華能新能源股份有限公司

Huaneng Renewables Corporation Limited *

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

(Stock Code: 0958)

2015
Annual Report

* *For identification purpose only*

Contents

Chairman's Statement

Dear Shareholders,

Since its listing, the Company adheres to create a world-class enterprise with international competitiveness as the lead, in order to improve the quality and efficiency as core task, to speed up transformation and upgrading as oriented task. We achieved a scientific and efficient development, and continued to consolidate our position as the leading new energy operator in China, while gradually moving towards world-class standards.

In 2015, under the strong support of all shareholders, the Board of the Company upheld the development philosophy of quality and efficiency, advanced planning through scientific layout, so as to respond effectively to the adverse situation of changes in tariff policy. With the joint effort by our management and staff, the preliminary project development of the Company maintained a leading position in the industry during the year, the operating result and new capacity hit a record high and the cumulative installed capacity exceeded 10 GW, which marked the successful completion of the "12th Five-Year Plan". Looking back over the development of "12th Five-Year Plan", the Company made continuous efforts to create sustainable, stable and growing returns for our shareholders and our operating result recorded all time high year after year, the five-year compound annual growth rate of the net profit attributable to equity shareholders reached 28.6%, with a steady enhancement in profitability. The Company adhered to accelerate the development of high-efficiency capacity, so that the five-year compound annual growth rate of installed capacity reached 24.0%, the structural layout was continuously optimized, and the competitiveness and risk management ability were significantly enhanced. In recent years, the Company was included among the "Top 500 Global New Energy Enterprises" consecutively; successively accredited with the "Most Influential Leaders at Listed Companies" and the "Most Valuable Listed Company for Investment Award" in the campaign of China Securities Golden Bauhinia Award, "Best Investor Relationship Award", "Best Corporate Governance Golden Award" from "The Asset" and a number of major awards in the capital markets. The shares of the Company was included in the MSCI China Index. The results of the Company's development were recognized and the Company's image in the capital market was enhanced significantly.

Looking forward to the "13th Five-Year Plan" plan, the State will focus on strengthening the supply-side structural reforms to enhance the adaptability and flexibility of the supply structure and increase productivity of all factors. Meanwhile, China is very determined in promoting the adjustment, transformation and upgrading of energy structure, which provides a golden opportunity for the new energy industry to further improve overall quality and competitiveness of assets, while the industry is still experiencing a historic period of strategic growth. On the other hand, as reforms deepen at state-owned enterprise and electric power system, the decisive role of the market in allocating resources is becoming increasingly prominent. The new energy enterprises will gradually participate in market competition, which sets a higher standard for the Company in terms of strategic resources layout, cost control ability and marketing services, and the development of the Company is facing more intense competition and severe challenges.

Faced with opportunities and challenges, Huaneng Group, the world's largest power generation company, will adhere to the development philosophy of "Innovative, Coordinated and Green Development, Opening up and Inclusiveness", continue to invest more in low-carbon clean energy, and vigorously support the Company's strategy of maintaining "Prudent, Orderly and Effective" growth. The Company, being the main force of Huaneng Group in the development of new energy business, will align with power system reform and market demand, seize the strategic opportunity, brave to reform and innovate with a focus on quality and efficiency, leading the scientific development of the Company and accelerating the Company to be the most competitive top-notch new energy company in the world.

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

CAO Peixi
Chairman

President's Statement

Dear Shareholders,

The year 2015 was a landmark in the development history of the Company. Over the past year, under the leadership of the Board and the guidance of the management, we overcame difficulties together to hit a record high for our operating result and elevate the Company to a new level via successful transformation and upgrading, thereby significantly enhanced its market image, and met the targets for the year in high quality. The Company's integral capabilities and influence were further enhanced and the "12th Five-Year Plan" was successfully completed.

In 2015, the Company adhere to the development philosophy of quality and efficiency, to further reduce cost and improve efficiency, with the operating result turning in a record performance. Revenue for the year amounted to RMB7.3569 billion, representing an increase of 19.6% year-on-year; and net profit attributable to equity shareholders amounted to RMB1.8595 billion, representing an increase of 65.9% year-on-year. Return on net asset (exclusive of non-controlling interests) amounted to 11.0%, representing a growth of 3.6 percentage points. The profitability was enhanced steadily.

