx 2380).

Mr. Fung Chun Nam, aged 40, joined the Group in 2009. He is the Company Secretary of the Company. Mr. Fung has extensive experience in company secretarial, accounting and audit areas in various industries. He is a Fellow of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Fung is also a charterholder of Chartered Financial Analyst.

The principal activities of the Group at present are the development, construction, owning, operation and management of clean energy power plants in Mainland China, including but not limited to wind power generation, hydro power generation, natural gas power generation, photovoltaic power generation, waste-to-energy power generation and other clean energy power generation projects. For the year ended 2015, the number of power generation plants owned or controlled by the Group has reached 29 which are mainly situated in Guangdong, Fujian, Gansu, Jiangsu and Chongqing, etc., and the electricity generated thereof is sold to Southern Power Grid, East China Power Grid, Northeast Power Grid and Northwest Power Grid.

On 30 December 2015, SPIC entered into a Memorandum of Understanding with the Company, in which SNPTC, a subsidiary of SPIC, will seek to transfer all its nuclear power assets and businesses to the Company; in which the Company may see new platforms and opportunities for growth.

BUSINESS REVIEW OF 2015

Business Summary

For the year ended 31 December 2015, the Group's revenue and tariff adjustment were approximately RMB2,404,602,000 (2014: RMB2,344,381,000). The Group's profit for the year was approximately RMB107,463,000 (2014: approximately RMB279,631,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB108,228,000 (2014: approximately RMB274,791,000). Basic and diluted earnings per share amounted to approximately RMB0.009 (2014: approximately RMB0.024). The decrease in the Group's profit for the year was mainly attributed to the decline in standards of Dongguan gas subsidy and the abolition of such subsidy in the fourth quarter, the impact of severe curtailment of wind power in the Jiuquan region, a decrease in power consumption and a decrease in power generation.

Business Environment

With GDP growth rate at 6.9% for 2015, indicating a new normality for economic development in the PRC, the growth of electricity consumption in the PRC was in sluggish situation. According to the National Bureau of Statistics of China, for the year end 2015, total power consumption nationwide was 5,550.0 billion kWh, representing a 0.5% year-on-year increase. Installed capacity of power generation in the PRC was 1,506.73 million kW, representing a 10.4% increase as compared with last year. Among which, there were 319.37 million kW of hydro power, 990.21 million kW of thermal power, 26.08 million kW of nuclear power, 129 million kW of on-grid wind power and 43.18 million kW of on-grid photovoltaic power. The average utilisation hours of power generation units with a capacity over 6,000 kW were 3,969 hours, which were 349 hours less than the corresponding period of last year. Among which, the average utilisation hours of hydropower generation units were 3,621 hours, a year-on-year decrease of 48 hours. The average utilisation hours of wind power were 1,728 hours, a year-on-year decrease of 172 hours. The average utilisation hours of nuclear power generation units were 7,350 hours, a year-on-year decrease of 437 hours.

Installed Capacity and Power Generation

As at the end of 2015, the aggregate controlled amount of capacity in operation of the Group was 2,655.5MW, representing a year-on-year increase of 3.4%. In 2015, the Group had an annual power generation of 5,843,332.3MWh, representing a year-on-year increase of 10.1%.

PROJECTS

New Projects for Development

In 2015, the Group persisted its focus on economic efficiency by dynamically optimising the development strategic plan of the Group, making a preference for industrial sectors with a significant profit contribution to the Group and expanding economies of scale in order to maximize the economic efficiency. During 2015, the Group secured approved or filing projects with an aggregated installed capacity of 854.1MW, provincial road slip projects with an aggregated installed capacity of 761.4MW, approved or filing eco-power generation projects with capacity of 108.0MW, photovoltaic power generation projects with capacity of 206.1MW, wind power generation projects with capacity of 180.0MW and a natural gas power generation project with capacity of 360.0MW (Guangdong Dongguan Lisha Island Project), exceeding the development goal of the year. Reserve capacity amounts to 3,000MW. 11 projects have obtained road slips, and 41 projects have carried out preliminary work.

Projects under Construction

As at 31 December 2015, the Group had projects in progress with capacity of 1,798.0MW. The installed capacity of the Group will be substantially increased upon the operation of these projects. In 2015, three completed projects of the Group, namely, No. 6 Gansu Anbei Wind Power Project with capacity of 46.5 MW, Hainan Changjiang Photovoltaic Power Project with capacity of 20.0MW and Yunnan Yuanjiang Photovoltaic Power Project with capacity of 20.0 MW, commenced operation with installed capacity of 86.5MW in total. In the first quarter of 2016, four completed projects, namely, two generation units with capacity of 470.0MW each at Phase II of Guangdong Dongguan Natural Gas Power Project, No. 3 Unit with capacity of 12.0MW at Phase II of Hainan Haikou Waste-to-energy Power Project, Phase III of Gansu Baiyin Photovoltaic Power Project with capacity of 15.0MW and Gansu Guazhou Photovoltaic Power Project with capacity of 8.0MW, commenced commercial operation with installed capacity of 975.0MW in total.

As at 31 December 2015, power projects in operation and under construction owned by the Group through its subsidiaries, associates and joint ventures were as follows:

Table for Projects in Operation

No.	Project Name	Operating Entity	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Gross Generation (MWh)	Utilization (hour)
		Wind Power Generation Projects						
1	Phase I of Gansu Jiuquan Project (甘肅酒泉一期項目)	甘肅中電酒泉風力發電有限公司	100.50	100	100.50	459	246,960.20	2,457.32
2	Phase II of Gansu Jiuquan Project (甘肅酒泉二期項目)	甘肅中電酒泉第二風力發電有限公司	49.50	100	49.50	515	59,169.00	1,195.33
3	Phase III of Gansu Jiuquan Project (甘肅酒泉三期項目)	甘肅中電酒泉第三風力發電有限公司	201.00	100	201.00	501	208,861.90	1,039.11
4	Phase IV of Gansu Jiuquan Project (甘肅酒泉四期項目)	甘肅中電酒泉第四風力發電有限公司	100.50	100	100.50	489	103,896.70	1,033.80
5	Phase V of Gansu Jiuquan Project (甘肅酒泉五期項目)	甘肅中電酒泉第五風力發電有限公司	20.00	100	20.00	519	47,556.70	2,377.84
6	Heilongjiang Hongqi Project (黑龍江紅旗項目)	海林中電紅旗風力發電有限公司	49.50	100	49.50	622	93,204.30	1,882.92
7	Heilongjiang Hailang Project (黑龍江海浪項目)	海林中電海浪風力發電有限公司	49.75	100	49.75	626	93,097.10	1,871.30
8	Jiangsu Dafeng Project (江蘇大豐項目)	中電大豐風力發電有限公司	200.25	100	200.25	486	282,304.70	1,409.76
9	Inner Mongolia Chayou Zhongqi Project (內蒙古察右中旗項目)	中國內蒙古風力發電有限公司	49.50	100	49.50	506	87,918.80	1,776.14
10	No. 2 Gansu Anbei Project (甘肅安北第二項目)	甘肅中電酒泉第三風力發電有限公司	400.00	100	400.00	501	423,668.15	1,059.17
11	No. 6 Gansu Anbei Project (甘肅安北第六項目)	甘肅中電酒泉第三風力發電有限公司	201.00	100	201.00	501	208,990.35	1,039.75

No.	Project Name	Operating Entity	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Gross Generation (MWh)	Utilization (hour)
12	Shanghai Sea Wind Project (上海海風項目)	上海東海風力發電有限公司	102.00	13.18	13.44	850	196,582.20	1,927.00
13	Shanghai Chongming Beiyan Project (上海崇明北沿項目)	上海崇明北沿風力發電有限公司	48.00	20	9.60	610	107,027.70	2,230.00
14	German Bönen Project (德國Bönen項目)	Zehnte Windpark Support GmbH & Co. KG	8.00	100	8.00	93*2	16,162.34	2,200.00
		Hydro Power Generation Projects						
15	Fujian Shaxikou Project (福建沙溪口項目)	中電(福建)電力開發有限公司	300.00	100	300.00	250	1,315,810.70	4,386.04
16	Fujian Niutoushan Project (福建牛頭山項目)	福建壽寧牛頭山水電有限公司	115.00	52	59.80	381	381,965.00	3,321.43
17	Fujian Zhangping Huakou Project (福建漳平華口項目)	漳平市華口水電有限公司	36.60	100	36.60	355	124,173.10	3,392.71
18	Chongqing Meixihe Project (重慶梅溪河項目)	重慶梅溪河流域水電開發有限公司	129.00	100	129.00	384	300,138.00	2,326.65
19	Yunnan Yingjiang Hongfu Industrial Project (雲南盈江鴻福實業項目)	盈江鴻福實業有限公司	64.00	100	64.00	212	195,124.60	3,548.02
20	Yunnan Yingjiang Huimin Project (雲南盈江惠民項目)	盈江縣惠民水電開發有限公司	6.40	100	6.40	234	31,948.30	3,225.47
		Waste-to-energy Power Generation Projects						
21	Yunnan Kunming Project (雲南昆明項目)	昆明中電環保電力有限公司	30.00	100	30.00	620	153,838.20	5,127.94
22	Phase I of Hainan Haikou Project (海南海口一期項目)	中電國際新能源海南有限公司	24.00	100	24.00	650	165,300.40	6,887.52
		Natural Gas Power Generation Projects						
23	Phase I of Guangdong Dongguan Project (廣東東莞一期項目)	東莞中電新能源熱電有限公司	360.00	100	360.00	745	1,050,141.40	2,917.06
		Photovoltaic Power Generation Projects						
24	Phase I of Gansu Wuwei Project (甘肅武威一期項目)	甘肅中電武威光伏發電有限公司	20.00	100	20.00	888	29,757.70	1,487.89
25	Phase II of Gansu Wuwei Project (甘肅武威二期項目)	甘肅中電武威光伏發電有限公司	30.00	100	30.00	888	31,584.70	1,052.82
26	Phase I of Gansu Baiyin Project (甘肅白銀一期項目)	甘肅中電白銀光伏發電有限公司	20.00	100	20.00	876	35,685.50	1,784.28
27	Phase II of Gansu Baiyin Project (甘肅白銀二期項目)	甘肅中電白銀光伏發電有限公司	30.00	100	30.00	876	37,356.30	1,245.21
28	Hainan Changjiang Project (海南昌江項目)	中電國際新能源海南有限公司昌江分公司	20.00	100	20.00	1,010	14,958.60	747.93
29	Yunnan Yuanjiang Project (雲南元江項目)	元江中電光伏發電有限公司	20.00	100	20.00	950	25,691.40	1,284.57
		Other Clean Energy Projects						
30	Jiangsu Hongze Reproductive Substance Project (江蘇洪澤生物質項目)	中電(洪澤)生物質熱電有限公司	15.00	100	15.00	760	46,764.70	3,117.65
31	Jiangsu Hongze Thermal Power Project (江蘇洪澤熱電項目)	中電(洪澤）熱電有限公司	6.00	60	3.60	467	31,303.50	5,217.25
	Aggregate Amount of Controlled Projects in Operation of the Group*1		**2,655.50**		**2,597.90**		**5,843,332.34**	

*1 The above data of installed capacity and total power generation did not include Shanghai Sea Wind Power Project and Shanghai Chongming Beiyan Project.

*2 Unit: Euro/MWH

The power plants of the controlled projects in operation to the Group had a total installed capacity of 2,655.50MW.

The aggregate installed capacity attributable to the Group including joint venture projects was 2,620.94MW.

Table of Projects under Construction

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
1	Guangdong Dongguan Natural Gas Power Project Phase II*1 (廣東東莞二期天然氣發電項目)	Natural gas power generation	940.00	100.00	940.00
2	Guangdong Dongguan Lisha Island Natural Gas Power Project (廣東東莞立沙島天然氣發電項目)	Natural gas power generation	360.00	100.00	360.00
3	Hainan Haikou Waste-to-energy Power Project Phase II*2 (海南海口二期垃圾發電項目)	Waste-to-energy power generation	24.00	100.00	24.00
4	Guiyang Huaxi Waste-to-energy Power Project (貴陽花溪垃圾發電項目)	Waste-to-energy power generation	24.00	100.00	24.00
5	Anhui Wuhu Waste-to-energy Power Project (安徽蕪湖垃圾發電項目)	Waste-to-energy power generation	24.00	100.00	24.00
6	Hebei Bazhou Waste-to-energy Power Project (河北霸州垃圾發電項目)	Waste-to-energy power generation	24.00	100.00	24.00
7	Sichuan Deyang Waste-to-energy Power Project (四川德陽垃圾發電項目)	Waste-to-energy power generation	24.00	74.11	17.79
8	Hainan Wanning Waste-to-energy Power Project (海南萬寧垃圾發電項目)	Waste-to-energy power generation	24.00	100.00	24.00
9	Phase II of Jiangsu Dafeng Wind Power Project (江蘇大豐二期風力發電項目)	Wind power generation	100.00	100.00	100.00
10	Hubei Macheng Wind Power Project (湖北麻城風力發電項目)	Wind power generation	80.00	100.00	80.00
11	Heilongjiang Tailai Photovoltaic Power Project (黑龍江泰來光伏發電項目)	Photovoltaic power generation	10.00	100.00	10.00
12	Jiangxi Ji'an Photovoltaic Power Project (江西吉安光伏發電項目)	Photovoltaic power generation	10.00	70.00	7.00
13	Jiangxi Xiajiang Photovoltaic Power Project (江西峽江光伏發電項目)	Photovoltaic power generation	20.00	70.00	14.00
14	Zhejiang Yunhe Photovoltaic Power Project (浙江雲和光伏發電項目)	Photovoltaic power generation	15.00	60.00	9.00
15	Gansu Guazhou Photovoltaic Power Project*3 (甘肅瓜州光伏發電項目)	Photovoltaic power generation	8.00	100.00	8.00
16	Gansu Baiyin Photovoltaic Power Project Phase III*4 (甘肅白銀三期光伏發電項目)	Photovoltaic power generation	15.00	100.00	15.00
17	Sichuan Panzhihua Photovoltaic Power Project (四川攀枝花光伏發電項目)	Photovoltaic power generation	50.00	100.00	50.00
18	Fujian Zhangpu Photovoltaic Power Project (福建漳浦光伏發電項目)	Photovoltaic power generation	46.00	100.00	46.00
	Aggregate Amount of Projects in Progress		**1,798.00**		**1,776.79**

*1 Unit 3 at Guangdong Dongguan Natural Gas Power Project Phase II commenced commercial operation on 18 January 2016. Unit 4 completed the 168 hours trial run on 5 February 2016. Both two units of the project commenced operation.

*2 Unit 3 at Hainan Haikou Waste-to-energy Power Project Phase II was integrated into the power grid on 29 January 2016 and commenced commercial operation. Unit 4 is expected to commence commercial operation at the end of March 2016.

*3 Gansu Guazhou Photovoltaic Power Project was integrated into the power grid on 29 February 2016 and commenced commercial operation.

*4 Gansu Baiyin Photovoltaic Power Project Phase III was integrated into the power grid on 30 January 2016 and commenced commercial operation

Natural Gas Power Generation Projects

For the year ended 31 December 2015, the Group's attributable installed capacity of natural gas power in operation was 360.0MW with annual power generation of 1,050,141.4MWh, representing a year-on-year growth of 5.1%. This segment contributed as one of the Group's major profit sources. The current capacity in progress is 1,300.0MW[*1].

Waste-to-energy Power Generation Projects

For the year ended 31 December 2015, the Group's attributable installed capacity of waste-to-energy power in operation was 54.0MW with annual power generation of 319,138.6MWh, representing a year-on-year decrease of 2.3%. The current capacity in progress under this segment is 144.0MW[*2].

Wind Power Generation Projects

For the year ended 31 December 2015, the Group's attributable installed capacity of wind power in operation was 1,429.5MW with annual power generation of 1,871,790.2MWh[*3], representing a year-on-year increase of 24.6%. The current capacity in progress is 180.0MW[*4].

Hydro Power Generation Projects

For the year ended 31 December 2015, the Group's attributable installed capacity of hydro power in operation was 595.8MW with annual power generation of 2,349,159.7MWh, representing a year-on-year increase of 3.6%.

Photovoltaic Power Generation Projects

For the year ended 31 December 2015, the Group's attributable installed capacity of photovoltaic power in operation was 140.0MW with annual power generation of 175,034.2MWh, representing a year-on-year increase of 39.6%. The current capacity in progress under this segment is 174.0MW.

Smart Grid Project

As at 31 December 2015, the Group's non-current asset classified as held-for-sale represented the 20% equity interests in Hainan Bo'ao Lecheng Development Holdings Company Limited* (海南博鰲樂城開發控股有限公司) ("Hainan Bo'ao Lecheng Company") valued at RMB255,000,000. Hainan Bo'ao Lecheng Company involves mainly the development of the Bo'ao Lecheng International Medical and Tourism Pilot Zone Development Project in Hainan, the PRC (海南博鰲樂城國際醫療旅遊先行區開發項目) ("Hainan Bo'ao Lecheng Project"). Hainan Bo'ao Lecheng Company is the strategic project construction unit for the said development project.

Given the geographic advantage and strengths in resources of the Hainan Bo'ao Lecheng Project, as well as the policy support of the central and local governments, the Group expects the project to yield sound return in future. However, the progress of the development of the project has been stalked owing to several adjustment and improvement plans carried out by the Hainan Government. In view of this, the Group's management actively sought for suitable buyers in respect of the investment in the Hainan Bo'ao Lecheng Project to execute the equity interest agreement so as to meet the Group's liquidity requirements and to conform to the overall direction of the Group's development. Thereafter, the board of directors resolved in 2013 to dispose of the 20% equity interests in Hainan Bo'ao Lecheng Company. Accordingly, the Group classified such investment as non-current assets held for sale in the consolidated balance sheet in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". To ensure that the principles underlying the project would remain unchanged, the Group sold its 20% equity interests in Hainan Bo'ao Lecheng Company to Shanghai Chambow Investment Management Company Limited (上海千博投資管理有限公司), the majority shareholder of Hainan Bo'ao Lecheng Company, at cost (RMB255,000,000) in February 2015, after communications and coordination among various parties. A framework agreement was entered into in May 2015 in relation to details of the transfer. As at 31 December 2015, the two parties to the transfer were actively negotiating specific details of the plan for implementing the transfer in respect of the disposal of the 20% equity interests in Hainan Bo'ao Lecheng Company, in order to expedite the progress of performance of the framework agreement. Completion of the equity transfer is expected to take place within the year subsequent to the balance sheet date.

*1 Unit 3 at Phase II of Guangdong Dongguan Natural Gas Power Project commenced commercial operation on 18 January 2016. Unit 4 completed the 168 hours trial run on 5 February 2016. Both two units of the project commenced operation. Total installed capacity of the project is 940MW.

*2 Unit 3 at Phase II of Hainan Haikou Waste-to-energy Power Project (12 MW) was integrated into the power grid on 29 January 2016 and commenced commercial operation. Unit 4 (12 MW) is expected to commence commercial operation at the end of March 2016.

*3 The above data of installed capacity and annual power generation did not include Shanghai Sea Wind Power Project and Shanghai Chongming Beiyan Wind Power Project.

*4 Phase III of Gansu Baiyin Photovoltaic Power Project (15 MW) and Gansu Guazhou Photovoltaic Power Project (8MW) were integrated into the power grid on 30 January 2016 and 29 February 2016, and commenced commercial operation, respectively.

FINANCIAL REVIEW

Revenue and Tariff Adjustment

For the year ended 31 December 2015, revenue and tariff adjustment were approximately RMB2,404,602,000 (for the year ended 31 December 2014: approximately RMB2,344,381,000), representing an increase of 2.6% over the same period last year. The increase was primarily attributed to the increased power generation of new Anbei wind power generation units at Phase III of Jiuquan.

Fuel Costs

For the year ended 31 December 2015, fuel costs of the Group were approximately RMB603,827,000 (for the year ended 31 December 2014: approximately RMB657,364,000), representing an decrease of 8.1% over the same period last year. The decrease was mainly attributed to a decrease in power consumption, a decrease in power generation and a decrease in cost of natural gas as a result of an increased downtrend pressure of the economy, resulting in a decrease in fuel costs.

Depreciation and Amortisation

For the year ended 31 December 2015, depreciation and amortisation of the Group were approximately RMB677,378,000 (for the year ended 31 December 2014: approximately RMB537,305,000), representing an increase of 26.1% over the same period last year, which was mainly attributed to the provision for depreciation incurred on the newly operating projects, including Anbei wind power generation.

Staff Costs

For the year ended 31 December 2015, staff costs of the Group were approximately RMB206,660,000 (for the year ended 31 December 2014: approximately RMB182,103,000), representing an increase of 13.5% over the same period last year. The increase in staff costs was mainly attributed to increase in number of staff members and rise in salary costs as a result of the commencement of production of newly established projects.

Repairs and Maintenance

For the year ended 31 December 2015, the expenditure on repairs and maintenance of the Group was approximately RMB68,076,000 (for the year ended 31 December 2014: approximately RMB62,570,000), representing an increase of 8.8% over the same period last year. The first reason for the increase was to ensure normal operation of the power generation units and effectiveness of disposal of waste, while the second reason was for the sake of environmental protection.

Operating Profit

For the year ended 31 December 2015, the operating profit of the Group was approximately RMB647,180,000 (for the year ended 31 December 2014: approximately RMB745,641,000), representing a decrease of 13.2% over the same period last year. The decrease of operating profit was mainly attributed to the decline in standards of Dongguan gas subsidy and the abolition of such subsidy in the fourth quarter, the impact of severe curtailment of wind power in the Jiuquan region, a decrease in power consumption and a decrease in power generation.

Finance Costs, Net

For the year ended 31 December 2015, the net finance costs of the Group amounted to approximately RMB459,443,000 (for the year ended 31 December 2014: approximately RMB393,989,000), representing an increase of 16.6% over the same period last year. The increase in finance costs was due to the increased loans from new projects of the Group.

Income Tax Expense

For the year ended 31 December 2015, income tax expense of the Group was approximately RMB103,480,000 (for the year ended 31 December 2014: approximately RMB97,279,000), representing an increase of 6.4% over last year. The increase in income tax expense was primarily attributed to the withholding tax arising on unremitted earnings of subsidiaries of the Company.

Profit Attributable to the Equity Holders of the Company

For the year ended 31 December 2015, profit attributable to equity holders of the Company was approximately RMB108,228,000 (for the year ended 31 December 2014: approximately RMB274,791,000), representing a decrease of 60.6% over last year, which was mainly attributable to (1) the significant reduction of subsidies provided for Unit 9E at Guangdong Dongguan Project as the authority in Guangdong Province substantially lowered the fuel and gas subsidies for the Pearl River Delta regions during the year and abolished such subsidies in the fourth quarter, resulting in an aggregate effect to the tariff adjustment a decrease by approximately RMB157,500,000; (2) a decrease in the profit generated from the wind power generation segment for the year by approximately RMB53,527,000 as compared with the corresponding period of last year, mainly due to the severe power curtailment in the Northwest regions, causing the power output dispatch decreased by 548.41 million kWh as compared with the corresponding period of last year.

Liquidity and Financial Resources

As at 31 December 2015, the Group had cash and cash equivalents of approximately RMB999,812,000 (31 December 2014: approximately RMB775,772,000), representing an increase of 28.9% over last year. The increase in cash and cash equivalents was mainly from cash inflow from operation and bank loans facility which was applied to construction of new projects and the optimisation of debt structure.

Non-current asset classified as held for sale

The non-current asset classified as held for sale represented a 20% equity interest in an associate. The Group's non-current asset classified as held for sale was valued at 31 December 2015 by an independent professionally qualified valuer who holds a recognised relevant professional qualification. As at 31 December 2015, the equity investment has been presented as held for sale following the management's decision to sell the equity interest and the identification of potential buyers. The Group entered into a Share Transfer Memorandum with an independent third party on 13 February 2015 and further signed a Framework Agreement on 29 May 2015 to dispose of its entire equity interest in that associate at a consideration of RMB255,000,000. Management expects to complete the transaction within the next twelve months from the balance sheet date.

Capital Expenditure

For the year ended 31 December 2015, the capital expenditure of the Group was approximately RMB3,128,452,000, spent mainly on developments of new projects, the purchase of equipment and technical renovation. The major sources of capital were the Group's cash balance and bank loans facility.

Borrowings

As at 31 December 2015, total borrowings and corporate bonds of the Group amounted to approximately RMB11,522,816,000 (31 December 2014: approximately RMB9,009,377,000), consisting of short-term bank and other borrowings, current portion of long-term bank and other borrowings of approximately RMB1,547,178,000, long-term bank and other borrowings of approximately RMB9,177,674,000 and corporate bond of approximately RMB797,964,000.

Gearing Ratio

As at 31 December 2015, the Group's gearing ratio of net debt divided by total capital was 56% (31 December 2014: 51%).

Foreign Exchange and Currency Risks

The Group's main business transactions, assets and liabilities are substantially measured in Renminbi and Hong Kong Dollar. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.

Investment Risk of the Capital Market

The Group has not engaged in security investment business for many years and currently has only a tiny equity position remaining in the securities market.

For the year ended 31 December 2015, the Group's fair value gain on financial assets at fair value through profit or loss amounted to approximately RMB916,000 (for the year ended 31 December 2014: a loss of approximately RMB2,406,000).

Charge on the Group's Assets

As at 31 December 2015, certain bank deposits, accounts receivable, lease prepayments, property, plant and equipment and investment properties of the Group with an aggregate amount of approximately RMB4,115,324,000 (31 December 2014: approximately RMB2,337,966,000) were pledged as securities for certain borrowings of the Group and notes payable facilities granted by banks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at the balance sheet date.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 1,493 employees in Hong Kong and the PRC (31 December 2014: 1,268).

Remuneration of directors and employees is determined by the Group with reference to performance, experience and duties as well as industry and market standards. The Group provides appropriate emoluments as well as benefit and insurance packages to all employees of its operating power plants and new project developments in the PRC based on their respective duties and pursuant to the labour laws and regulations of the PRC.

The Group also provides Hong Kong employees with a mandatory provident fund scheme with defined contribution as required by the laws of Hong Kong. It also provides Hong Kong employees with medical insurance.

KEY TASKS IN 2016

The Group regards 2016 as a "Year of Transformation and Development". By maximizing corporate efficiency and leveraging its own advantages, the Group is committed to becoming the clean energy company in the synergistic development of multi-power sources, achieving a brand new start in the 13th Five-Year Plan period. In 2016, the Group will focus on:

1. **Furthering the progress of the asset injection in nuclear power and making timely disclosure of the related work.**

   The Group will further the progress of the asset injection in nuclear power, i.e. to carry out comprehensive due diligence, audits and assessments and to obtain domestic and overseas regulatory approvals etc., and make timely disclosure of the updated progress pursuant to the regulatory provisions so that the shareholders of the Company and the potential investors can keep abreast of the latest development of the asset injection.

2. **Taking active steps to develop new projects, enhancing quality and optimising the industrial structure.**

   The Group will ensure returns and shareholder value in the development of new projects, greatly develop large gas turbines or distributed gas turbines in Beijing, Tianjin, Hebei, Yangtze River Delta, Pearl River Delta and other affluent regions, and actively engage in the development of waste-to-energy power projects. Being selective in developing photovoltaic power, wind power and hydro power projects, the Group will develop wind power in areas with the ideal resources which are load-centered regions, and integrate photovoltaic power projects with the development of agriculture, fisheries, animal husbandry, ecological management, where the impact of power restriction is minimal. The Group will develop integrated energy services and explore its business profiting model, and actively apply for the construction of a pilot demonstration project for solar thermal power in areas with favourable conditions, such as Jiuquan and Dongguan.

3. **Reinforcing management of corporate economic operation and improving business performance.**

   The Group will reinforce management of corporate economic operation so as to ensure growth in power generation, increase profit margin in each unit of power capacity in relation to gas-fired power and waste-to-energy power, expand the heat zone covered by the heat and power plants in Dongguan to promote volume of heat generation and power generation, strive to reduce wind power restriction and increase utilisation hours of wind power generation, enhance coordination and connection of wind power and photovoltaic power with the power grid companies, and actively explore the opportunity of direct power dispatch with its major customers and the cross-regional external power supply pilot.

4. **Reducing costs and controlling over expenses.**

   The Group will utilise both onshore and offshore markets to optimise debt financing and reduce finance costs, enhance cost efficiency, carry out diligent and frugal corporation operation and cut administrative expenditure.

5. **Emphasizing on project construction and construction cost control**

   The Group will implement management of projects during the whole process and coordinate 24 infrastructure projects this year. The Group will strive for the gas turbine expansion project in Dongguan, the environmental protection expansion project in Haikou, the wind power project in Macheng and the commencement of production for six photovoltaic power projects in 2016. The Group will carry out specific inspection for construction project cost to reduce construction cost.

6. **Emphasizing specific accountability and ensuring safe production**

   The Group will emphasize safety supervision, improve safety supervision and security regime, seriously conduct external evaluation for safety, and strictly comply with management regulations on non-compliance with disciplines.

Major Risks and Uncertainties

Apart from matters discussed in the Chairman's Statement and Management Discussion and Analysis, major risks and uncertainties faced by the Group which are required to be disclosed under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) are discussed as follows.

(I) MARKET RISKS

1. The trend of decline in benchmark power tariff

While the government is actively promoting the development of renewable energy, the benchmark power tariffs for recently built land wind power and photovoltaic power generation projects have been declining, and the investment expectations for the Company's new projects have been affected as a result. Given that power projects under construction which will be commissioned and start power generation ahead of schedule will be entitled to higher tariffs, the Group intends to expedite the construction of projects in progress with a strong emphasis on tracking the progress of the construction of output lines, as well as project tenders and supplies, in order to exercise effective control over various stages of work.

2. Intense competition makes project development more difficult

Given the rapid development of the new energy industry and increasingly stringent government requirements in energy conservation and emission reduction, domestic power companies have been increasing their investments in the new energy industry, fueling more intense competition and making project development more difficult than before. The Group will enhance its research on national energy policies and actively communicate with local governments, so that it can gain more initiative in project development. Meanwhile, it will also enhance training of dedicated project development staff. The Group will be vigorously engaged in the acquisition of new energy and clean energy projects with good quality in China and elsewhere, with a view to maximizing the benefits of asset acquisition.

3. Risks associated with the development of acquired projects

The Company may incur losses as a result of limited knowledge of target enterprises owing to misinformation at the time of acquisition coupled with risks associated with changes in external market conditions. The Group will conduct detailed preliminary due diligence in respect of the enterprise to be acquired and carry out project research through professional legal, accounting, asset appraisal and technical consultation firms engaged by us to identify potential risks and solutions. In the meantime, details of the transaction plan, approval documents, work quality, budget for work in progress and implementation status will be clearly stated in the contract.

(II) OPERATING RISKS

4. Insufficient utilisation

The grid curtailment of wind power and photovoltaic power owing to power supply restrictions coupled with on-grid competition remains a grave issue in some regions, which is affecting the completion of the Company's scheduled power generation. The Group will make active marketing efforts and enhance communications with authorities in charge of modulation, while accelerating the progress of heat supply through wind power and direct power supply for enterprises with a high level of energy consumption. We will seek to optimize the operations of power generation units with reasonable overhaul schedules and stronger efforts in equipment inspection, maintenance and management, with a view to reducing the occurrence of equipment breakdowns while maximizing the utilization of equipment.

5. Risks relating to funding requirements

As the Group increases its effort in project development, financial adequacy will have an increasingly significant impact on the Company's operations and development. Reliance on a single financing channel will not be in the interests of an enterprise's long-term development. The Group will leverage its access to the domestic and overseas markets to optimize its debt financing and lower its financing costs. Cost-saving and efficiency enhancement initiatives will be adopted in a thrifty approach to business management and lower administrative expenses.

6. Lack or draining of specialized talents

The lack of human resources with appropriate skill sets and proven experience might prevent the Group from realizing its strategic objectives. The Group will focus on strengthening the development and training of staff in the pipeline for succession and build talent teams at various levels, while enhancing interaction and sharing among personnel within various systems.

(III) FINANCIAL RISKS

The Group has reported its financial conditions in due compliance with procedures stipulated under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). For details of our financial risks, please refer to the section headed "Financial Review" in "Management Discussion and Analysis" set out in page 24 to 26 in this Annual Report.

(IV) RISKS RELATING TO ENVIRONMENTAL CHANGES

Our power generation and source of revenue are dependent on climatic conditions, particularly wind power which is highly volatile and unpredictable. If the wind speed is lower than the rated wind speed required for the operation of the wind power generator at full load, the volume of power generation of the wind power project will be affected. Hence, the Group normally conducts a number of ongoing tests on wind power, such as tests on the speed, main directions and seasonal changes of wind, prior to the construction of any wind power project, in order to mitigate any adverse impact on operations that might result from climatic changes.

(V) CONTINUOUS MONITORING OF RISKS AND THE SCOPE AND QUALITY OF INTERNAL CONTROL BY THE MANAGEMENT

The Group has established an internal control and monitoring department to perform internal audit functions and furnish opinion in respect of material matters or bring to the attention of the management the existence of any relevant risks. In accordance with new requirements under the Listing Rules, the Company is actively driving the development of a risk management mechanism. The "Risk Management System" and "Methods for Risk Evaluation" were formulated during the year under review with detailed provisions addressing specific issues. These rules and regulations will help to identify, evaluate and management significant risks, define basic processes and methods for relevant risk management, and develop detailed specific risk evaluation standards. The ongoing improvement of the Company's risk management system and regime has provided assurance for broader and more in-depth development of the Group's management.

The management made 1 communication on the outcome of their internal control to the Audit Committee during the year to report the risk evaluation and provide data analyses and relevant policies at such stage. The Group believes that timely data analysis is a very effective tool for the board of directors in assessing the Company's status of internal control and risk management.

During 2015, the Group completed 9 internal audit items and made over 30 audit recommendations and action proposals from the perspective of corporate risk management. In 2015, the Group conducted over 700 tasks of supervision over daily ongoing operations to ensure smooth implementation of various material matters in its operations. So far as it is known based on available information, there was no significant error in internal control, nor was any major weakness in internal control identified during the year, the occurrence of which might result in unforeseeable consequences or emergency situations or any significant impact that might materialize in future.

(VI) INTERNAL CONTROL

The board of directors confirms that it is its responsibility to ensure that a comprehensive and effective internal control system is maintained at the Company. The Group's internal control system has been designed to protect assets from misappropriation and unauthorized transactions and to manage operational risks. The Group has conducted systematic reviews of internal controls for different regimes, such as major controls for financial, operational and compliance matters and the risk management function. No material matters have been reported, although areas for improvement have been identified. The board of directors and the Audit Committee are of the view that the Group has reasonably implemented the major components of the internal control system.

Environmental Protection and Social Responsibility

The Group has upheld its corporate development philosophy of "Provision of Green Energy" since its establishment and accelerated the pace of transformation and upgrading of the Company. It has leaped forward and opened up a unique road to green, recyclable, low-carbon and sustainable development, making positive contributions to the construction of ecological civilization and a "Beautiful China".

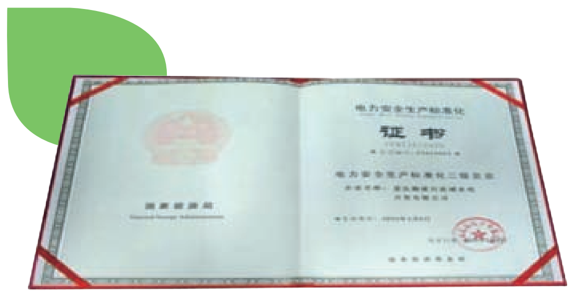
The Group determines to step forward a path of "characteristic, profound, valuable and green" development, to promote high standards of operation with aims to provide affordable, environment-friendly and stable supply of energy to the communities and establish itself as a resource-saving and environment-friendly enterprise, and to become a world-leading new energy industry group.

I. ENVIRONMENTAL PROTECTION — DRIVING GREEN DEVELOPMENT

Focusing on its strategy of clean and green development, the Group continued to put more efforts on the development of clean energy and take concrete actions to support the reduction of emissions of greenhouse gases and pollutants. As at 31 December 2015, the Group's attributable installed capacity of clean energy was 2655.5MW.

1. Pollutants

The Group strictly observed the "Environmental Protection Law", "Ambient Air Quality Standards" and other laws and regulations, actively responded to the state's environmental policies and continued to increase its efforts on equipment and technical renovation to reduce pollutant emissions.



In 2015, electric power generated by the Company was 5.843 billion kWh, representing an increase of 537 million kWh year-on-year, or a reduction of standard coal consumption, sulphur dioxide emission, nitrogen oxide emission, fume emission and carbon dioxide emission by 1,854,720 tons, 70,500 tons, 18,300 tons, 125 tons and 3,888,700 tons, respectively. The Group also realized the reduction and decontamination of urban solid waste by 808,500 tons.

II. OPERATING PRACTICE— ENSURING SMOOTH DEVELOPMENT

The Group firmly implements its Safety, Health and Environment Management Regime to enhance its management of safe production and always adheres to its philosophy of "all risks are controllable, all breaches are preventable and all accidents are avoidable."

1. Safe production system

The Group has taken strict precautions against the occurrence of various types of accidents and implemented the safe production accountability system. In 2015, the Group did not experience any accidents arising from safety failure which caused injuries to its staff members or damages to its equipment or environment.

2. Improvement of the management system

The Group has established a risk management system on safety, health and environment, carried out hazard identification and risk assessment for its staff and updated and completed the risk database. The Group also raised the standards of management and operation, and made more investment in the improvement of the environmental conditions in the workplaces and the production sites, as well as the personal protection gears. The Group has established an assessment system for the Safety, Health and Environment Management Regime, which assessed and reviewed the performance of the items of the regime to standardize safe electricity generation and safe production. In March 2015, Meixihe Hydropower Company, a subsidiary of the Group, obtained a "safe production standardization level two enterprise certificate" issued by Central China Energy Regulatory Bureau of National Energy Administration. In May of the same year, its power station successfully passed the environmental protection inspection.

3. Enhancement of safety awareness

The Group held various special safety training programs for its safe production management staff to promote their capabilities, conducted internal reviews to enhance the effectiveness of the training and implemented targeted improvement measures to ensure that management's instructions were properly and correctly implemented. The Group held safety meetings to clarify and formulate safety measures, and to take follow- up actions on the implementation of such measures. It also organized safety knowledge quizzes. All of such measures have served to lay a solid foundation for its safety management.

4. Endeavor to ensure the reliability of the operation of the production facilities

The Group has put emphasis on the management of the reliability of its plants and machinery by strengthening its efforts on their maintenance, inspection and management, on the maximization of its capacity utilization by optimizing the operation of, and providing reasonable maintenance and repair to the power generation units, and on the reduction of loss of power generation caused by equipment and management failure. The availability rate of the Group's wind farms achieved 99.63 percent (excluding No.6 Gansu Anbei Wind Power Project), representing an increase of 0.44%. At the same time, the Group also strengthened the technological transformation and overhaul of the power generation units to ensure smooth operations.