To effectively mitigate risks associated with tariff adjustment, the Company devised its strategies in advance. With projects in smooth construction progress, the Company's installed capacity increased by 2,334.0 MW, and the scale of new capacity achieved record level. Among the new wind power projects, the percentage of projects in Tiers I to III Wind Resources Regions and Tier IV Wind Resources Regions accounted for 57.1% and 42.9% respectively. As of the end of 2015, the total installed capacity of the Company reached 10,354.4 MW, representing an increase of 29.1% year-on-year, with risk management ability significantly enhanced.

The Company continued to step up the preliminary resources development. It obtained approvals for wind power projects with a total capacity of 1,782.0 MW, with projects of planned capacity of 2,162.0 MW annually, which has outperformed its industry peers. By further strengthening the marketing and management of facilities, the Company achieved a total power generation of 14,669,067.6 MWh, representing an increase of 20.5% year-on-year. The utilization hours of wind power reached 1,882 hours, representing an increase of 7 hours year-on-year, which effectively enhanced the competitiveness of the Company.

2016 is the first year for the State to implement the "13th Five-Year Plan", it is also a crucial year for the Company to accelerate the building of the most competitive top-notch new energy company in the world. The management of the Company will continue to stick to the principle of maximizing value for all shareholders, thoroughly implement the plans for various tasks of the Board, and dedicate its efforts in achieving the following yearly performance targets: i) adhering to the development philosophy of quality and efficiency, to fully enhance integral capabilities of the Company; ii) adhering to the philosophy of compliance management, to enhance the awareness of making decision, operation and management according to laws and facilitate safety, healthy and scientific development of the Company; iii) aligning with market changes and participating in market competition, to enhance marketing and management standards and effectively adapt to requirements and regulations of market transactions, thereby reducing proportion of grid curtailment and further strengthening competitiveness of the Company; iv) orderly promoting new capacity development and thoroughly optimizing structural layout, to proactively capture overseas investment opportunities and further strengthen the risk management ability of the Company; v) effectively reducing construction cost and finance cost, to further enhance profitability of the Company; and vi) pushing forward enhancement, reforms and innovations of management, to ensure sustainable development capabilities of the Company.

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

LIN Gang
President

Corporate Profile

CORPORATE INTRODUCTION

The predecessor of Huaneng Renewables Corporation Limited (the "**Company**") is Huaneng New Energy Industrial Co., Ltd., which was established in November 2002. On 10 June 2011, the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") with an aggregate of 8,446,898,000 shares in issue, and later in 2013 and 2014, 582,317,360 H shares and 698,780,832 H shares were issued respectively by way of non-public offering. As at the end of 2015, the total number of shares of the Company was 9,727,996,192 shares, of which China Huaneng Group ("**Huaneng Group**"), the controlling shareholder of the Company, directly and indirectly held 56.90% of the Company's total issued shares.

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

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

CORPORATE STRUCTURE

Note: Numbers may not add up due to rounding.

DISTRIBUTION OF PROJECTS

Distribution of the Company's installed capacity as at 31 December 2015 is as follows:

denotes wind power installed capacity

denotes solar power installed capacity

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

Major Corporate Events in 2015

2015

February

The Company held the first session of the first staff representative meeting and 2015 work meeting to review its works in 2014 and study the plan for its work in 2015.

March

The Company announced its annual results for 2014, with net profit attributable to equity shareholders reaching RMB1,121 million, representing a year-on-year increase of 22.8%.

The Company held its 2014 annual results analyst/fund manager meeting and press conference in Hong Kong, and carried out its 2014 annual results roadshow afterwards.

April

The Company issued the announcement on power generation for the first quarter of 2015, announcing its gross power generation of 3,578,001.6 MWh, representing a year-on-year increase of 25.4%.

June

Phase one to phase three of the Huaneng Yunnan Dali Wuzipo Project was honoured with the 2015 China Quality Power Project Award (2015年度中國電力優質工程獎).

The Company held its 2014 annual general meeting. Resolutions including the Work Report of the Board of Directors for 2014, Work Report of the Supervisory Committee for 2014, Financial Report for 2014 and Profit Distribution for 2014 were considered and passed.