5. Endeavor to ensure the safety of the production environment

The Group has amended and improved its emergency plan for contingencies and issued the "China Power New Energy (CPNE) General Emergency Plan for Contingencies" and emergency plans for special projects, which together formed CPNE's system of emergency plans for contingencies. The Group has formulated a safety assessment program under which external experts were engaged to conduct safety assessments for the items of the system. The Group also performed more overhauls to its infrastructures and power generation units and increased the frequency of the daily and regular on-site inspections on technical transformation projects. It has strengthened its process management and carried out spring and autumn inspections and safety assessment to effectively implement all rectification works. In 2015, a total of 1,060 rectification works were completed in spring and autumn rectifications with a completion rate of 93.8%.

The Safety Management System of the Company

Basic regulations

- Regulations on Safe Production
- Regulations on the Supervision of Safe Production
- Regulations on Rewards and Penalties relating to Safe Production

Procedures and standards

Regulations

General administrative regulations

(1) Responsibilities in Safe Production Management
(2) Regulations on Departmental Responsibilities on Safety Management
(3) Regulations on Safe Production Accountability
(4) Administrative Regulations on Safety Education and Training
(5) Administrative Regulations on Non-compliance
(6) Administrative Regulations on Emergencies in Production Safety
(7) Administrative Regulations on Significant Sources of Danger
(8) Regulations on Hazard Inspection and Treatment
(9) Administrative Regulations on Occupational Safety, Health and Environment

Specific administrative regulations and manuals

(1) Administrative Regulations on Flood Prevention at Hydropower Stations
(2) Administrative Regulations on Safety for Hydropower Dams
(3) Manual of the Production Safety Standardisation Management Regime — Hydropower
(4) Manual of the Production Safety Standardisation Management Regime — Wind Power
(5) Manual of the Production Safety Standardisation Management Regime — Biomass and Gas-fired Power Generation
(6) Manual of the Production Safety Standardisation Management Regime — Photovoltaic Power Generation
(7) Safety Management Manual for Hydropower Construction
(8) Safety Management Manual for Wind Power Construction
(9) Safety Management Manual for the Construction of Biomass and Gas-fired Power Generation Units
(10) Safety Management Manual for the Construction of Photovoltaic Power Generation Units
(11) Standardisation Management Manual for Outsourcing Teams

Procedures and standards

Work safety procedures

(1) Working Procedures for Hydropower Production Safety
(2) Working Procedures for Wind Power Production Safety
(3) Working Procedures for Biomass and Gas-fired Power Generation Production Safety
(4) Working Procedures for Photovoltaic Power Generation Production Safety

Procedures for the investigation of safety incidents

(1) CPNE Working Procedures for the Investigation of Production Safety Incidents

Safety assessment standards

(1) Safety Assessment Standards for Hydropower Production
(2) Safety Assessment Standards for Wind Power Production
(3) Safety Assessment Standards for Biomass Power Generation
(4) Safety Assessment Standards for Gas-fired Power Generation
(5) Safety Assessment Standards for Photovoltaic Power Generation

Emergency plans

General emergency plans

General Emergency and Relief Plan for Contingencies

Special emergency plans

(1) Emergency Plan for Hydropower Production Incidents
(2) Emergency and Relief Plan for Wind Power Production Incidents
(3) Emergency Plan for Biomass and Gas-fired Power Generation Incidents
(4) Emergency and Relief Plan for Photovoltaic Power Generation Incidents

6. Technological innovation

The Group has been in cooperation with reputable domestic research institutes to carry out studies on the application of solar-driven thermo-chemical combined cycle power plant in a photovoltaic and thermoelectric hybrid system. It also cooperated with respectable domestic universities and well-known international enterprises to devise a solution for tackling the problems of photovoltaic power curtailment by improvement of power quality and storage of the restricted power. In 2015, the Group obtained two national patents and one software copyright, and two scientific and technological achievements were awarded the first and third awards of technological innovation from outstanding workers by SPIC respectively.

7. Anti-corruption

The Group revised the "Decision-making System for Three Major and One Large Decisions" (三重一大決策執行制度), improved the decision-making process, laid down clear instructions to improve the minutes filing system for decision-making meetings, and strictly implemented the decisions made in the meeting. The Group also organized anti-corruption publicity and education activities and workshop for special topics to strengthen its normal anti-corruption training. In 2015, more than 1,000 people participated in anti-corruption training activities, seminars and other education and publicity campaigns.

III. COMMUNITY PARTICIPATION — PROMOTING HARMONIOUS DEVELOPMENT

The Group's commitment and dedication on establishing itself as a harmonious and responsible enterprise are reflected in its active fulfillment of its social responsibility. We actively participate in various charity activities and organize our employees to take part in volunteer services. The Group has made contributions to the community while building and growing the enterprises.

1. Support of education, cultural and charity activities

In 2015, the Group organized "Ying Shan Hong — a big hand holding a small hand "(映山紅之大手拉小手) education aid program, under which the employees from the business units within CPNE, the main participant, established financial assistance relationships on one to one basis with 15 primary students of Qingyuan Town Center School, Lushan County, Sichuan who either have single parents, poor family backgrounds or outstanding performances and good conduct. The Group also organized the "Warm Passion in Guazhou" (情暖瓜洲) donation activity, the third season of"Blue Wind Mill for Warmth" (藍風車溫暖衣然) campaign. The Group had collected more than 850 cotton jackets, quilts, pants and children's wears and sent them to the elderly who lived alone in impoverished towns, villages or nursing homes, symbolizing our whole-hearted care to those unfortunate people in a piercing cold winter. At the same time, we actively responded to the government's policies of "Helping people in poverty with photovoltaic power" (光伏扶貧) and "Lending a helping hand to disadvantaged people in need" (精準扶貧), and were pondering new ways to fulfill our social responsibility. The Group invested in the construction of photovoltaic power plants for helping people in poverty in Baiyin and Guazhou, Gansu. Upon the commencement of the operation of the power plants, they would provide not only clean energy for the communities there but also an amount of RMB 1.185 million of poverty-relief fund annually, which would provide financial support to the local poor people to enable them moving out of the poverty.

2. Environmental protection

The employees of the Group were arranged to participate in “Earth Hour” environmental initiative each year and a total of more than 1,000 people have taken part in this activity so far. Tree planting activity was also held within the Group in Spring and more than 1,000 trees have been planted. As an education base for environmental protection in Haikou, Haikou China Power Environmental Power was visited by around 100 students from five schools in 2015, which has made valuable contribution to raising public awareness of environmental protection.

IV. QUALITY OF THE WORKING ENVIRONMENT— A PEOPLE-ORIENTED APPROACH

Human resource is the key to the Group’s sustainable development. We firmly maintained our philosophy of sustainable development on the basis of people orientation and comprehensive coordination. We have established a platform that enables our people to ascend, stimulates positive energy and enhances cohesion to build a happy enterprise.

1. Protection of rights and interest

In 2015, the Group had a total of 1,493 employees (1,182 male; 311 female). The Group has formed labour unions in all operating subsidiaries. The Group also emphasized on safeguarding the legitimate rights and interests of its employees, actively promoted transparency in corporate affairs and revised its disadvantaged employees caring program to offer help to those disadvantaged employees in the group companies.

Number of employees by age groups in 2015

Age Groups	Number of employees
Under 29	515
30-39	371
40-49	477
Over 50	130

2. Health and safety

The Group arranged annual health check sessions for all employees in line with its emphasis on staff health. In addition to statutory medical insurance, the Group also participated in local comprehensive medical insurance programs and purchased supplementary medical insurance for its employees, providing health protection to its employees and their families. In 2015, a total of 1,020 employees of the Group participated in the scheme.

3. Growth and training

The Group put emphasis on demonstration and motivation of role models and actively nominated its outstanding units and individuals to participate in various evaluations held by SPIC. To promote innovation and efficiency, the Group held its first assessment on its staff's innovation and technological achievements and nominated them to participate in the assessment activity for the workers' innovation and technological achievements jointly organized by China Energy and Chemical Workers' Union and China Electricity Council. The Group has established a platform to allow its employees to unleash their full potential and also organized a wide range of activities to provide after-work entertainment for the employees to enhance their senses of belonging and identity. The Group spared no effort in staff training and, in 2015, a total of 950 employees of the Group attended training programs held by the Group, which has made positive contributions to the enhancement of the quality of its staff.

4. Care for staff beyond the workplace

The Group cares about its staff's well-being and provides various leisure and cultural activities for them. The Group organized a number of well-received cultural and recreational activities for its employees, such as photography awards and dance arrangements. The Company also organized various sports games and other activities, such as web design, to provide a variety of after-work entertainment to the employees. The Group also organized visits during Spring Festival and Labour Day holiday and sent out compassion gifts in cash with approximately RMB 30,000 and paid visits to 50 employees. The Group has procured the construction of staff welfare facilities such as the staff activity room and staff cafeteria as part of its efforts to improve the workplace environment. It also assisted in the construction of staff quarters for the group companies and actively assisted the employees in handling household registrations, making applications for school admissions for their children, and overcoming financial burdens.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board considers that during the year ended 31 December 2015, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1, A.4.2 and E.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

Leadership, control and management of the Company are vested in the Board. The Board oversees the Group's business, strategic decision and performance to further the healthy growth and effective functioning of the Company with a view to enhancing value to investors. All the directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and its shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior staff, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board delegate the authority and responsibilities for the day-to-day management and operation of the Group to the Executive Committee and the senior management are delegated. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers, and the Board has the full support from the senior management to discharge its responsibilities.

A2. Board Composition

The composition of the Board as at 31 December 2015 is as follows:

Executive directors:

Mr. Wang Zhongtang	*(Chairman of the Executive Committee)*
Mr. Zhao Xinyan	*(Member of the Executive Committee, Chairman of the Investment and Budget Management Committee)*
Mr. He Hongxin	*(Chief Executive Officer, Member of the Executive Committee and Member of the Investment and Budget Management Committee)*
Mr. Qi Tengyun	*(Member of the Executive Committee)*

Non-executive directors:

Mr. Wang Binghua	*(Chairman of the Board, Chairman of the Nomination Committee)*
Mr. Bi Yaxiong	*(Vice Chairman of the Board)*
Mr. An Luming *(Note)*	

Independent non-executive directors:

Mr. Chu Kar Wing	*(Chairman of the Audit Committee, Chairman of the Remuneration Committee, Member of the Nomination Committee)*
Dr. Li Fang	*(Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nomination Committee, Member of the Investment and Budget Management Committee)*
Mr. Wong Kwok Tai	*(Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nomination Committee)*
Ms. Ng Yi Kum	*(Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nomination Committee)*

Note: Mr. An Luming resigned and Mr. Wu Hanming was appointed as a non-executive director of the Company on 23 March 2016.

Throughout the year ended 31 December 2015, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate accounting and related financial management expertise.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognized and embraced the benefits of having a diverse Board to the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company and the relationship between Board members, if any, are set out under "Directors and Senior Management Profiles" in this annual report.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive Officer

The Company supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer in order to ensure a balance of power and authority and preserve a balanced judgement of views. Currently, Mr. Wang Binghua takes up the role of Chairman of the Board and is responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner; whereas Mr. He Hongxin is the Chief Executive Officer, who takes care of the day-to-day management of the Group's business and implementing the Group's strategic plans and business goals.

A4. Appointment and Re-election of Directors

The procedures and process of appointment and removal of directors are laid down in the Company's bye-laws (the "Bye-laws"). In accordance with the Bye-laws: (i) one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director (excluding the Chairman of the Board) shall be subject to retirement at an annual general meeting at least once every three years; and (ii) any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting of the Company held after his/her appointment.

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company, except Ms. Ng Yi Kum, are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

The code provision A.4.2 of the CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is vital for stability and growth of the Group.

At the forthcoming annual general meeting of the Company (the "2016 AGM"), Mr. Zhao Xinyan, Mr. Bi Yaxiong and Mr. Chu Kar Wing shall retire by rotation. In addition, Mr. Wang Zhongtang who was appointed on 30 December 2015 as an executive director of the Company, Mr. Wang Binghua who was appointed on 30 December 2015 as a non-executive director of the Company and Mr. Wu Hanming who was appointed on 23 March 2016 as a non-executive director of the Company, will hold office until the 2016 AGM according to the Bye-laws provisions stated in the foregoing paragraph. All of the above six retiring directors, being eligible, will offer themselves for re-election at the 2016 AGM. The Board recommended the re-appointment of these retiring directors standing for re-election at the 2016 AGM. The Company's circular, sent together with this annual report, contains detailed information of these retiring directors pursuant to the requirements of the Listing Rules.

A5. Induction and Continuing Development for Directors

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

All of the directors of the Company received trainings as described below and provided the training records to the Company.

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 December 2015, the Company had provided regular briefings and updates on the Group's business, operations and corporate governance matters to all directors (being Mr. Wang Zhongtang, Mr. Zhao Xinyan, Mr. He Hongxin, Mr. Qi Tengyun, Mr. Wang Binghua, Mr. Bi Yaxiong, Mr. Chu Kar Wing, Mr. Wong Kwok Tai, Dr. Li Fang, Ms. Ng Yi Kum, Ms. Li Xiaolin, Mr. Wang Hao and Mr. An Luming). Each director (being Mr. Wang Zhongtang, Mr. Zhao Xinyan, Mr. He Hongxin, Mr. Qi Tengyun, Mr. Wang Binghua, Mr. Bi Yaxiong, Mr. Chu Kar Wing, Mr. Wong Kwok Tai, Dr. Li Fang, Ms. Ng Yi Kum, Ms. Li Xiaolin, Mr. Wang Hao and Mr. An Luming) also attended seminars, which are relevant to their duties and responsibilities, to keep themselves updated to the relevant laws and statutes; and read technical bulletins, periodicals and other publications on subjects related to the Group and on their responsibilities and obligations under the Listing Rules and regulatory requirements.

A6. Directors' Attendance Records

The attendance records of each director at the Board meetings, the Board Committees' meetings and the general meeting of the Company held during the year ended 31 December 2015 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive directors:					
Ms. Li Xiaolin *(Note 1)*	1/3	N/A	N/A	0/1	0/1
Mr. Wang Zhongtang *(Note 2)*	1/1	N/A	N/A	N/A	–
Mr. Zhao Xinyan	5/5	N/A	N/A	N/A	1/1
Mr. He Hongxin	5/5	N/A	N/A	N/A	1/1
Mr. Wang Hao *(Note 3)*	–	N/A	N/A	N/A	–
Mr. Qi Tengyun	5/5	N/A	N/A	N/A	0/1
Non-executive directors:					
Mr. Wang Binghua *(Note 4)*	1/1	N/A	N/A	–	–
Mr. Bi Yaxiong	5/5	N/A	N/A	N/A	0/1
Mr. An Luming	5/5	N/A	N/A	N/A	0/1
Independent non-executive directors:					
Mr. Chu Kar Wing	5/5	2/2	1/1	2/2	1/1
Dr. Li Fang	5/5	2/2	1/1	2/2	0/1
Mr. Wong Kwok Tai	5/5	2/2	1/1	2/2	0/1
Ms. Ng Yi Kum	2/5	2/2	1/1	1/2	0/1

Notes:

1. Ms. Li Xiaolin resigned as an executive director of the Company, the Chairman of the Board and Nomination Committee of the Company with effect from 30 December 2015. Prior to her resignation, there were three Board meetings and one Nomination Committee meeting held during the year ended 31 December 2015.

2. Mr. Wang Zhongtang was appointed as an executive director of the Company and the chairman of the Nomination Committee with effect from 30 December 2015. Subsequent to his appointment, there was one Board meeting held during the year ended 31 December 2015.

3. Mr. Wang Hao resigned as an executive director of the Company with effect from 20 March 2015. Prior to his resignation, there was no Board meeting held during the year ended 31 December 2015.

4. Mr. Wang Binghua was appointed as a non-executive director and the chairman of the Nomination Committee of the Company and the Chairman of the Board with effect from 30 December 2015. Subsequent to his appointment, there was one Board meeting and no Nomination Committee meeting was held during the year ended 31 December 2015.

In addition, the then Chairman of the Board held one meeting with the non-executive directors and independent non-executive directors of the Company without the presence of executive directors during the year under review.

A7. Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

The Board has reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

B. BOARD COMMITTEES

The Company has five Board committees, namely, the Executive Committee, the Investment and Budget Management Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website www.cpne.com.hk and on the Stock Exchange's website www.hkexnews.hk (except for the written terms of reference of the Executive Committee and the Investment and Budget Management Committee). All the Board committees should report to the Board on their decisions or recommendations made.

B1. Executive Committee

The Executive Committee comprises all the executive directors of the Company, namely Mr. Wang Zhongtang, Mr. Zhao Xinyan, Mr. He Hongxin and Mr. Qi Tengyun. The chairman of the Executive Committee is Mr. Wang Zhongtang. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Company, and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee comprises the four independent non-executive directors of the Company, namely Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai and Ms. Ng Yi Kum. The chairman of the Remuneration Committee is Mr. Chu Kar Wing.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 December 2015, the Remuneration Committee has performed the following major works:

— General review and discussion of the remuneration packages and benefits policy of the directors and the senior staff of the Group;

— Assessing performance of executive directors and considering the bonus payment to senior staff for the year 2015; and

— Giving comments to the Board to approve the terms of the service contracts of the executive director and non-executive director which are newly appointed during the year ended 31 December 2015.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year under review are set out in section A6 above.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

Remuneration band (RMB)	Number of individuals
Below 1,000,001	1
1,000,001– 2,000,000	1

Details of the remuneration of each director of the Company for the year ended 31 December 2015 are set out in note 14 to the consolidated financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee comprises the four independent non-executive directors of the Company, namely Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai and Ms. Ng Yi Kum. The chairman of the Audit Committee is Mr. Chu Kar Wing, with Mr. Wong Kwok Tai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 December 2015, the Audit Committee has performed the following major works:

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2014, the related accounting principles and practices adopted by the Group and internal control related matters; and recommendation of the re-appointment of the external auditor; and

— Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2015, and the related accounting principles and practices adopted by the Group.

The attendance records of each Committee member at the Audit Committee meetings held during the year under review are set out in section A6 above.

The external auditor attended the above meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 December 2015.

B4. Nomination Committee

The Nomination Committee currently comprises a total of five members, being the Chairman of the Board, namely Mr. Wang Binghua, and the four independent non-executive directors, namely Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai and Ms. Ng Yi Kum. Accordingly, a majority of the members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Wang Binghua.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members, and selecting and/or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year ended 31 December 2015, the Nomination Committee has performed the following major works:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 27 May 2015 (the "2015 AGM");

— Assessment of the independence of all the Company's independent non-executive directors;

— Considering and making recommendation to the Board on the appointment of Mr. He Hongxin as an authorized signatory of the Company for a specific period for the purpose of setting up representing office and submission of tender in Mainland China;

— Considering and making recommendation to the Board on the appointment of Mr. Wang Binghua as a non-executive director of the Company, the Chairman of the Board and the Nomination Committee; and

— Considering and making recommendation to the Board on the appointment of Mr. Wang Zhongtang as an executive director of the Company and the Chairman of the Executive Committee.

The attendance records of each Committee member at the Nomination Committee meetings held during the year under review are set out in section A6 above.

B5. Investment and Budget Management Committee

The Investment and Budget Management Committee comprises a total of six members, including three directors of the Company, namely Mr. Zhao Xinyan, Mr. He Hongxin and Dr. Li Fang, and three senior staff of the Group, namely Mr. Wang Zhiying (General Manager of China Power International New Energy Holding Limited ("CPINEHL"), an indirect wholly–owned subsidiary of the Company), Mr. Huang Yuanwang (Deputy General Manager of CPINEHL) and Mr. Chen Xuezhi (Chief Financial Officer of the Company and Deputy General Manager of CPINEHL). The chairman of the Investment and Budget Management Committee is Mr. Zhao Xinyan. The Investment and Budget Management Committee is under the direct authority of the Board to increase the efficiency of investment and budgeting decisions. It reviews the execution of the Company's investment and budgeting strategies, and discusses and considers the recommendations on investment and budgeting related matters of the Company.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2015.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining adequate risk management and internal control systems to safeguard the interests of the Company's shareholders and the Group's assets.