July

The Company issued the announcement on power generation for the first half of 2015, announcing its gross power generation of 7,891,955.9 MWh, representing a year-on-year increase of 30.2%.

The Company has entered into a Strategic Cooperation Framework Agreement with BAIC Motor Corporation Limited (北京汽車股份有限公司) and Sichuan Xiongfei Group Co., Ltd (四川雄飛集團有限責任公司) in Beijing to co-develop an automobile factory photovoltaic project.

The Company held its 2015 mid-year work meeting cum economic activities analysis meeting, and summarized its work in the first half of the year and analysed the circumstances faced by the by the Company to ensure achievement of the targets and tasks for the year.

August

The Company announced its interim results for 2015, with net profit attributable to equity shareholders of the Company reaching RMB1,133.9 million, representing a year-on-year increase of 65.3%.

The Company held its 2015 interim results analyst/fund manager meeting and press conference in Hong Kong, and carried out its interim results roadshow afterwards.

September

The Second China Wind Power Operation Examine and Repair Skill Competition (第二屆風力發電運行檢修技能競賽) of China power generation industry was held at the Company's Gaoshanzi Wind Farm in Fuxin, Liaoning. The Company claims the First Prize for Group, and among the twelve participants, eight candidates were honoured with the title of "National Technical

Expert in Energy Chemical" (全國能源化學系統技術能手), four candidates were rewarded the title of "Excellent Repairer of 2nd Wind Power Generation Maintenance Skills Competition for the Electric Power Industry in China" (全國電力行業第二屆風力發電運行檢修技能競賽優秀選手).

October

At the 2015 Top 500 Global New Energy Enterprises Conference held in Beijing, the Company was selected as one of the 2015 "Top 500 Global New Energy Enterprises" and honoured with the "Top 500 Global New Energy Enterprises Development Potential Award".

The Company issued the announcement on power generation for the first three quarters of 2015, announcing its gross power generation of 10,372,985.9 MWh, representing a year-on-year increase of 28.3%.

The Company's 2014 Annual Report won "ARC Award for Interior Design (Energy Infrastructure) ".

November

Mr. CAO Peixi, Chairman of the Company, was named one of the "Most Influential Leaders at Listed Companies" in the 2015 China Securities Gold Bauhinia Award in Hong Kong. The Company received the "Most Valuable Listed Company for Investment Award".

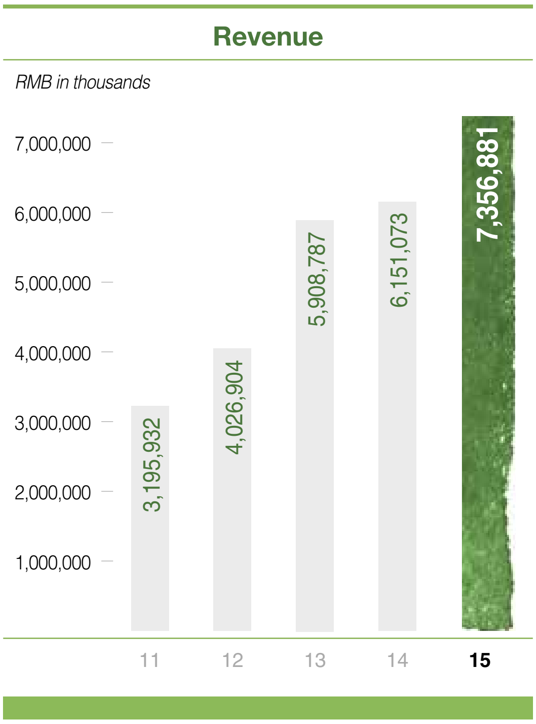
Huaneng Yunnan Dali Wuzipo Project (phase one to phase three) won "2014 – 2015 National High-quality Award" (國家優質工程獎).