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2015. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis, and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. COMPANY SECRETARY

The Company Secretary of the Company is Mr. Fung Chun Nam, who has fulfilled the qualification requirements laid down in the Listing Rules. Biographical details of Mr. Fung are set out in the section headed "Directors and Senior Management Profiles" of this annual report. During the year ended 31 December 2015, Mr. Fung has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2015 is set out in the section headed "Independent Auditor's Report" of this annual report.

The fees paid/payable to PricewaterhouseCoopers, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2015 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable *HK$'000*
Audit services	
— audit fee for the year ended 31 December 2015	3,490.0
Non-audit services	
— interim review on financial results for the six-month period ended 30 June 2015	680.0
— tax advisory fees	26.8
TOTAL:	4,196.8

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognizes the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision. The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.cpne.com.hk as a communication platform with shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company, for the attention of Investor Relationship Manager, as follows:

Address: Rooms 3801–05, 38/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Tel: (852) 3607 8888
Fax: (852) 3607 8899
Email: ir@cpne.com.hk

Besides, shareholders' meetings provide an opportunity for communication between the directors and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

Code provision E.1.2 of the CG Code stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Li Xiaolin, the then Chairman of the Company, was unable to attend the 2015 AGM due to her another business engagement. In view of her absence, Ms. Li had arranged for Mr. Zhao Xinyan, the Company's executive director who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. An independent non-executive director, being chairman/member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company, also attended the 2015 AGM to give shareholders an opportunity of having a direct dialogue with the Board members.

H. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company at the date of deposit of the requisition may request the Board to convene a special general meeting pursuant to clause 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights of the Company at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in the case of any other requisition, not less than one week before the meeting).

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, pursuant to clause 88 of the Bye-laws, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of the rights of shareholders.

All resolutions put forward at shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cpne.com.hk) after each shareholders' meeting.

The Directors have pleasure in submitting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation — wind power generation, hydro power generation, waste-to-energy power generation, natural gas power generation and photovoltaic power generation. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments. The principal activities of the Company's subsidiaries are set out in note 42 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal activities and geographical area of operations for the year ended 31 December 2015 is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year is provided in the Letter to Shareholders and the Management Discussion and Analysis of this annual report. An analysis of the Group's performance during the year using financial key performance indicators, a discussion on the major risks and uncertainties facing by the Group, and the Group's future business development are set out in the Business and Financial Highlights, the Major Risks and Uncertainties, and the Management Discussion and Analysis of this annual report respectively. In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are also contained in the Letter to Shareholders, the Management Discussion and Analysis, the Major Risks and Uncertainties, the Environmental Protection and Social Responsibility, and the Corporate Governance Report of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 61 and the consolidated statement of comprehensive income on page 62 respectively.

FINAL DIVIDEND

The directors recommended a final dividend of RMB0.00319 (equivalent to HK$0.00381 at the exchange rate announced by the People's Bank of China on 23 March 2016) per ordinary share for the year ended 31 December 2015, representing a total of approximately RMB37,853,000 (equivalent to HK$45,210,000), payable to the Company's shareholders whose names appear on the Company's register of members on 22 June 2016. This dividend payment, subject to the approval of the shareholders at the 2016 AGM to be held on 12 May 2016, is expected to be paid on 11 July 2016.

As mentioned in the announcement issued by the Company on 23 March 2016, the Board proposed to put forward a proposal to the shareholders to effect a share consolidation which involves the consolidation of every ten issued and unissued existing shares of HK$0.10 each into one consolidated share of HK$1.00. Subject to the satisfaction of all conditions to the proposed share consolidation and the proposed share consolidation taking effect accordingly on 13 May 2016, the final dividend will be RMB0.0319 (equivalent to HK$0.0381 at the exchange rate announced by the People's Bank of China on 23 March 2016) per consolidated share for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 May 2016 to 12 May 2016 (both days inclusive) for the purpose of determining the right to attend and vote at the 2016 AGM. In order to be entitled to attend and vote at the 2016 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 6 May 2016.

In addition, the register of members of the Company will also be closed from 20 June 2016 to 22 June 2016 (both days inclusive) for the purpose of determining the entitlement to the above mentioned proposed final dividend. In order to be qualified for the proposed final dividend (if approved by the shareholders at the 2016 AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Branch Share Registrar of the Company in Hong Kong at the above address for registration not later than 4:30 p.m. on 17 June 2016.

DONATIONS

During the year, no charitable donations were made by the Group, however, it showed support for charitable causes. Details of which are set out on page 34 of this annual report under the Environmental Protection and Social Responsibility.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and/or sale for investment purposes are set out in note 17 to the consolidated financial statements.

SHARE ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 December 2015 are set out in note 28(a) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Bermuda Companies Act/applicable laws, as at 31 December 2015, the Company's reserves available for distribution amounted to RMB5,053,370,000 (2014: RMB5,149,163,000).

DEBENTURES ISSUED IN THE YEAR

During the year, no debentures were issued by the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 144 of this annual report. This summary does not form part of the audited financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Company. Further details of the Company's share option scheme are disclosed in note 28(c) to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year ended 31 December 2015:

	Number of share options								
Name or category of participant	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year[1]	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2015	Date of grant of share options	Exercise period of share options*	Exercise price of share options** *HK$ per share*
Directors									
Ms. Li Xiaolin[2]	23,000,000	–	–	–	–	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	–	–	–	–	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	30,000,000	–	–	–	–	30,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	*73,000,000*	–	–	–	–	*73,000,000*			
Mr. Zhao Xinyan	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	12,000,000	–	–	–	–	12,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	*38,000,000*	–	–	–	–	*38,000,000*			
Mr. Wang Hao[3]	30,000,000	–	(30,000,000)	–	–	–	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	–	–	(8,000,000)	–	–	1 November 2010	1 November 2010 to 31 October 2020	0.78
	10,000,000	–	(10,000,000)	–	–	–	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	*48,000,000*	–	*(40,000,000)*	*(8,000,000)*	–	–			
	159,000,000	–	(40,000,000)	(8,000,000)	–	111,000,000			

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options: Outstanding as at 1 January 2015	Granted during the year	Exercised during the year[1]	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2015	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$ per share
Other employees working under continuous employment contracts									
In aggregate	20,000,000	–	–	(20,000,000)	–	–	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	–	–	(5,000,000)	–	–	8 June 2007	28 June 2007 to 7 June 2017	0.836
	33,500,000	–	–	(5,000,000)	–	28,500,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	55,500,000	–	–	–	–	55,500,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal for employees:	*114,000,000*	–	–	*(30,000,000)*	–	*84,000,000*			
TOTAL:	**273,000,000**	**–**	**(40,000,000)**	**(38,000,000)**	**–**	**195,000,000**			

Notes to the table of movements in the Company's share options during the year:

* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*

** *The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.*

1. *The weighted average closing price of the Company's shares immediately before the dates of exercise is HK$0.66.*
2. *Ms. Li Xiaolin has resigned as an executive director of the Company with effect from 30 December 2015. Pursuant to the share option scheme, her share options shall lapse in three months following the date of resignation.*
3. *Mr. Wang Hao has resigned as an executive director of the Company with effect from 20 March 2015. Pursuant to the share option scheme, his share options lapsed in three months following the date of resignation.*

As at the date of this annual report, the total number of securities of the Company available for issue under the share option scheme was 871,403,910 shares, representing approximately 7.34% of the issued share capital of the Company as at the date of this annual report.

DIRECTORS

The directors of the Company during the year ended 31 December 2015 and up to the date of this report are:

Executive Directors:

Mr. Wang Zhongtang (appointed on 30 December 2015)
Mr. Zhao Xinyan
Mr. He Hongxin (Chief Executive Officer)
Mr. Qi Tengyun
Ms. Li Xiaolin (Chairman, resigned on 30 December 2015)
Mr. Wang Hao (resigned on 20 March 2015)

Non-executive Directors:

Mr. Wang Binghua (Chairman, appointed on 30 December 2015)
Mr. Bi Yaxiong (Vice Chairman)
Mr. Wu Hanming (appointed on 23 March 2016)
Mr. An Luming (resigned on 23 March 2016)

Independent Non-executive Directors:

Mr. Chu Kar Wing
Dr. Li Fang
Mr. Wong Kwok Tai
Ms. Ng Yi Kum

Pursuant to clause 87 of the Bye-laws, Mr. Bi Yaxiong, Mr. Zhao Xinyan and Mr. Chu Kar Wing shall retire by rotation at the 2016 AGM. Pursuant to clause 86(2)(b) of the Bye-laws, Mr. Wang Binghua, Mr. Wang Zhongtang and Mr. Wu Hanming shall hold office until the 2016 AGM. All the above six retiring directors, being eligible, will offer themselves for re-election at the said general meeting.

Ms. Li Xiaolin resigned on 30 December 2015 as the Chairman of the Board and an executive director of the Company. Ms. Li confirmed that she has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Mr. Wang Hao resigned on 20 March 2015 as an executive director of the Company. Mr. Wang confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Mr. An Luming resigned on 23 March 2016 as a non-executive director of the Company. Mr. An confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the 2016 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined by the Board in accordance with their duties and responsibilities within the Company and the Group's performance, and based on the recommendation of the Company's Remuneration Committee.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 28(c) to the consolidated financial statements and save as disclosed in the section headed "Share Option Scheme" above, neither at the end of nor at any time during the year there subsisted any arrangement to which the Company or any of its subsidiaries or its parent company or its fellow subsidiaries was a party and the objects of or one of the objects of such arrangement are/is to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries or its parent company or its fellow subsidiaries was a party and in which a director of the Company and the director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 14 to 18.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, the director of the Company below had the following interests in the underlying shares of the Company, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Long position in underlying shares of the Company — physically settled unlisted equity derivatives

Pursuant to the Company's share option scheme, the Company has granted options to the following director of the Company to subscribe for shares of the Company, details of which as at 31 December 2015 were as follows:

Name of director	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage+ of underlying shares over the Company's issued share capital
Mr. Zhao Xinyan	Beneficial owner	38,000,000	0.32%

+ *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2015.*

Save as disclosed above, as at 31 December 2015, none of the directors nor the chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules:

Save as disclosed below, during the year and up to the date of this report, none of the directors of the Company are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

Name of the Director	Position(s) within Company	Position(s) in other companies which may compete with the Group
Mr. Wang Binghua	Non-Executive Director; Chairman of the Board	Chairman — State Power Investment Corporation Chairman — Stage Nuclear Power Technology Corporation Chairman — China Power International Holding Limited Non-executive director and Chairman of the Board— China Power International Development Limited (HKEx 2380)

The directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its directors would comply with the relevant requirements of the Bye-laws and the Listing Rules whenever a director has any conflict of interest in the transaction(s) with the Company. Pursuant to the Bye-laws, when the director is aware of the existence of his interest, he is required to declare the nature of such interest at the Board meeting. Such director shall not vote nor be counted in the quorum on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest	Notes	Number of shares interested or deemed to be interested	Percentage holding+
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1,2,3,4&5	7,786,418,572	65.62%
State Power Investment Corporation	Corporate interests	1&2	3,330,749,231	28.07%
China Power International Holding Limited	Corporate interests	1	3,135,029,231	26.42%
	Beneficial owner	2	195,720,000	1.65%
			3,330,749,231	28.07%
Tianying Holding Limited	Corporate interests	1	3,135,029,231	26.42%
China Power New Energy Limited	Beneficial owner	1	3,135,029,231	26.42%
China Three Gorges Corporation (中國長江三峽集團公司)	Beneficial owner	3	3,216,269,231	27.10%
China National Offshore Oil Corporation	Corporate interests	4	900,000,000	7.58%
Overseas Oil & Gas Corporation, Ltd.	Corporate interests	4	900,000,000	7.58%
Shining East Investments Limited	Beneficial owner	4	900,000,000	7.58%

Notes:

1. These 3,135,029,231 shares were held by China Power New Energy Limited, a wholly-owned subsidiary of Tianying Holding Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly owned subsidiary of State Power Investment Corporation (formerly known as China Power Investment Corporation), which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, State Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

2. These 195,720,000 shares were held by China Power International Holding Limited. Based on the relations set out in note 1 above, State Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

3. These 3,216,269,231 shares were held by China Three Gorges Corporation (中國長江三峽集團公司), a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares pursuant to Part XV of the SFO.

4. These 900,000,000 shares were held by Shining East Investments Limited, a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd., which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. China National Offshore Oil Corporation was a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Overseas Oil & Gas Corporation, Ltd., China National Offshore Oil Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

5. Out of these 7,786,418,572 shares, 339,400,110 shares were held by Guangdong Electric Power Design Institute of China Energy Engineering Group (中國能源建設集團廣東省電力設計研究院), a wholly-owned subsidiary of China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司) which is an ultra-large energy construction group directly managed by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares pursuant to Part XV of the SFO.

+ *The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2015.*

Save as disclosed above, as at 31 December 2015, no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transaction" below, no contracts of significance have been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries during the year ended 31 December 2015.

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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, sales to the Group's five largest customers accounted for approximately 74% of the total sales and sales to the largest customer included therein amounted to approximately 28% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 90% of the total purchases for the year ended 31 December 2015 and purchases from the largest supplier included therein amounted to approximately 51% of the total purchases.

As far as the directors are aware, none of the directors of the Company nor their close associates (as defined in the Listing Rules), nor any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

CONNECTED TRANSACTION

On 9 October 2015, 攀枝花中電光伏發電有限公司 (being a wholly-owned subsidiary of the Company, the "Contract Letting Party") and Shanghai SNERDI Engineering Consultant Supervision Co. Ltd (上海斯耐迪工程諮詢有限公司) (an indirect subsidiary of SPIC, the Company's indirect substantial shareholder, and therefore a connected person of the Company under Chapter 14A of the Listing Rules, the "Contractor") entered into the EPC Project Agreement (the "Agreement") pursuant to which the Contract Letting Party engaged the Contractor to complete the Project, which involves the construction of a 50MWp photovoltaic power plant in Panzhihua, Sichuan Province, PRC. The total consideration under the Agreement is RMB143,465,900.

The Project was awarded to the Contractor by way of tender under which bidders were assessed with reference to their specialized technological know-how, equipment, facilities, personnel and practical experience. The terms of the Agreement were determined after arm's length negotiations with reference to the costs involved and the prevailing rates charged by other contracting parties in comparable projects.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31 December 2015.

POST BALANCE SHEET EVENTS

On 23 March 2016, the Company proposed a share consolidation of every ten ordinary shares of HK$0.10 each into one consolidated ordinary share of HK$1.00 each which is subject to approval by its shareholders at the 2016 AGM to be held on 12 May 2016.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefits of the directors of the Company is currently in force and was in force throughout the year.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report in this annual report.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting of the Company and a resolution will be proposed at the meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

ANNUAL REPORT

This annual report is printed in English and Chinese languages and is available on the Stock Exchange's website at http://www.hkexnews.hk under "Listed Company Information" and our Company's website at http://www.cpne.com.hk. Printed copies in both languages are posted to shareholders.

On behalf of the Board

Wang Binghua
Chairman

Hong Kong
23 March 2016

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Power New Energy Development Company Limited (the "Company") and its subsidiaries set out on pages 61 to 143, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED (CONTINUED)
(incorporated in Bermuda with limited liability)

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	5	2,362,046	2,144,306
Tariff adjustment	5	42,556	200,075
		2,404,602	2,344,381
Other income	6	45,946	42,893
Other gains, net	7	6,005	35,206
Fuel costs		(603,827)	(657,364)
Staff costs	11	(206,660)	(182,103)
Depreciation and amortisation		(677,378)	(537,305)
Repairs and maintenance		(68,076)	(62,570)
Fair value gains/(losses) on financial assets at fair value through profit or loss		916	(2,406)
Other operating expenses		(254,348)	(235,091)
Operating profit	8	647,180	745,641
Finance income	9	28,694	19,731
Finance costs	9	(488,137)	(413,720)
Finance costs, net	9	(459,443)	(393,989)
Share of profits/(losses) of associates		734	(803)
Share of profits of joint ventures		22,472	26,061
Profit before tax		210,943	376,910
Income tax expense	10	(103,480)	(97,279)
Profit for the year		107,463	279,631
Attributable to:			
Equity holders of the Company		108,228	274,791
Non-controlling interests		(765)	4,840
		107,463	279,631
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
— basic	12	0.009	0.024
— diluted	12	0.009	0.024

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Profit for the year		**107,463**	279,631
Other comprehensive income that may be reclassified to consolidated income statement:			
Currency translation differences		**–**	–
Total comprehensive income for the year		**107,463**	279,631
Attributable to:			
Equity holders of the Company		**108,228**	274,791
Non-controlling interests		**(765)**	4,840
		107,463	279,631

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**15,735,559**	13,316,945
Lease prepayments	16	**155,849**	125,066
Investment properties	17	**308,496**	302,496
Intangible assets	18	**1,056,070**	1,059,882
Interests in associates	19	**127,525**	112,991
Interests in joint ventures	20	**233,479**	234,841
Long-term prepayments and deposits	22	**930,702**	1,133,581
Deferred income tax assets	32	**25,233**	27,458
		18,572,913	16,313,260
Current assets			
Inventories	23	**100,576**	99,534
Accounts receivable	24	**511,524**	653,182
Prepayments, deposits and other receivables	22	**918,924**	678,617
Financial assets at fair value through profit or loss	25	**5,841**	4,925
Pledged deposits	26	**2,000**	15,543
Cash and cash equivalents	26	**999,812**	775,772
		2,538,677	2,227,573
Non-current asset classified as held for sale	27	**255,000**	255,000
		2,793,677	2,482,573
Total assets		**21,366,590**	18,795,833
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	28	**1,077,101**	1,073,948
Share premium	28	**195,308**	175,156
Reserves	29	**6,561,657**	6,553,578
		7,834,066	7,802,682
Non-controlling interests		**36,554**	24,373
Total equity		**7,870,620**	7,827,055

AS AT 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	30	9,177,674	6,658,824
Corporate bond	31	797,964	796,680
Construction costs payable	34	711,429	313,716
Consideration payable for acquisition of subsidiaries	34	94,980	233,097
Deferred income tax liabilities	32	81,885	65,896
		10,863,932	8,068,213
Current liabilities			
Accounts payable	33	14,933	17,256
Construction costs payable	34	896,211	1,169,390
Other payables and accrued charges	34	148,739	124,662
Short-term bank and other borrowings	30	862,160	676,660
Current portion of long-term bank and other borrowings	30	685,018	877,213
Income tax payable		24,977	35,384
		2,632,038	2,900,565
Total liabilities		13,495,970	10,968,778
Total equity and liabilities		21,366,590	18,795,833

Wang Zhongtang
Director

Zhao Xinyan
Director

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the Company					
	Share capital *(Note 28(a))* *RMB'000*	Share premium *(Note 28(b))* *RMB'000*	Other reserves *(Note 29)* *RMB'000*	Retained earnings *(Note 29)* *RMB'000*	Non–controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2015	1,073,948	175,156	4,902,635	1,650,943	24,373	7,827,055
Profit and total comprehensive income for the year	–	–	–	108,228	(765)	107,463
Contribution from non-controlling interest	–	–	–	–	12,946	12,946
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	3,153	20,152	(4,356)	–	–	18,949
Share options forfeited after the end of the vesting period	–	–	(4,984)	4,984	–	–
Dividend paid *(Note 13)*	–	–	(95,793)	–	–	(95,793)
Balance at 31 December 2015	1,077,101	195,308	4,797,502	1,764,155	36,554	7,870,620

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

	Attributable to equity holders of the Company					
	Share capital *(Note 28(a))* *RMB'000*	Share premium *(Note 28(b))* *RMB'000*	Other reserves *(Note 29)* *RMB'000*	Retained earnings *(Note 29)* *RMB'000*	Non–controlling interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2014	1,046,966	5,555,503	(254,112)	967,173	196,055	7,511,585
Profit and total comprehensive income for the year	–	–	–	274,791	4,840	279,631
Transfer from share premium to other reserves *(Note 28(b))*	–	(5,555,503)	5,555,503	–	–	–
Set off against accumulated losses *(Note 28(b))*	–	–	(406,340)	406,340	–	–
Acquisition of non-controlling interest *(Note 36)*	–	–	10,744	–	(176,822)	(166,078)
Contribution from non-controlling interest	–	–	–	–	300	300
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	315	1,823	(521)	–	–	1,617
Issue of ordinary shares *(Note 28(a)(ii))*	26,667	173,333	–	–	–	200,000
Share options forfeited after the end of the vesting period	–	–	(2,639)	2,639	–	–
Balance at 31 December 2014	1,073,948	175,156	4,902,635	1,650,943	24,373	7,827,055

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	35	1,348,990	1,257,151
PRC income tax paid		(95,673)	(79,066)
Net cash generated from operating activities		1,253,317	1,178,085
Cash flows from investing activities			
Payments for property, plant and equipment		(2,345,887)	(2,796,008)
Payments for lease prepayments		(34,124)	(4,787)
Payments for intangible assets		(7,509)	(6,597)
Payment for investment properties		(390)	–
Proceeds received from disposals of property, plant and equipment		1,129	12,027
Capital injection into an associate		(13,800)	–
Dividends received from joint ventures		–	17,306
Interest received		28,694	19,731
Increase in pledged deposits		(499,260)	(14,137)
Net cash used in investing activities		(2,871,147)	(2,772,465)
Cash flows from financing activities			
Issue of ordinary shares	28	18,949	201,617
Contribution from non-controlling interests		12,946	300
New bank and other borrowings	30	5,537,998	2,933,334
Acquisition of non-controlling interest	36	–	(166,078)
Repayment of bank and other borrowings	30	(3,025,843)	(1,357,076)
Repayment of corporate bond		–	(500,000)
Dividend paid	13	(95,793)	–
Interest paid		(606,387)	(476,753)
Net cash generated from financing activities		1,841,870	635,344
Net increase/(decrease) in cash and cash equivalents		224,040	(959,036)
Cash and cash equivalents at 1 January		775,772	1,734,808
Cash and cash equivalents at 31 December	26	999,812	775,772

The notes on pages 68 to 143 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Power New Energy Development Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together, the "Group") are principally engaged in the development, construction, owning, operation and management of clean energy power plants in the People's Republic of China (the "PRC"), including but not limited to the following types of energy generation — natural gas power generation, wind power generation, hydro power generation, waste-to-energy power generation, photovoltaic power generation and other power generation. The Group is also engaged in investment holding in the clean energy power industry and property investments and securities investments.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Board of Directors on 23 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

The Group has several capital and other commitments that will fall due within the next twelve months. Based on the Group's history of obtaining finance, its relationship with its bankers, banking facilities available and net operating cash inflow, the directors consider that the Group will be able to obtain adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next twelve months from the balance sheet date. Accordingly, the directors have prepared these consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed Note 4.

In the current year, the Group has adopted the following amendments to standards and improvements issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2015.

HKASs and HKFRSs	Annual Improvements 2010–2012 Cycle
HKASs and HKFRSs	Annual Improvements 2011–2013 Cycle
HKAS 19 (Amendment)	Defined Benefit Plans—Employee Contributions

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The adoption of these amendments to standards and new interpretation does not have a material impact on the Group's accounting policies.

At the date of these consolidated financial statements are approved for issue, the following new standards and amendments to standards have been issued but are not effective and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018

The Group will apply the above new standards and amendments to standards from 1 January 2016 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the consolidated financial statements will be resulted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 2.8(a)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

On the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment (Note 2.9). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to income statement where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(d) Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of profits/(losses) of associates accounted for using equity method" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(e) Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations to each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or finance costs". All other foreign exchange gains and losses are presented in the income statement within "other gains — net".

Translation difference on non-monetary finance assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress (see Note 2.5 below) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, costs transferred from construction in progress and any directly attributable costs of bringing the assets to the condition for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	14 — 50 years
Dam	50 years
Power generators and equipment	5 — 25 years
Others	3 — 17 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). Such impairment losses are recognised in income statement.

The gain or loss on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in income statement.

2.5 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.4 above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in income statement as part of a valuation gain or loss.

2.7 Lease prepayments

Lease prepayments included land use rights, coast use rights and other lease prepayments. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost mainly represents consideration paid for the rights to use the land or coast on which various plants and buildings are situated and up-front prepayment made for operating leases. Amortisation of lease prepayments is calculated on a straight-line basis over the period of the leases.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associate and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Other intangible assets mainly include franchise right and computer software. Cost of other intangible assets are initially recognised and measured at cost. Other intangible assets with definite useful lives are amortised on a straight-line basis either over the respective period of the operating right or their estimated useful lives of 10-30 years for franchise right and 5 years for computer software respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Non-current asset classified as held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables mainly comprise deposits with banks and accounts and other receivables with fixed or determinable payments included in the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of accounts and other receivables is described in Note 2.13.

2.12 Inventories

Inventories comprise coal, consumable supplies and spare parts held for consumption and usage.

Coal, consumable supplies and spare parts held for consumption and usage are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used. Cost is determined using the weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.13 Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within other operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to other gains in the consolidated income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including accounts payable) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Company and its subsidiaries, associate and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,500 per month as a mandatory contribution (with effect from 1 June 2014, the maximum mandatory MPF contribution has been adjusted from HK$1,250 to HK$1,500 a month). Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no further payment obligation once the contributions have been paid.

For employees in the PRC, the Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives service from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining employees of the entity over a specific time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.19 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Finance lease

The Group leases certain property, plant and equipment. Lease of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases (net of any incentives received from the lessor) are charged or credited to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, 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 the consolidated income statement in the period in which they are incurred.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management of the Group that makes strategic decisions.

2.24 Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognised less, where appropriate, cumulative amortisation of fees recognised in the consolidated income statement on a straight line basis over the period of the relevant liabilities in accordance with HKAS18 and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.25 Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue and income when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(a) Sales of electricity and revenue from heat supply by thermal power plants are recognised when electricity and heat capacity are generated and transmitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Revenue and income recognition (Continued)

(b) Tariff adjustment represents subsidy received and receivable from the local government authorities in respect of the Group's power generation business. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

(c) Rubbish handling income and repairs and maintenance management fee income are recognised when services are rendered.

(d) Operating lease rental income is recognised on a straight-line basis over the lease period.

(e) Sales of quota in related to Voluntary Emission Reductions ("VER") are recognised when it is considered that the receipt of the relevant income is reasonably assured.

(f) Interest income is recognised on a time-proportion basis using the effective interest method.

(g) Dividend income is recognised when the right to receive payment is established.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, if any.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2.27 Contingences

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements, when an inflow of economic benefits is probable. When the inflow is virtually certain, an asset is recognised.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or directors as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including: foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivatives to hedge certain risk exposures is governed by the Group's policies approved by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

(a) Foreign exchange risk

The Group mainly operates in the PRC with transactions mainly settled in RMB, United States dollar ("US$"), Hong Kong dollar ("HK$") and Euros ("EURO"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group has not used any forward foreign exchange contracts or currency borrowings to hedge its exposure as at 31 December 2015.

As at 31 December 2015, if US$ had weakened/strengthened by 5% (2014: 5%) against RMB, with all other available held constant, post-tax profit for the year would have been approximately RMB40,373,000 (2014: RMB17,376,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US$-denominated cash and cash equivalents and long-term bank and other borrowings.

Foreign exchange risk with respect to HK$ and EURO is minimal as the Group has no significant HK$-denominated and EURO-denominated assets and liabilities.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for certain interest-bearing receivables, pledged deposits and bank balances, details of which have been disclosed in Note 26. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Notes 30 and 31. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

At 31 December 2015, if the interest rates had been 50 basis points higher/lower than the prevailing rate announced by the People's Bank of China, with all other variables held constant, post-tax profit for the year would have been approximately RMB35,437,000 (2014: RMB27,842,000) lower/higher, mainly as a net result of higher/lower interest expense on floating rate bank and other borrowings and higher/lower interest income on bank deposits.

(c) Price risk

The Group is exposed to commodity price risk mainly in relation to the natural gas and coal price for its generation of electricity. The Group has not used any forward contracts to hedge its exposure.

During the year, the Group's fuel costs amounted to approximately RMB603,827,000 (2014: RMB657,364,000). If the fuel costs had increased/decreased by 5% (2014: 5%), with all other variables held constant, post-tax profit for the year would have been approximately RMB22,644,000 (2014: RMB24,651,000) lower/higher.

Given the insignificant portfolio of listed equity securities held by the Group, price risk with respect to investments in equity securities listed in Hong Kong held by the Group which are classified as financial assets at fair value through profit or loss is minimal.

(d) Credit risk

The carrying amounts of cash at bank and pledged deposits, financial assets at fair value through profit or loss and receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

Most of the Group's cash at bank and pledged deposits are held in major financial institutions, which management believes are of high credit quality.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(d) Credit risk (Continued)

The credit quality of cash at bank and pledged deposits is as follows:

	2015 RMB'000	2014 RMB'000
State-owned banks or listed banks	**1,498,741**	787,449
Other banks and financial institutions	**2,614**	2,790
	1,501,355	790,239

The Group's financial assets at fair value through profit or loss are also listed on a recognised stock exchange. Management does not expect any losses from non-performance by these counterparties.

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to provincial power grid companies. As at 31 December 2015, accounts receivable of approximately RMB350,022,000 (2014: RMB306,678,000) is due from 3 (2014: 3) major customers, they accounts for 68% (2014: 47%) of the Group's account receivable. The Group normally grants credit terms ranging from 30 to 60 days to these power grid companies. For other debtors, the Group normally exercises a tighter credit control by shortening credit period to 30 days. The Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's accounts receivable is disclosed in Note 24. Management makes periodic collective assessment as well as individual assessment on the recoverability of accounts and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of accounts and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, short-term and long-term bank borrowings and corporate bond.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates at the balance sheet date).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2015				
Bank and other borrowings	**2,018,762**	**3,084,897**	**4,656,434**	**3,863,767**
Corporate bond	**52,000**	**826,000**	**–**	**–**
Accounts payable	**14,933**	**–**	**–**	**–**
Construction costs payable	**896,211**	**711,429**	**–**	**–**
Other payables and accrued charges	**148,739**	**94,980**	**–**	**–**
At 31 December 2014				
Bank and other borrowings	1,881,264	1,123,078	4,418,077	4,568,595
Corporate bond	52,000	52,000	826,000	–
Accounts payable	17,256	–	–	–
Construction costs payable	1,169,390	313,716	–	–
Other payables and accrued charges	124,662	233,097	–	–

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt, obtain bank borrowings or issue corporate bonds.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings (including short-term and long-term borrowings and corporate bonds as shown in the consolidated balance sheet) less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During the year, the Group's strategy, which was unchanged from last year, was to maintain gearing ratio at a stable level.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The table below analyses the Group's capital structure as at 31 December 2015 and 2014.

	2015 RMB'000	2014 RMB'000
Total bank and other borrowings *(Notes 30 and 31)*	**11,522,816**	9,009,377
Less: Cash and cash equivalents and pledged deposits *(Note 26)*	**(1,501,562)**	(791,315)
Net debt	**10,021,254**	8,218,062
Total equity	**7,870,620**	7,827,055
Total capital	**17,891,874**	16,045,117
Gearing ratio	**56%**	51%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015 and 2014. See Note 17 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	**5,841**	**–**	**–**	**5,841**
At 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	4,925	–	–	4,925

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit or loss.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(b) Impairment of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement. Specific assumptions and estimates involved in the cash flow projections are set out in Note 18.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Tariff adjustment

Tariff adjustment represents additional tariff subsidised by the relevant local government authorities which is variable from time to time and a fixed amount may not be available at a financial reporting date. Management periodically evaluates the estimate for additional tariff based on historical tariff adjustments that were made available to the Group, taking into account the latest industry practice and market and economic conditions, and records any adjustments in the period when such estimate is changed.

(d) Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 17.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION

(a) Revenue and tariff adjustment

Revenue and tariff adjustment recognised during the year are as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Sales of electricity to provincial power grid companies *(Note (i))*	**2,205,655**	1,971,198
Heat supply by thermal power plants to other companies	**79,066**	98,622
Rubbish handling income	**66,358**	63,622
Rental income from investment properties	**10,967**	10,864
Total revenue	**2,362,046**	2,144,306
Tariff adjustment *(Note (ii))*	**42,556**	200,075
	2,404,602	2,344,381

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(a) Revenue and tariff adjustment (Continued)

Notes:

(i) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.

(ii) The amount represents tariff received and receivable from the relevant local government authorities.

(b) Segment information

The chief operating decision-maker has been identified as the executive directors and certain senior management of the Group (together, the "CODM") that makes strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on each segment's profit/(loss) before income tax and share of results of associates and joint ventures ("segment results").

The Group has the following major segments: power generation, property investments and securities investments.

The Group is principally engaged in the development, construction, ownership and management of clean energy power plants in the PRC. The power generation business is further evaluated based on the types of energy generation (natural gas power generation business, wind power generation business, hydro power generation business, waste-to-energy power generation business, photovoltaic power generation business and other power generation business).

The property investments segment is engaged in the leasing of properties to generate rental income. The securities investments segment is engaged in securities trading. These segments do not meet the quantitative thresholds required by HKFRS 8 'Operating Segments' for reportable segments. Their financial information is included in the others segment and the corresponding comparatives have been restated.

No sales between operating segments are undertaken.

Unallocated income mainly refers to interest income earned from cash and cash equivalents held at corporate level. Unallocated expenses mainly refer to general and administrative expenses incurred at corporate level.

Segment assets exclude interests in associates, interests in joint ventures, deferred income tax assets and corporate assets, all of which are managed on a central basis.

Other unallocated assets mainly comprise property, plant and equipment, prepayments, deposits and other receivables, and cash and cash equivalents held at corporate level.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2015 and 2014 is as follows:

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2015									
Segment revenue	680,126	779,882	453,061	208,834	132,591	96,585	10,967	-	2,362,046
Tariff adjustment	42,556	-	-	-	-	-	-	-	42,556
	722,682	779,882	453,061	208,834	132,591	96,585	10,967	-	2,404,602
Results of reportable segments	128,404	101,874	67,680	55,535	47,237	(5,453)	(4,571)	-	390,706
A reconciliation of results of reportable segments to profit for the year is as follows:									
Results of reportable segments									390,706
Unallocated income									16,384
Unallocated expenses									(219,353)
Share of profits of associates									734
Share of profits of joint ventures									22,472
Profit before tax									210,943
Income tax expense									(103,480)
Profit for the year									107,463
Segment results included:									
Depreciation and amortisation	(29,508)	(409,415)	(132,667)	(35,321)	(54,325)	(11,113)	(3,284)	(1,745)	(677,378)
Finance income	910	1,217	707	832	423	62	72	24,471	28,694
Finance costs	(3,383)	(240,945)	(97,736)	(20,786)	(22,675)	(5,065)	(3,477)	(94,070)	(488,137)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2014									
Segment revenue	652,279	616,509	436,372	217,228	96,560	114,494	10,864	–	2,144,306
Tariff adjustment	200,075	–	–	–	–	–	–	–	200,075
	852,354	616,509	436,372	217,228	96,560	114,494	10,864	–	2,344,381
Results of reportable segments	170,049	155,401	73,151	59,092	33,497	12,348	(4,816)	–	498,722
A reconciliation of results of reportable segments to profit for the year is as follows:									
Results of reportable segments									498,722
Unallocated income									15,019
Unallocated expenses									(162,089)
Share of loss of an associate									(803)
Share of profits of joint ventures									26,061
Profit before tax									376,910
Income tax expense									(97,279)
Profit for the year									279,631
Segment results included:									
Depreciation and amortisation	(32,179)	(282,866)	(132,497)	(35,226)	(41,021)	(11,662)	–	(1,854)	(537,305)
Finance income	632	2,691	314	697	314	48	29	15,006	19,731
Finance costs	(18,777)	(196,371)	(104,822)	(27,945)	(10,595)	(6,237)	(3,752)	(45,221)	(413,720)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
As at 31 December 2015									
Segment assets	3,442,706	8,775,952	3,679,684	1,545,942	1,381,041	170,592	377,097	–	19,373,014
Interests in associates								127,525	127,525
Interests in joint ventures								233,479	233,479
Deferred income tax assets								25,233	25,233
Non-current asset classified as held for sale								255,000	255,000
Other unallocated assets								1,352,339	1,352,339
Total assets per consolidated balance sheet									21,366,590
Additions to non-current assets	1,574,539	590,273	7,631	442,942	474,526	16,687	51	21,803	3,128,452
As at 31 December 2014									
Segment assets	2,412,006	8,669,124	3,823,605	889,285	903,394	206,279	411,559	–	17,315,252
Interest in an associate								112,991	112,991
Interests in joint ventures								234,841	234,841
Deferred income tax assets								27,458	27,458
Non-current asset classified as held for sale								255,000	255,000
Other unallocated assets								850,291	850,291
Total assets per consolidated balance sheet									18,795,833
Additions to non-current assets	612,522	2,065,390	43,221	59,314	46,625	10,567	148	46,471	2,884,258

Substantially all of the Group's revenue and assets are generated or located in the PRC except that bank and cash balances held at corporate level in the amount of approximately RMB775,818,000 (2014: RMB485,959,000) were deposited in Hong Kong, an investment property of approximately RMB26,496,000 (2014: RMB26,496,000) is situated in Hong Kong and financial assets at fair value through profit or loss in the current assets of approximately RMB5,841,000 (2014: RMB4,925,000) relating to equity securities listed in Hong Kong.

For the year ended 31 December 2015, external revenue of approximately RMB661,531,000 (2014: RMB629,061,000), RMB526,081,000 (2014: RMB330,246,000), RMB277,517,000 (2014: RMB236,362,000) and RMB98,942,000 (2014: RMB96,560,000) are generated from 3 (2014: 3) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the natural gas power generation business, wind power generation business, hydro power generation business and photovoltaic power generation business segments.

6 OTHER INCOME

	2015 *RMB'000*	2014 *RMB'000*
Refund of value added taxes *(Note (i))*	**33,363**	27,661
Income from Voluntary Emission Reductions ("VER") projects *(Note (ii))*	**1,304**	1,079
Repairs and maintenance management fee income	**942**	1,220
Others	**10,337**	12,933
	45,946	42,893

Notes:

(i) It represents the value added taxes refunded from the relevant government authorities as an incentive for the Group's operation.

(ii) Income from VER projects refers to the sale of quota in relation to VER which are generated from wind farms and other renewable energy facilities. It is recognised when it is considered that the receipt of the relevant income is reasonably assured.

7 OTHER GAINS, NET

	2015 *RMB'000*	2014 *RMB'000*
Fair value gain on investment properties *(Note 17)*	**5,610**	–
Gain on sale of power generation quota *(Note)*	**–**	27,790
Others	**395**	7,416
	6,005	35,206

Note: During the year ended 31 December 2014, the Group, a subsidiary of State Power Investment Corporation (國家電力投資集團公司) ("SPIC") (formerly known as China Power Investment Corporation (中國電力投資集團公司) (the "Subcontractor"), a shareholder of the Group and a provincial power grid company (the "Purchaser") entered into agreements pursuant to which the Subcontractor agreed to generate and supply power on behalf of the Group, and the Purchaser agreed to purchase all the power generated from the Subcontractor at a consideration of approximately RMB27,790,000. The Group paid an amount of approximately RMB15,676,000 to the Subcontractor for power generation and supply.