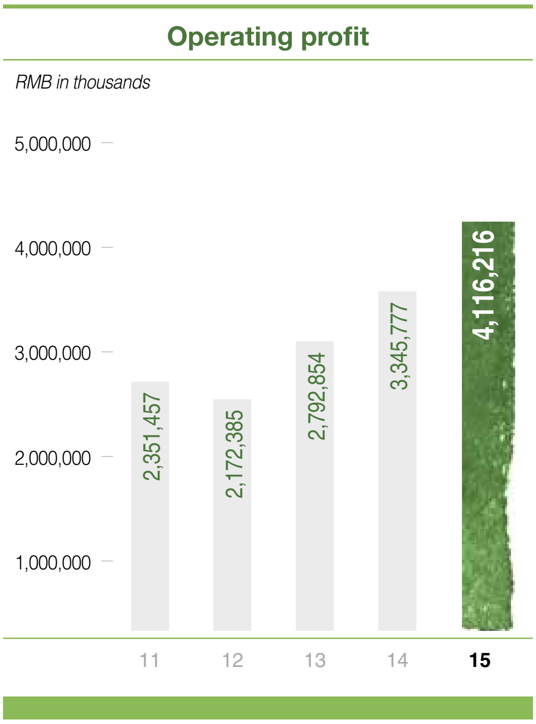
December

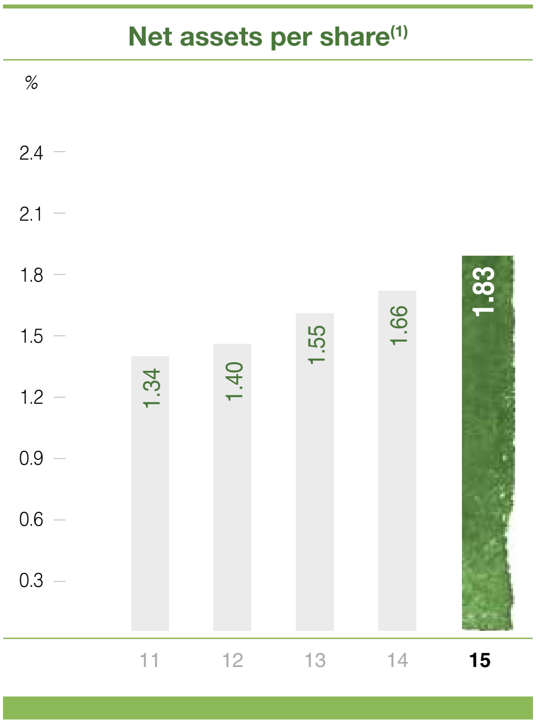
At the award ceremony of "Best Corporate Governance Awards 2015" held in Hong Kong, the Company received Gold Award from "The Asset", one of Asia's most influential financial magazines.