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	2015 RMB'000	2014 RMB'000
Amortisation of lease prepayments	3,341	2,957
Amortisation of intangible assets	11,321	764
Auditor's remuneration	5,018	4,110
Depreciation of property, plant and equipment	662,716	533,584
Losses on disposals of property, plant and equipment	4,248	342
Operating lease rental in respect of leasehold land and buildings	12,121	12,033
Staff costs including directors' emoluments *(Note 11)*	206,660	182,103

9 FINANCE COSTS, NET

	2015 RMB'000	2014 RMB'000
Interest income, including net exchange differences, from bank deposits	28,694	19,731
Interest expense, including exchange differences on		
— bank borrowings wholly repayable within five years	(115,814)	(58,184)
— bank borrowings not wholly repayable within five years	(359,712)	(365,545)
— other borrowings wholly repayable within five years	(22,062)	(7,373)
— other borrowings not wholly repayable within five years	(65,099)	(17,135)
— corporate bonds wholly repayable within five years	(53,250)	(59,512)
	(615,937)	(507,749)
Less: Amounts capitalised in property, plant and equipment	127,800	94,029
	(488,137)	(413,720)
Finance costs, net	(459,443)	(393,989)

The weighted average interest rate on capitalised borrowing costs is approximately 5.02% (2014: 6.04%) per annum.

10 INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the year (2014: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2014: 25%) on the estimated assessable income for the year.

Certain subsidiaries of the Group are entitled to a three-year exemption from income tax when their power generation started followed by a 50% reduction in income tax rate at 12.5% for another three years, and then taxed at 25% thereafter.

The amount of taxation charged to the consolidated income statement represents:

	2015 ***RMB'000***	2014 *RMB'000*
PRC current income tax	**85,266**	100,198
Deferred income tax *(Note 32)*	**18,214**	(2,919)
	103,480	97,279

The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Profit before tax	**210,943**	376,910
Add: Share of (profits)/losses of associates	**(734)**	803
Less: Share of profits of joint ventures	**(22,472)**	(26,061)
	187,737	351,652
Tax calculated at domestic tax rates applicable to profits in respective jurisdictions	**58,947**	95,302
Effect of lower tax rate for companies under tax holiday	**(33,618)**	(25,720)
Income not subject to taxation	**(4,107)**	(1,040)
Expenses not deductible for taxation purposes	**7,674**	2,507
Tax losses for which no deferred income tax assets were recognised	**38,655**	26,230
Withholding tax arising on unremitted earnings of subsidiaries	**35,929**	–
Income tax expense	**103,480**	97,279

The weighted average applicable tax rate for the year ended 31 December 2015 is 31.4% (2014: 27.1%). The increase is caused by a change in the profitability of the Group's subsidiaries.

Share of taxation attributable to associates and joint ventures for the year ended 31 December 2015 of approximately RMB7,102,000 (2014: RMB5,940,000) are included in the Group's share of profits/(losses) of associates and joint ventures for the year.

11 STAFF COSTS

	2015 RMB'000	2014 RMB'000
Wages, salaries and bonuses	**145,704**	123,001
Pension costs — defined contribution plans	**4,379**	3,859
Staff welfare	**56,577**	55,243
	206,660	182,103

12 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2015	2014
Profit attributable to equity holders of the Company *(RMB'000)*	**108,228**	274,791
Weighted average number of ordinary shares in issue *(shares in thousands)*	**11,847,837**	11,629,039
Basic earnings per share *(RMB)*	**0.009**	0.024

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding shares to assume conversion of all diluted potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	2015	2014
Profit attributable to equity holders of the Company *(RMB'000)*	**108,228**	274,791
Weighted average number of ordinary shares in issue *(shares in thousands)*	**11,847,837**	11,629,039
Adjustments for share options *(shares in thousands)*	**7,143**	6,218
Weighted average number of ordinary shares for diluted earnings per share *(shares in thousands)*	**11,854,980**	11,635,257
Diluted earnings per share *(RMB)*	**0.009**	0.024

13 DIVIDEND

	2015 *RMB'000*	2014 *RMB'000*
Proposed final dividend of RMB0.00319 (2014: RMB0.0081) per ordinary share	**37,853**	95,793

At the Board of Directors meeting held on 23 March 2016, the Board of Directors recommended the payment of a final dividend for the year ended 31 December 2015 of RMB0.00319 (equivalent to HK$0.00381 at the exchange rate announced by the People's Bank of China on 23 March 2016) per ordinary share (2014: RMB0.0081 (equivalent to HK$0.01022 at the exchange rate announced by the People's Bank of China on 20 March 2015)), totalling of approximately RMB37,853,000 (equivalent to HK$45,210,000) (2014: RMB95,793,000 (equivalent to HK$120,865,000)), which is based on 11,866,334,172 shares in issue on 23 March 2016. This proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as a distribution out of the contribution surplus for the year ended 31 December 2016.

As mentioned in the announcement issued by the Company on 23 March 2016, the Board proposed to put forward a proposal to the shareholders to effect a share consolidation which involves the consolidation of every ten issued and unissued existing shares of HK$0.10 each into one consolidated share of HK$1.00. Subject to the satisfaction of all conditions to the proposed share consolidation and the proposed share consolidation taking effect accordingly on 13 May 2016, the final dividend will be RMB0.0319 (equivalent to HK$0.0381 at the exchange rate announced by the People's Bank of China on 23 March 2016) per consolidated share for the year ended 31 December 2015.

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the directors of the Company for the year ended 31 December 2015 is set out below:

Name of director	Fees *RMB'000*	Basic salary, housing allowance, other allowances and benefits in kind *RMB'000*	Share-based compensation expenses *RMB'000*	Discretionary bonuses *RMB'000*	Employer's contributions to pension scheme *RMB'000*	Total *RMB'000*
Chairman						
Mr. Wang Binghua *(Note (ix))*	–	–	–	–	–	–
Ms. Li Xiaolin *(Note (ii))*	–	–	–	–	–	–
Executive directors						
Mr. Wang Hao *(Note (v))*	–	188	–	–	4	192
Mr. Wong Zhongtang *(Note (i))*	–	–	–	–	–	–
Mr. Zhao Xinyan	–	–	–	–	–	–
Mr. He Hongxin *(Note (iii))*	–	1,082	–	–	–	1,082
Mr. Qi Tengyun *(Note (iv))*	–	667	–	–	–	667
Non-executive directors						
Mr. An Luming *(Note (vii))*	–	–	–	–	–	–
Mr. Bi Yaxiong *(Note (viii))*	–	–	–	–	–	–
Independent non-executive directors						
Mr. Chu Kar Wing	96	–	–	–	–	96
Dr. Li Fang	96	–	–	–	–	96
Mr. Wong Kwok Tai	96	–	–	–	–	96
Ms. Ng Yi Kum	96	–	–	–	–	96
Total	384	1,937	–	–	4	2,325

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each of the directors of the Company for the year ended 31 December 2014 is set out below:

Name of director	Fees *RMB'000*	Basic salary, housing allowance, other allowances and benefits in kind *RMB'000*	Share-based compensation expenses *RMB'000*	Discretionary bonuses *RMB'000*	Employer's contributions to pension scheme *RMB'000*	Total *RMB'000*
Chairman						
Ms. Li Xiaolin *(Note (ii))*	–	–	–	–	–	–
Executive directors						
Mr. Wang Hao *(Note (v))*	–	831	–	–	14	845
Mr. Zhao Xinyan	–	-	–	–	–	–
Mr. He Hongxin *(Note (iii))*	–	412	–	–	–	412
Mr. Qi Tengyun *(Note (iv))*	–	305	–	–	–	305
Mr. Yin Lian *(Note (vi))*	–	431	–	–	–	431
Non-executive directors						
Mr. Cheng Chi *(Note (vii))*	–	–	–	–	–	–
Mr. An Luming *(Note (vii))*	–	–	–	–	–	–
Mr. Bi Yaxiong *(Note (viii))*	–	–	–	–	–	–
Independent non-executive directors	–	–	–	–		
Mr. Chu Kar Wing	96	–	–	–	–	96
Dr. Li Fang	96	–	–	–	–	96
Mr. Wong Kwok Tai	96	–	–	–	–	96
Ms. Ng Yi Kum	96	–	–	–	–	96
Total	384	1,979	–	–	14	2,377

Notes:

(i) Mr. Wang Zhongtang has been appointed as an executive director of the Company with effect from 30 December 2015.

(ii) Ms. Li Xiaolin has resigned as an executive director of the Company and the chairman of the Board of Directors with effect from 30 December 2015 due to work arrangements by State-owned Assets Supervision and Administration Commission of the State Council.

(iii) Mr. He Hongxin has been appointed as an executive director of the Company with effective from 1 April 2013. Mr. He Hongxin, who has also been appointed as the chief executive officer of the Company with effective from 19 August 2014, is responsible under the immediate authority of the Board of Directors for the conduct of the business of the Group.

(iv) Mr. Qi Tengyun has been appointed as an executive director of the Company with effect from 19 August 2014.

14 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

Notes: (Continued)

(v) Mr. Wang Hao has resigned as an executive director of the Company with effect from 20 March 2015.

(vi) Mr. Yin Lian has retired as the vice chairman of the Board of Directors and an executive director of the Company with effect from 28 May 2014.

(vii) Mr. Cheng Chi has resigned and Mr. An Luming was appointed as a non-executive director of the Company with effect from 20 March 2014.

(viii) Mr. Bi Yaxiong has been appointed as the vice chairman of the Board of Directors and a non-executive director of the Company with effect from 19 August 2014.

(ix) Mr. Wang Binghua has been appointed as the chairman of the Board of Directors and a non-executive director of the Company with effect from 30 December 2015.

None of the directors of the Company waived any emoluments during the years ended 31 December 2015 and 2014.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2014: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2014: Nil).

There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities with such directors (2014: Nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: None).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2014: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2014: 3) individuals during the year are as follows:

	2015 RMB'000	2014 RMB'000
Basic salary, housing allowance, other allowances and benefits in kind	4,356	3,236
Employer's contributions to pension scheme	14	26
	4,370	3,262

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Below RMB1,000,001	2	1
RMB1,000,001 to RMB2,000,000	1	2

During the year, no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Dam RMB'000	Power generators and equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2015	1,311,447	2,430,524	8,672,573	285,025	2,799,565	15,499,134
Additions	24,958	138	254,279	17,858	2,789,196	3,086,429
Disposals	(5,980)	–	(1,531)	(257)	–	(7,768)
Transfer	53,968	1,128	2,977,127	456	(3,032,679)	–
At 31 December 2015	1,384,393	2,431,790	11,902,448	303,082	2,556,082	18,577,795
Accumulated depreciation and impairment losses						
At 1 January 2015	236,730	163,396	1,713,139	68,924	–	2,182,189
Depreciation charge for the year	40,936	56,550	508,171	57,059	–	662,716
Written back on disposals	(1,669)	–	(506)	(494)	–	(2,669)
At 31 December 2015	275,997	219,946	2,220,804	125,489	–	2,842,236
Net book value						
At 1 January 2015	1,074,717	2,267,128	6,959,434	216,101	2,799,565	13,316,945
At 31 December 2015	1,108,396	2,211,844	9,681,644	177,593	2,556,082	15,735,559

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings *RMB'000*	Dam *RMB'000*	Power generators and equipment *RMB'000*	Others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2014	1,257,857	2,421,468	8,469,816	267,198	852,036	13,268,375
Additions	4,332	194	19,535	11,131	2,197,989	2,233,181
Disposals	–	–	(374)	(331)	–	(705)
Transfer	49,258	8,862	183,596	7,027	(250,460)	(1,717)
At 31 December 2014	1,311,447	2,430,524	8,672,573	285,025	2,799,565	15,499,134
Accumulated depreciation and impairment losses						
At 1 January 2014	192,999	108,806	1,295,502	51,661	–	1,648,968
Depreciation charge for the year	43,731	54,590	417,932	17,331	–	533,584
Written back on disposals	–	–	(295)	(68)	–	(363)
At 31 December 2014	236,730	163,396	1,713,139	68,924	–	2,182,189
Net book value						
At 1 January 2014	1,064,858	2,312,662	7,174,314	215,537	852,036	11,619,407
At 31 December 2014	1,074,717	2,267,128	6,959,434	216,101	2,799,565	13,316,945

Notes:

(i) As at 31 December 2015, certain of the Group's property, plant and equipment with carrying values of approximately RMB849,955,000 (2014: RMB874,241,000) were situated on leasehold land in the PRC leased from the SPIC which held the rights on the leasehold land under long-term leases. The remaining period of the Group's rights on the leasehold land as at 31 December 2015 was 40 years (2014: 41 years).

(ii) As at 31 December 2015, certain of the Group's property, plant and equipment with approximately RMB195,208,000 (2014: RMB15,730,000) were situated on lands for which the legal titles had not been transferred to the Group subject to certain administrative procedures to be completed by the relevant local government authorities. However, the directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

(iii) As at 31 December 2015, property, plant and equipment amounting to approximately RMB2,961,648,000 (2014: RMB1,795,354,000) were pledged as securities for certain bank and other borrowings of the Group (Notes 30(a) and (e)).

(iv) During 2015, the Group entered into certain sale and leaseback arrangements with certain financial institutions which the Group sold its property, plant and equipment amounting to approximately RMB584,000,000 (2014: RMB480,000,000) to these financial institutions and immediately leased these assets back. Management regards these arrangements as finance leases (Note 30(d)). As a result, the assets have not been derecognised while the proceeds received from financial institutions have been recognised as borrowings.

16 LEASE PREPAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Cost		
At 1 January	**139,627**	134,840
Additions	**34,124**	4,787
At 31 December	**173,751**	139,627
Accumulated amortisation and impairment losses		
At 1 January	**14,561**	11,604
Amortisation for the year	**3,341**	2,957
At 31 December	**17,902**	14,561
Net book value		
At 31 December	**155,849**	125,066

Notes:

(i) Lease prepayments represent costs of the land use rights and coast use rights in respect of land and coast located in the PRC where certain of the Group's property, plant and equipment are built on. As at 31 December 2015, the remaining period of the land use rights and coast use right ranged from 16 to 65 years (2014: 17 to 66 years).

(ii) As at 31 December 2015, no lease prepayment was pledged as security for any bank and other borrowings of the Group. As at 31 December 2014, approximately RMB1,745,000 of lease prepayments were pledged as security for certain bank borrowings of the Group (Note 30(e)).

17 INVESTMENT PROPERTIES

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	302,496	302,496
Fair value gain recognised in the consolidated income statement *(Note 7)*	5,610	–
Capitalised subsequent expenditure	390	–
At 31 December	308,496	302,496

As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

The Group's investment properties are held within a business model objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties, if any, using the tax rates and the tax bases that are consistent with the expected manner of these investment properties (Note 32).

The following table analyses the investment properties carried at fair value by valuation method.

	Fair value measurement as at 31 December 2015 using		
	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement			
Investment properties			
— Mainland China	–	–	282,000
— Hong Kong	–	–	26,496
	–	–	308,496

17 INVESTMENT PROPERTIES (Continued)

	Fair value measurement as at 31 December 2014 using		
	Quoted prices in active markets for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement			
Investment properties			
— Mainland China	–	–	276,000
— Hong Kong	–	–	26,496
	—	–	302,496

Fair value measurements using significant unobservable inputs (Level 3)

	31 December 2015		
	Mainland China ***RMB'000***	**Hong Kong** ***RMB'000***	**Total** ***RMB'000***
Opening balance	**276,000**	**26,496**	**302,496**
Fair value gain recognised in the consolidated income statement	**5,610**	**–**	**5,610**
Capitalised subsequent expenditure	**390**	**–**	**390**
Closing balance	**282,000**	**26,496**	**308,496**
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under "Other gains — net"	**5,610**	**–**	**5,610**
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	**5,610**	**–**	**5,610**

17 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant unobservable inputs (Level 3) (Continued)

	31 December 2014		
	Mainland China	Hong Kong	Total
	RMB'000	*RMB'000*	*RMB'000*
Opening balance and closing balance	276,000	26,496	302,496
Total gains or losses for the year included in profit or loss for assets held at the end of the year, under "Other gains — net"	–	–	–
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	–	–	–

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

The Group's investment properties were valued at 31 December 2015 by an independent professionally qualified valuer who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2015 and 2014, the fair values of the properties have been determined by Roma Appraisals Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO, and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

17 INVESTMENT PROPERTIES (Continued)

Fair value measurements using significant observable inputs

Fair values of properties held by the Group in Hong Kong for investment purpose are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair values of properties held by the Group for investment purpose in the Mainland China are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the year.

Information about level 3 fair value measurements

Investment properties	Valuation technique	Unobservable inputs	Rate	Relationship of unobservable inputs to fair value
Properties held in — Hong Kong	Direct comparison approach	Unit rate	RMB19,000/sq ft	The higher the unit rate, the higher the fair value
Properties held in — Mainland China	Income capitalisation approach	Market yield	4.48%–4.99%	The higher the yield, the lower the fair value
		Monthly gross market rent	RMB39,608 to RMB64,066	The higher the rental value, the higher the fair value

The Group's interests in investment properties at their carrying values are analysed as follows:

	2015 RMB'000	2014 RMB'000
In Hong Kong, held on leases of over 50 years	26,496	26,496
In the PRC, held on leases of over 50 years	282,000	276,000
	308,496	302,496

As at 31 December 2015, the investment properties amounting to approximately RMB308,496,000 (2014: RMB302,496,000) were pledged as security for certain bank borrowings of the Group (Note 30(a)).

18 INTANGIBLE ASSETS

	Goodwill *RMB'000*	Franchise right and computer software *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2015	**1,052,346**	**64,234**	**1,116,580**
Additions	**–**	**7,509**	**7,509**
At 31 December 2015	**1,052,346**	**71,743**	**1,124,089**
Accumulated amortisation and impairment losses			
At 1 January 2015	**28,654**	**28,044**	**56,698**
Amortisation charge for the year	**–**	**11,321**	**11,321**
At 31 December 2015	**28,654**	**39,365**	**68,019**
Net book value			
At 31 December 2015	**1,023,692**	**32,378**	**1,056,070**
Cost			
At 1 January 2014	1,052,346	55,920	1,108,266
Additions	–	6,597	6,597
Transfer from construction in progress	–	1,717	1,717
At 31 December 2014	1,052,346	64,234	1,116,580
Accumulated amortisation and impairment losses			
At 1 January 2014	28,654	27,280	55,934
Amortisation charge for the year	–	764	764
At 31 December 2014	28,654	28,044	56,698
Net book value			
At 31 December 2014	1,023,692	36,190	1,059,882

18 INTANGIBLE ASSETS (Continued)

Note:

A segment-level summary of goodwill allocation at cost less impairment is presented below:

	2015 *RMB'000*	2014 *RMB'000*
Natural gas power generation	**521,398**	521,398
Wind power generation	**502,294**	502,294
	1,023,692	1,023,692

For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment reviews.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The revenue growth rate in electricity output and pre-tax discount rate used for value-in-use calculations for goodwill is from 0% — 6% (2014: 2% — 5%) and 10% — 12% (2014: 8%) respectively.

Management estimates the growth rate in electricity output by reference to the expected demand for electricity in the region where the power plants are located. Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating unit.

At 31 December 2015, the recoverable amount of goodwill determined based on value-in-use calculated exceeded the carrying amount of goodwill by approximately RMB977,953,000 (2014: RMB3,514,281,000).

At 31 December 2015, if the budgeted growth rate in electricity output applied to the discounted cash flows had been 2% lower (2014: 2% lower), with all other variables held constant, goodwill will be impaired by approximately RMB59,078,000 (2014: RMB24,383,000) or otherwise no additional impairment charge will be required.

At 31 December 2015, if the pre-tax discount rate applied to the discounted cash flows had been 1% higher (2014: 1% higher) , with all other variables held constant, goodwill will be impaired by approximately RMB90,619,000 (2014: RMB27,425,000) or otherwise no additional impairment charge will be required.

19 INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	**127,525**	112,991

Movements in interests in associates during the year:

	2015 RMB'000	2014 RMB'000
At 1 January	**112,991**	113,794
Share of profits less losses	**734**	(803)
Capital injection	**13,800**	–
At 31 December	**127,525**	112,991

Notes:

(i) The following are the details of the associates as at 31 December 2015:

Name of company	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly:					
上海東海風力發電有限公司 *(Note)*	PRC	RMB743,640,000	13.18%	Sino-foreign equity joint venture	Generation and sales of electricity
東莞中電新奧熱力有限公司	PRC	RMB60,000,000	46%	Sino-foreign equity joint venture	Generation and sales of heat

Note:

In accordance with the relevant terms as stipulated in the Articles of Association, the Group has attained a significant influence over the financial and operating policies of the company. Consequently, the company is accounted for as an associate of the Group.

19 INTEREST IN AN ASSOCIATE (Continued)

Notes: (Continued)

(ii) Set out below is the aggregated financial information of the Group's share of the associates:

	2015 *RMB'000*	2014 *RMB'000*
Profit/(loss) for the year	734	(803)
Other comprehensive income	–	–
Total comprehensive income	734	(803)

(iii) No dividend income was received from the associate for the year (2014: Nil).

(iv) There are no contingent liabilities relating to the Group's interests in the associates.

(v) The investment in the associates is considered immaterial individually.

20 INTERESTS IN JOINT VENTURES

	2015 *RMB'000*	2014 *RMB'000*
Share of net assets	233,001	234,363
Goodwill	478	478
	233,479	234,841

Movements in interests in joint ventures during the year:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	234,841	232,123
Share of profits	22,472	26,061
Dividend	(23,834)	(23,343)
At 31 December	233,479	234,841

20 INTERESTS IN JOINT VENTURES (Continued)

Notes:

(i) The following are the details of the joint ventures as at 31 December 2015:

Name of companies	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly:					
福建壽寧牛頭山水電有限公司	PRC	RMB130,000,000	52%	Sino-foreign equity joint venture	Generation and sales of electricity
上海崇明北沿風力發電有限公司	PRC	RMB186,074,000	20%	Sino-foreign equity joint venture	Generation and sales of electricity
北京龍源冷卻技術有限公司	PRC	RMB50,000,000	15%	Sino-foreign equity joint venture	Manufacturing of equipment

In accordance with the relevant terms as stipulated in the shareholders' agreements, the Group has attained a joint control over the financial and operating policies of the above companies. Consequently, these companies are accounted for as joint ventures of the Group.

(ii) Set out below is the aggregated financial information of the Group's share of the joint ventures:

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**22,472**	26,061
Other comprehensive income	**–**	–
Total comprehensive income	**22,472**	26,061

(iii) Dividend income of approximately RMB23,834,000 was received from the joint ventures for the year (2014: RMB23,343,000).

(iv) There are no contingent liabilities relating to the Group's interests in the joint ventures.

(v) The investments in the joint ventures are considered immaterial individually.

21 FINANCIAL INSTRUMENTS BY CATEGORY

	2015 Loans and receivables RMB'000	2015 Financial assets at fair value through the profit or loss RMB'000	2015 Total RMB'000	2014 Loans and receivables RMB'000	2014 Financial assets at fair value through the profit or loss RMB'000	2014 Total RMB'000
Assets as per consolidated balance sheet						
Accounts receivable *(Note 24)*	511,524	–	511,524	653,182	–	653,182
Deposits and other receivables excluding prepayments and value added tax receivables	618,585	–	618,585	119,129	–	119,129
Financial assets at fair value through profit or loss *(Note 25)*	–	5,841	5,841	–	4,925	4,925
Pledged deposits *(Note 26)*	2,000	–	2,000	15,543	–	15,543
Cash and cash equivalents *(Note 26)*	999,812	–	999,812	775,772	–	775,772
	2,131,921	5,841	2,137,762	1,563,626	4,925	1,568,551

21 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Other financial liabilities	
	2015	2014
	RMB'000	*RMB'000*
Liabilities as per consolidated balance sheet		
Bank and other borrowings *(Note 30)*	**10,724,852**	8,212,697
Corporate bond *(Note 31)*	**797,964**	796,680
Accounts payables *(Note 33)*	**14,933**	17,256
Construction costs payable, other payables and accrued charges *(Note 34)*	**1,851,359**	1,840,865
	13,389,108	10,867,498

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 *RMB'000*	2014 *RMB'000*
Prepayments for construction of power plants and others	**344,723**	1,045,597
Value added tax receivable	**842,765**	630,377
Non-current pledged deposits *(Note 26 (iv))*	**499,750**	–
Others *(Note)*	**162,388**	136,224
	1,849,626	1,812,198
Less: Non-current portion	**(930,702)**	(1,133,581)
Current portion	**918,924**	678,617

Note:

As at 31 December 2015, certain long-term deposits amounting to approximately RMB52,124,000 (2014: RMB39,071,000) were pledged as securities for certain obligation under finance leases of the Group (Note 30(d)).

23 INVENTORIES

	2015 *RMB'000*	2014 *RMB'000*
Raw materials	**9,658**	13,373
Spare parts and consumables	**90,918**	86,161
	100,576	99,534

24 ACCOUNTS RECEIVABLE

	2015 *RMB'000*	2014 *RMB'000*
Accounts receivable from provincial power grid companies	**422,270**	462,053
Accounts receivable from other companies	**37,706**	65,485
	459,976	527,538
Tariff adjustment receivable from the relevant government authorities	**39,508**	112,078
Notes receivable *(Note (i))*	**12,040**	13,566
	511,524	653,182

24 ACCOUNTS RECEIVABLE (Continued)

The carrying values of accounts receivable approximate their fair values due to their short maturities. All the above receivables are denominated in RMB.

Tariff adjustment receivable is unsecured and interest-free.

As at 31 December 2015, accounts receivable amounting to approximately RMB279,869,000 (2014: RMB183,757,000) are pledged as security for certain bank borrowings of the Group (Note 30(a)).

The Group normally grants 30 to 60 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of accounts receivable is as follows:

	2015 RMB'000	2014 RMB'000
Less than 3 months	**369,185**	271,102
4 to 6 months	**16,312**	91,113
7 to 12 months	**21,403**	85,963
Over 1 year	**53,076**	79,360
	459,976	527,538

The credit quality of accounts receivable that are neither past due nor impaired is assessed by reference to the historical information about counterparty default rates. The existing counterparties do not have significant default in the past.

As of 31 December 2015, receivables of approximately RMB299,880,000 (2014: RMB366,797,000) were past due but not considered to be impaired because the relevant debtors have no recent history of default.

The ageing analysis of these receivables is as follows:

	2015 RMB'000	2014 RMB'000
Over due		
Less than 3 months	**230,990**	136,558
4 to 6 months	**16,312**	70,613
7 to 12 months	**21,403**	84,066
Over 1 year	**31,175**	75,560
	299,880	366,797

24 ACCOUNTS RECEIVABLE (Continued)

Notes:

(i) As at 31 December 2015 and 2014, notes receivable represent commercial acceptance notes and are with maturity period of 180 to 360 days.

(ii) During the year, no provision for impairment of accounts receivable was made by the Group (2014: Nil) and there was no write-off of accounts receivable during the year (2014: Nil).

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Equity securities listed in Hong Kong	**5,841**	4,925

26 PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and in hand	**813,248**	438,508
Time deposits with initial terms of less than three months	**688,314**	352,807
	1,501,562	791,315
Less: Current pledged deposits *(Note (iii))*	**(2,000)**	(15,543)
Non-current pledged deposits *(Notes 22 and iv)*	**(499,750)**	–
Cash and cash equivalents	**999,812**	775,772
Denominated in:		
RMB	**1,484,162**	746,259
Others	**17,400**	45,056
	1,501,562	791,315

Notes:

(i) The weighted average effective interest rate on time deposits, with maturity ranging from 1 to 3 months, was 3.41% per annum (2014: 3.39% per annum). Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) The Group's cash and cash equivalents denominated in RMB are mainly deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(iii) As at 31 December 2015, the current pledged deposits of the Group with carrying amounts of approximately RMB2,000,000 (2014: RMB15,543,000) were pledged as a security for certain notes payable facilities granted by a bank to the Group.

(iv) As at 31 December 2015, the non-current pledged deposits of the Group with carrying amount of approximately RMB499,750,000 (2014: Nil) were pledged as a security for certain bank borrowings of the Group (Note 30(a)).

27 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	2015 *RMB'000*	2014 *RMB'000*
Non-current asset classified as held for sale *(Note)*	**255,000**	255,000

Note: The above non-current asset classified as held for sale represented a 20% equity interest in an associate. The Group's non-current asset classified as held for sale was valued at 31 December 2015 by an independent professionally qualified valuer who holds a recognised relevant professional qualification. As at 31 December 2015, the equity investment has been presented as held for sale following the management's decision to sell the equity interest and the identification of potential buyers. The Group entered into a Share Transfer Memorandum with an independent third party on 13 February 2015 to dispose of its entire equity interest in the associate at a consideration of RMB255,000,000, and followed by a Framework Agreement on 29 May 2015 for the implementation of share transfer details. Management expects to complete the transaction within the next twelve months from the balance sheet date and with no indication of impairment as at 31 December 2015.

28 SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	Number of shares (of HK$0.10 each)	**Share capital** *RMB'000*
Issued and fully paid:		
1 January 2014	11,482,934,062	1,046,966
Issue of ordinary shares upon exercise of share options *(Note (i))*	4,000,000	315
Issue of ordinary shares *(Note (ii))*	339,400,110	26,667
At 31 December 2014 and 1 January 2015	11,826,334,172	1,073,948
Issue of ordinary shares upon exercise of share options *(Note (i))*	40,000,000	3,153
At 31 December 2015	11,866,334,172	1,077,101

28 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(a) Share capital (Continued)

Notes:

(i) During the year ended 31 December 2015, the Company issued 40,000,000 (2014: 4,000,000) ordinary shares of HK$0.10 each for cash at the exercise price of HK$0.51 to HK$0.63 (2014: HK$0.51) per share as a result of the exercise of the share options. The related weighted average price at the time of exercise was HK$0.65 to HK$0.66 (2014: HK$0.58) per share, resulting in a share premium of approximately RMB20,152,000 (2014: RMB1,823,000) (Note 28(b)). These shares rank pari passu in all respects with the existing shares.

(ii) On 1 August 2014, the Company issued 339,400,110 ordinary shares of HK$0.10 each to 中國能源建設集團廣東省電力設計研究院 (China Energy Engineering Group Guangdong Electric Power Design Institute) at the price of HK$0.75 per share while the closing price of HK$0.405 per share as quoted on the Stock Exchange on the last trading day. The proceeds from the issuance of the shares amounted to RMB200,000,000 (equivalent to HK$254,550,083) resulting in a share premium of approximately RMB173,333,000 (Note 28(b)). These shares rank pari passu in all respects with the existing shares. The directors considered to raise capital for future business development of the Group by way of the subscription which the net proceeds of approximately RMB200,000,000 for investing in power generating projects and green energy projects to be identified by the Group.

(b) Share premium

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	175,156	5,555,503
Transfer from share premium to other reserve *(Note 29)*	–	(5,555,503)
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	20,152	1,823
Issue of ordinary shares *(Note 28(a)(ii))*	–	173,333
At 31 December	195,308	175,156

On 28 May 2014, a special resolution was passed at the annual general meeting to approve the cancellation of the amount of approximately RMB5,555,503,000 standing to the credit of the share premium account of the Company and the transfer of the amount to the contribution surplus account of the Company. On the same date, another resolution was passed to approve to apply the amount of approximately RMB406,340,000 standing to the credit of the contribution surplus of the Company towards offsetting the accumulated losses of the Company.

28 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(c) Share option scheme

The Company operates a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Company to grant options to eligible participants, thereby as an incentive or rewards for their contribution to the Group. Eligible participants of the Scheme include the directors, employees, suppliers, customers and shareholders of the Group. In accordance with the resolution passed in the annual general meeting held on 21 May 2012, the share option scheme adopted on 31 October 2002 was terminated while a new share option scheme (the "2012 Scheme") was adopted. Unless otherwise terminated or amended, the 2012 Scheme will remain in force for ten years from date of adoption to 21 May 2022.

Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting of the Company. In addition, any grant of share options to a substantial shareholder or an independent non-executive directors of the Company, or to any of their associates, resulting in the shares issued and to be issued upon exercise of all options already granted and to be granted including options exercised, cancelled and outstanding, to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, is subjected to shareholders' approval in advance in a general meeting. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors, but in any case must be not lower than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

All of the options were vested to the option holders on the date of acceptance of the offer.

28 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(c) Share option scheme (Continued)

No options were granted under the 2012 Scheme during the year. Details of the options granted and outstanding as at 31 December 2015 and 2014 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at 31 December 2015	Number of shares subject to the options at 31 December 2014
Directors				
9 March 2007	8 March 2017	0.630	–	30,000,000
8 June 2007	7 June 2017	0.836	41,000,000	41,000,000
1 November 2010	31 October 2020	0.780	28,000,000	36,000,000
16 January 2013	15 January 2023	0.514	42,000,000	52,000,000
			111,000,000	159,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	–	20,000,000
8 June 2007	7 June 2017	0.836	–	5,000,000
1 November 2010	31 October 2020	0.780	28,500,000	33,500,000
16 January 2013	15 January 2023	0.514	55,500,000	55,500,000
			84,000,000	114,000,000
			195,000,000	273,000,000

Notes:

(i) 40,000,000 (2014: 4,000,000) options were exercised by the senior management and other employees during the year (Note 28 (a)(i)).

(ii) 38,000,000 (2014: 25,000,000) options were forfeited during the year.

(iii) There were no options granted (2014: Nil) or lapsed (2014: Nil) during the year.

(iv) The options outstanding at 31 December 2015 have the exercise prices range from HK$0.51 to HK$0.84 (2014: HK$0.51 to HK$0.84).

29 RESERVES

	Contribution surplus *(Note 28(b))* RMB'000	Others *(Note)* RMB'000	Share-based compensation reserve RMB'000	Exchange reserve RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2015	5,156,318	(166,891)	41,862	(128,654)	4,902,635	1,650,943	6,553,578
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	–	–	(4,356)	–	(4,356)	–	(4,356)
Share options forfeited after the end of the vesting period	–	–	(4,984)	–	(4,984)	4,984	–
Profit and total comprehensive income for the year	–	–	–	–	–	108,228	108,228
Dividend paid	(95,793)	–	–	–	(95,793)	–	(95,793)
At 31 December 2015	5,060,525	(166,891)	32,522	(128,654)	4,797,502	1,764,155	6,561,657
Representing:							
2015 final dividend proposed *(Note 13)*	37,853						
Others	5,022,672						
	5,060,525						

29 RESERVES (Continued)

	Contribution surplus *(Note 28(b))* *RMB'000*	Others *(Note)* *RMB'000*	Share-based compensation reserve *RMB'000*	Exchange reserve *RMB'000*	Total other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2014	7,155	(177,635)	45,022	(128,654)	(254,112)	967,173	713,061
Transfer from share premium to contribution surplus *(Note 28(b))*	5,555,503	–	–	–	5,555,503	–	5,555,503
Set off against accumulated losses *(Note 28(b))*	(406,340)	–	–	–	(406,340)	406,340	–
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	–	–	(521)	–	(521)	–	(521)
Acquisition of non-controlling interest *(Note 36)*	–	10,744	–	–	10,744	–	10,744
Share options forfeited after the end of the vesting period	–	–	(2,639)	–	(2,639)	2,639	–
Profit and total comprehensive income for the year	–	–	–	–	–	274,791	274,791
At 31 December 2014	5,156,318	(166,891)	41,862	(128,654)	4,902,635	1,650,943	6,553,578
Representing:							
2014 final dividend proposed *(Note 13)*	95,793						
Others	5,060,525						
	5,156,318						

Note: Others mainly represent the difference between the fair value of consideration paid and payable and the carrying amount of net assets attributable to the additional interest in the subsidiary being acquired from a non-controlling interest. It also consists of capital redemption reserve of approximately RMB3,121,000 and statutory reserves of RMB446,000.

30 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	2015 RMB'000	2014 RMB'000
Non-current borrowings		
Long-term bank borrowings, secured *(Note (a))*	**2,662,143**	2,609,241
Long-term bank borrowings, unsecured *(Note (b))*	**6,109,292**	4,296,966
Long-term other borrowings, unsecured *(Note (c))*	**170,000**	–
Obligation under finance lease *(Note (d))*	**921,257**	629,830
	9,862,692	7,536,037
Less: Current portion of long-term borrowings		
— secured bank borrowings	**(211,208)**	(349,508)
— unsecured bank borrowings	**(337,723)**	(405,590)
— obligation under finance lease	**(136,087)**	(122,115)
	(685,018)	(877,213)
Non-current portion	**9,177,674**	6,658,824
Current		
Short-term bank borrowings, unsecured	**596,000**	557,500
Short-term bank borrowing, secured *(Note (e))*	**–**	15,000
Short-term other borrowings, unsecured *(Note (c))*	**234,160**	4,160
Obligation under finance lease *(Note (d))*	**32,000**	100,000
	862,160	676,660
Current portion of long-term borrowings	**685,018**	877,213
Current portion	**1,547,178**	1,553,873
Total borrowings	**10,724,852**	8,212,697

30 BANK AND OTHER BORROWINGS (Continued)

The repayment terms of the non-current borrowings are analysed as follows:

	2015 RMB'000	2014 RMB'000
Wholly repayable within five years	**4,470,254**	1,893,711
Not wholly repayable within five years	**5,392,438**	5,642,326
	9,862,692	7,536,037

The Group's non-current borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**685,018**	877,213
In the second year	**2,689,875**	743,969
In the third to fifth year	**3,697,596**	3,081,250
After the fifth year	**2,790,203**	2,833,605
	9,862,692	7,536,037

The carrying amounts of the Group's bank and other borrowings are mainly denominated in RMB, totalling of approximately RMB9,887,844,000 (2014: RMB7,836,261,000). The remaining bank and other borrowings of approximately RMB837,008,000 (2014: RMB376,436,000) are denominated in US$, EURO, and HK$ respectively.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.00% (2014: 5.99%) and are within level 2 of the fair value hierarchy.

30 BANK AND OTHER BORROWINGS (Continued)

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rates of the Group's HK$-denominated, EURO-denominated and USD-denominated long-term bank borrowings are 0.74% per annum (2014: 0.74% per annum), 4.65% per annum (2014: 4.64%) and 2.48% per annum (2014: 2.58%) respectively. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	2015	2014
Long-term bank borrowings	5.08%	6.03%
Long-term other borrowings	5.06%	–
Short-term bank borrowings	4.39%	6.06%
Short-term other borrowings	4.25%	3.00%
Obligation under finance lease	4.83%	5.72%

Notes:

(a) Secured long-term bank borrowings are secured by:

- all investment properties of the Group with carrying amounts of approximately RMB308,496,000 (2014: RMB302,496,000);
- certain property, plant and equipment of the Group with carrying amounts of approximately RMB2,961,648,000 (2014: RMB1,785,662,000);
- accounts receivable with carrying amounts of approximately RMB279,869,000 (2014: RMB183,757,000); and
- corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH");
- pledged deposits with a carrying amount of approximately RMB499,750,000 (2014: Nil).

(b) Unsecured long-term bank borrowings amounting to approximately RMB902,000,000 (2014: RMB1,024,000,000) are guaranteed by CPIH.

(c) The balance represents entrusted loans amounted to approximately RMB404,160,000 (2014: RMB4,160,000) from a company of SPIC.

(d) As at 31 December 2015, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to approximately RMB1,254,948,000 (2014: RMB1,166,989,000) and RMB342,914,000 (2014: RMB394,526,000) respectively (Note 15(iv)). The obligation under finance lease is secured by a long-term deposits with carrying amount of RMB52,124,000 (2014: RMB39,071,000) (Note 22).

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

30 BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(d) (Continued)

The Group's obligation under finance lease is repayable as follows:

	2015 *RMB'000*	2014 *RMB'000*
Gross finance lease liabilities — minimum lease payments		
Not later than one year	**214,547**	237,371
Later than one year and no later than five years	**779,390**	423,505
Later than five years	**130,557**	212,489
	1,124,494	873,365
Future finance charges on finance leases	**(171,237)**	(143,535)
Present value of finance lease liabilities	**953,257**	729,830
The present value of finance lease liabilities is as follows:		
Not later than one year	**168,087**	222,115
Later than one year and no later than five years	**668,922**	368,737
Later than five years	**116,248**	138,978
	953,257	729,830

(e) As at 31 December 2014, short-term other borrowings of approximately RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB1,745,000 and property, plant and equipment of the Group with a carrying amount of RMB9,692,000.

31 CORPORATE BOND

	2015 *RMB'000*	2014 *RMB'000*
RMB denominated corporate bond — unsecured	**797,964**	796,680

On 9 January 2012, the Company issued RMB800,000,000 corporate bond, due in January 2017. The bond is unsecured and carries an effective interest rate of 6.78% per annum, with the interest being payable semi-annually.

As at 31 December 2015, the fair value of the corporate bond amounted to approximately RMB823,308,000 (2014: RMB821,137,000). The fair value is calculated using cash flows discounted at a rate based on the borrowing rate of 6.8% (2014: 6.8%) and are within level 2 of the fair value hierarchy.

32 DEFERRED INCOME TAX

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	2015 *RMB'000*	2014 *RMB'000*
Deferred income tax assets	**25,233**	27,458
Deferred income tax liabilities	**(81,885)**	(65,896)
Net deferred income tax liabilities	**(56,652)**	(38,438)

The net movements in the net deferred income tax liabilities are as follows:

	2015 *RMB'000*	2014 *RMB'000*
At 1 January	**(38,438)**	(41,357)
(Charged)/credited to the consolidated income statement *(Note 10)*	**(18,214)**	2,919
At 31 December	**(56,652)**	(38,438)

32 DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets:

	Depreciation allowances *RMB'000*	Tax losses *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2015	**18,651**	**7,021**	**1,786**	**27,458**
Charged to the consolidated income statement	**(647)**	**(1,578)**	**–**	**(2,225)**
At 31 December 2015	**18,004**	**5,443**	**1,786**	**25,233**
At 1 January 2014	18,676	7,021	1,786	27,483
Charged to the consolidated income statement	(25)	–	–	(25)
At 31 December 2014	18,651	7,021	1,786	27,458

Deferred tax liabilities:

	Depreciation allowances *RMB'000*	Fair value gains *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2015	**(14,647)**	**(43,492)**	**(7,757)**	**(65,896)**
Credited/(charged) to the consolidated income statement	**453**	**(335)**	**(16,107)**	**(15,989)**
At 31 December 2015	**(14,194)**	**(43,827)**	**(23,864)**	**(81,885)**
At 1 January 2014	(14,647)	(43,492)	(10,701)	(68,840)
Credited to the consolidated income statement	–	–	2,944	2,944
At 31 December 2014	(14,647)	(43,492)	(7,757)	(65,896)

32 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2015, the Group had unrecognised tax losses of approximately RMB258,120,000 (2014: RMB161,878,000) for Hong Kong profits tax purposes with no expiry date and unrecognised tax losses of RMB278,456,000 (2014: RMB221,234,000) for the PRC corporate income tax that will expire within five years.

Deferred income tax liabilities to the extent of approximately RMB110,001,000 (2014: RMB136,123,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries because the directors consider that the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings totalled RMB1,183,041,000 (2014: RMB1,458,499,000) as at 31 December 2015.

33 ACCOUNTS PAYABLE

The carrying amounts of accounts payable approximate their fair values due to their short maturities. All these payables are denominated in RMB.

The normal credit period for accounts payable generally ranges from 60 to 180 days. Ageing analysis of accounts payable is as follow:

	2015 *RMB'000*	2014 *RMB'000*
Current to 3 months	**13,518**	16,961
4 to 6 months	**743**	252
7 to 12 months	**386**	–
Over 1 year	**286**	43
	14,933	17,256

34 CONSTRUCTION COSTS PAYABLE, OTHER PAYABLES AND ACCRUED CHARGES

	2015 *RMB'000*	2014 *RMB'000*
Construction costs payable	**1,607,640**	1,483,106
Salaries and staff welfare payable	**9,332**	6,458
Value added tax payable	**46,963**	20,570
Repairs and maintenance expenses payable	**2,220**	8,420
Considerations payable for acquisitions of subsidiaries	**94,980**	233,097
Other payables and accrued operating expenses	**16,769**	27,182
Interest payable	**58,908**	50,642
Amounts due to a shareholder and its subsidiaries *(Note (i))*	**14,004**	10,847
Amounts due to non-controlling interests *(Note (i))*	**543**	543
	1,851,359	1,840,865
Less: Non-current portions		
Construction costs payable *(Note (ii))*	**(711,429)**	(313,716)
Consideration payable for acquisition of subsidiaries	**(94,980)**	(233,097)
Current portions	**1,044,950**	1,294,052
Denominated in:		
RMB	**1,799,720**	1,791,905
Others	**51,639**	48,960
	1,851,359	1,840,865

Notes:

(i) These balances are unsecured, interest-free and repayable on demand.

(ii) Non-current portions of construction cost payable will not be payable within one year from the balance sheet date in accordance with the terms of the construction agreements.

35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	2015 *RMB'000*	2014 *RMB'000*
Profit before tax	**210,943**	376,910
Adjustments for:		
Finance costs, net	**459,443**	393,989
Depreciation and amortisation	**677,378**	537,305
Losses on disposals of property, plant and equipment	**4,248**	342
Share of (profits)/losses of associates	**(734)**	803
Share of profits of joint ventures	**(22,472)**	(26,061)
Fair value gain on investment properties	**(5,610)**	–
Fair value (gains)/losses on financial assets at fair value through profit or loss	**(916)**	2,406
Operating profit before working capital changes	**1,322,280**	1,285,694
(Increase)/decrease in inventories	**(1,042)**	2,244
Decrease/(increase) in accounts receivable	**141,658**	(900)
Decrease/(increase) in prepayments, deposits and other receivables	**10,723**	(10,279)
Decrease in accounts payable	**(2,323)**	(15,365)
Decrease in other payables and accrued charges	**(122,306)**	(4,243)
Cash generated from operations	**1,348,990**	1,257,151

36 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY WITHOUT A CHANGE IN CONTROL

On 28 January 2014, the Group entered into a purchase and sale agreement with the non-controlling interest of Dongguan China Power New Energy Heat and Power Plant to acquire the remaining 9.9% equity interests for a cash consideration of approximately RMB166,078,000. The carrying amount of the non-controlling interests in Dongguan China Power New Energy Heat and Power Plant on the date of acquisition was RMB176,822,000. The Group recognised a decrease in non-controlling interests of the same amount and an increase in equity attributable to equity holders of the Company of RMB10,744,000. The effect of changes in the ownership interest of Dongguan China Power New Energy Heat and Power Plant on the equity attributable to equity holders of the Company during the period is summarised as follows:

	2014 *RMB'000*
Carrying amount of non-controlling interests acquired	176,822
Consideration paid to non-controlling interests	(166,078)
Discount on the acquisition recognised within equity	10,744

37 COMMITMENTS

(a) Capital commitments

	2015 RMB'000	2014 RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	**936,934**	2,727,102

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 RMB'000	2014 RMB'000
Land and buildings		
Not later than one year	**6,382**	4,663
Later than one year and not later than five years	**7,769**	555
	14,151	5,218

The Group's operating leases are for terms of 1 to 3 years (2014: 1 to 4 years).

(c) Future operating lease agreements

Future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	2015 RMB'000	2014 RMB'000
Land and buildings		
Not later than one year	**9,513**	11,534
Later than one year and not later than five years	**18,269**	21,116
Later than five years	**3,414**	5,112
	31,196	37,762

The Group's operating leases are for terms of 1 to 7 years (2014: 1 to 8 years).

38 RELATED PARTY TRANSACTIONS

As at 31 December 2015, SPIC and China Three Gorges Corporation held 28.07% (2014: 28.16%) and 27.10% (2014: 27.20%) equity interests in the Company respectively. The remaining shares are widely held.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is a state-owned enterprise. In accordance with the revised HKAS 24, "Related Party Disclosures", government related enterprises, other than entities under the Group, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Company and its subsidiaries ("other government-related enterprises").

The majority of the business activities of the Group are conducted with other government-related enterprises. For the purpose of the related party balances and transactions disclosure, the Group has established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are government-related enterprises. However, many government-related enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that all material related party balances and transactions have been adequately disclosed.

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these consolidated financial statements. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(i) Transactions with related parties

Expenses

	Note	2015 RMB'000	2014 RMB'000
Repair and maintenance and power generation expenses to subsidiaries of a shareholder	(I)	–	90,924
Interest expenses to a subsidiary of a shareholder	(II)	9,464	8,864

Notes:

(I) The Group has entered into agreements for the provision of repair and maintenance and power generation services from subsidiaries of a shareholder, the terms of which were mutually agreed between the parties.

(II) The Group has entered into entrusted loan agreements with a subsidiary of SPIC (Note 30(c)), the terms of which were mutually agreed between the parties.

38 RELATED PARTY TRANSACTIONS (Continued)

(ii) Period-end balances with related parties

	Note	2015 RMB'000	2014 RMB'000
Included in:			
Other receivables			
Amount due from a shareholder	(I)	**1,576**	1,258
Dividend receivable from a joint venture		**35,519**	9,736
Other payables			
Amounts due to a shareholder and certain of its subsidiaries	(II)	**14,004**	10,847
Amounts due to non-controlling interests	(II)	**543**	543
Bank and other borrowings			
Loan from a subsidiary of a shareholder	(III)	**404,160**	4,160

Notes:

(I) The amount due from a shareholder is unsecured, interest-free and repayable on demand.

(II) The balances with these related parties are unsecured, interest-free and repayable on demand.

(III) Details of terms of the balances are set out in Note 30(c).

Transactions with government-related enterprises

For the years ended 31 December 2015 and 2014, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 5 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

For the years ended 31 December 2015 and 2014, other collectively-significant transactions with government-related enterprises also included a large portion of fuel purchases, property, plant and equipment construction and related labour employed.

38 RELATED PARTY TRANSACTIONS (Continued)

(iii) Key management compensation

	2015 RMB'000	2014 RMB'000
Basic salary, housing allowance, other allowances and benefits in kind	4,315	5,599
Employer's contributions to pension scheme	18	40
	4,333	5,639

39 EVENT AFTER THE BALANCE SHEET DATE

On 23 March 2016, the Company proposed a share consolidation of every ten ordinary shares of HK$0.10 each into one consolidated ordinary share of HK$1.00 each which is subject to approval by its shareholders at the 2016 AGM to be held on 12 May 2016.

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries		7,810,719	7,415,903
Long-term prepayments and deposits		499,750	–
		8,310,469	7,415,903
Current assets			
Prepayments, deposits and other receivables		9,938	1,507
Cash and cash equivalents		117,263	429,590
		127,201	431,097
Total assets		8,437,670	7,847,000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		1,077,101	1,073,948
Share premium		195,308	175,156
Reserves	Note (a)	4,790,001	4,912,344
Total equity		6,062,410	6,161,448
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings		1,525,673	834,674
Corporate bond		797,964	796,680
		2,323,637	1,631,354
Current liabilities			
Other payables and accrued charges		51,394	53,969
Income tax payable		229	229
		51,623	54,198
Total liabilities		2,375,260	1,685,552
Total equity and liabilities		8,437,670	7,847,000

Wang Zhongtang	**Zhao Xinyan**
Director	*Director*

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movements of the Company

	Capital redemption reserve *RMB'000*	Contribution surplus (Note 28(b)) *RMB'000*	Share-based compensation reserve *RMB'000*	Exchange reserve *RMB'000*	Retained earnings/ (accumulated losses) *RMB'000*	Total *RMB'000*
At January 2015	3,121	5,149,163	41,862	(286,051)	4,249	4,912,344
Share options forfeited after the end of the vesting period	–	–	(4,984)	–	4,984	–
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	–	–	(4,356)	–	–	(4,356)
Loss and total comprehensive income for the year	–	–	–	–	(22,194)	(22,194)
Dividend paid		(95,793)	–	–	-	(95,793)
At 31 December 2015	3,121	5,053,370	32,522	(286,051)	(12,961)	4,790,001
Representing:						
2015 final dividend proposed *(Note 13)*		37,853				
Others		5,015,517				
		5,053,370				

40 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movements of the Company (Continued)

	Capital redemption reserve *RMB'000*	Contribution surplus *(Note 28(b))* *RMB'000*	Share-based compensation reserve *RMB'000*	Exchange reserve *RMB'000*	(Accumulated losses)/ retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2014	3,121	–	45,022	(286,051)	(406,340)	(644,248)
Transfer from share premium to contribution surplus *(Note 28(b))*	–	5,555,503	–	–	–	5,555,503
Set off against accumulated losses *(Note 28(b))*	–	(406,340)	–	–	406,340	–
Issue of ordinary shares upon exercise of share options *(Note 28(a)(i))*	–	–	(521)	–	–	(521)
Share options forfeited after the end of the vesting period	–	–	(2,639)	–	2,639	–
Profit and total comprehensive income for the year	–	–	–	–	1,610	1,610
At 31 December 2014	3,121	5,149,163	41,862	(286,051)	4,249	4,912,344
Representing:						
2014 proposed final dividend *(Note 13)*		95,793				
Others		5,053,370				
		5,149,163				

41 APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 23 March 2016.

42 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(i) The following is a list of principal subsidiaries as at 31 December 2015:

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held directly:					
Lucky Talent Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Securities trading
Start Bright International Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Investment holdings
Interests held indirectly:					
Deluxe Vantage Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Property holdings
上海中電新能源置業發展有限公司	PRC	RMB60,000,000	100%	Wholly-owned foreign enterprise	Property holdings
China Power (New Energy) Holdings Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
Green Health Development Company Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
中電國際新能源海南有限公司	PRC	RMB213,210,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電國際新能源控股有限公司	PRC	US$161,000,000	100%	Wholly-owned foreign enterprise	Investment holdings
中電(洪澤)熱電有限公司	PRC	RMB30,000,000	60%	Sino-foreign equity joint venture	Generation and sales of electricity
中電(洪澤)生物質熱電有限公司	PRC	RMB26,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電(福建)電力開發有限公司	PRC	RMB632,750,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉風力發電有限公司	PRC	RMB154,448,618	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第二風力發電有限公司	PRC	RMB147,160,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第三風力發電有限公司	PRC	RMB1,529,232,455	100%	Wholly-owned foreign enterprise	Generation and sales of electricity

42 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(i) The following is a list of principal subsidiaries as at 31 December 2015: (Continued)

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly: (Continued)					
甘肅中電酒泉第四風力發電有限公司	PRC	RMB335,620,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電酒泉第五風力發電有限公司	PRC	RMB56,350,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電武威光伏發電有限公司	PRC	RMB92,986,742	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
甘肅中電白銀光伏發電有限公司	PRC	RMB93,400,583	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
東莞中電新能源熱電有限公司	PRC	US$43,435,965	100%	Foreign enterprise	Generation and sales of electricity
東莞中電第二熱電有限公司	PRC	RMB350,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
中電大豐風力發電有限公司	PRC	RMB361,618,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
昆明中電環保電力有限公司	PRC	RMB116,800,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
漳平市華口水電有限公司	PRC	RMB80,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
中電內蒙古風力發電有限公司	PRC	RMB121,604,910	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
重慶梅溪河流域水電開發有限公司	PRC	RMB35,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海林中電海浪風力發電有限公司	PRC	US$21,180,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海林中電紅旗風力發電有限公司	PRC	US$21,600,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海南綠健生態城市發展有限公司	PRC	RMB25,000,000	100%	Wholly-owned foreign enterprise	Energy-related project management
盈江鴻福實業有限公司	PRC	RMB133,690,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity

42 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(i) The following is a list of principal subsidiaries as at 31 December 2015: (Continued)

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly: (Continued)					
盈江縣惠民水電開發有限公司	PRC	RMB5,000,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
元江中電光伏發電有限公司	PRC	RMB71,400,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity
海口中電環保有限公司	PRC	RMB126,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
湖北中電純陽山風電有限公司	PRC	RMB31,500,000	100%	Wholly-owned foreign enterprise	Development of power plant
攀枝花中電光伏發電有限公司	PRC	RMB30,670,000	100%	Wholly-owned foreign enterprise	Development of power plant
蕪湖中電環保發電有限公司	PRC	RMB34,670,000	100%	Wholly-owned foreign enterprise	Development of power plant
仁懷中電環保發電有限公司	PRC	RMB33,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
貴陽中電環保發電有限公司	PRC	RMB54,670,000	100%	Wholly-owned foreign enterprise	Development of power plant
德陽和新環保發電有限責任公司	PRC	RMB50,000,000	74.11%	Sino-foreign equity joint venture	Development of power plant
漳浦中電光伏發電有限公司	PRC	RMB37,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
中電國際能源投資海南有限公司	PRC	RMB20,000,000	100%	Wholly-owned foreign enterprise	Development of power plant
萬寧中電新能源環保發電有限公司	PRC	RMB12,900,000	100%	Wholly-owned foreign enterprise	Development of power plant
Zehnte Windpark Support GmbH & Co. KG	Germany	EURO3,000	100%	Wholly-owned foreign enterprise	Generation and sales of electricity

(ii) As at 31 December 2015 and for the year ended 31 December 2015, there were no significant non-controlling interests of the subsidiaries in the Group (2014: Nil).

Financial Summary

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000	Year ended 31 December 2012 RMB'000	Year ended 31 December 2011 RMB'000
Revenue and tariff adjustment	**2,404,602**	2,344,381	2,187,530	1,818,900	1,861,272
Operating profit	**647,180**	745,641	628,926	575,228	432,306
Profit before tax	**210,943**	376,910	334,979	275,356	227,003
Income tax expense	**(103,480)**	(97,279)	(57,702)	(63,579)	(30,454)
Profit for the year	**107,463**	279,631	277,277	211,777	196,549
Attributable to:					
Equity holders of the Company	**108,228**	274,791	257,379	192,721	180,526
Non-controlling interests	**(765)**	4,840	19,898	19,056	16,023
Earnings per share for profit attributable to equity holders of the Company (RMB)	**0.009**	0.024	0.022	0.019	0.023

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000	As at 31 December 2011 RMB'000
Non-current assets	**18,572,913**	16,313,260	14,276,804	12,195,318	9,939,957
Current assets	**2,793,677**	2,482,573	3,277,417	3,887,044	1,684,790
Total assets	**21,366,590**	18,795,833	17,554,221	16,082,362	11,624,747
Current liabilities	**(2,632,038)**	(2,900,565)	(3,064,335)	(2,321,337)	(1,540,824)
Non-current liabilities	**(10,863,932)**	(8,068,213)	(6,978,301)	(6,541,123)	(4,971,922)
Net assets	**7,870,620**	7,827,055	7,511,585	7,219,902	5,112,001
Non-controlling interests	**36,554**	24,373	196,055	176,157	157,101