01
Financial and Operational Summary

Financial and Operational Summary

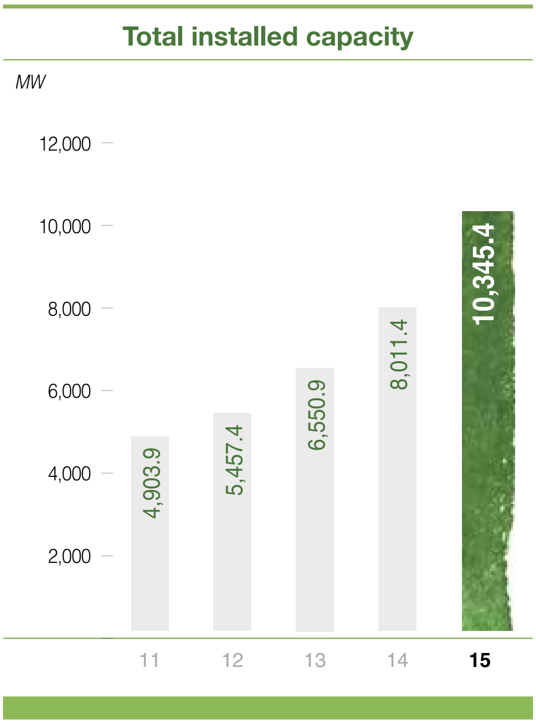


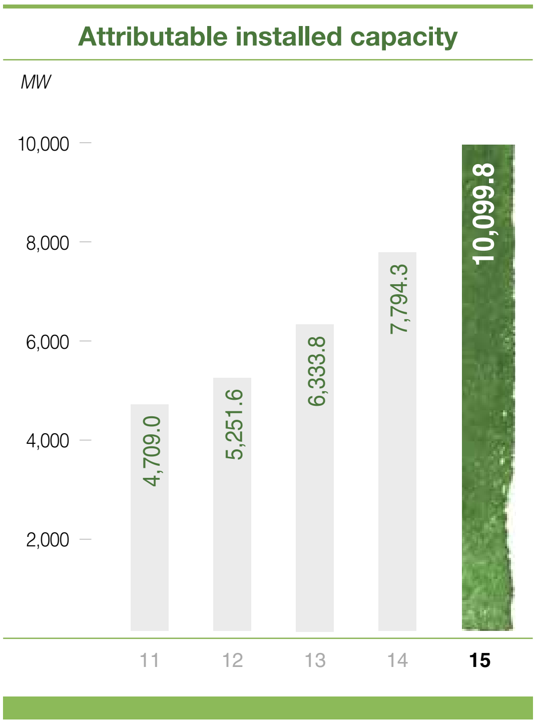


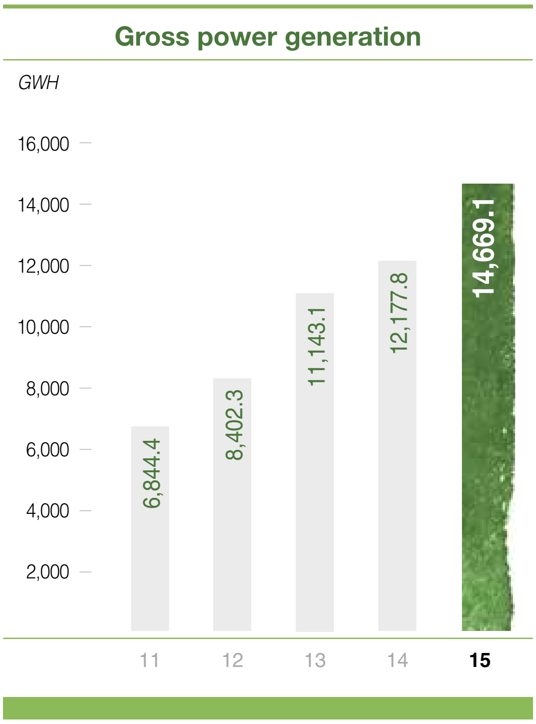


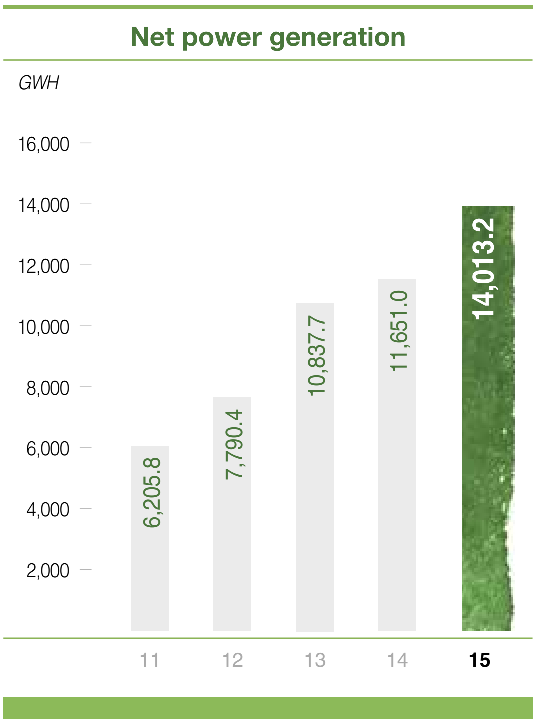
Note:

(1) Net assets per share excluded interests held by non-controlling interests.


Total installed capacity
MW
12,000
10,000
8,000
6,000
4,000
2,000
4,903.9
5,457.4
6,550.9
8,011.4
10,345.4
11
12
13
14
15


Attributable installed capacity
MW
10,000
8,000
6,000
4,000
2,000
4,709.0
5,251.6
6,333.8
7,794.3
10,099.8
11
12
13
14
15


Gross power generation
GWH
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
6,844.4
8,402.3
11,143.1
12,177.8
14,669.1
11
12
13
14
15


Net power generation
GWH
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
6,205.8
7,790.4
10,837.7
11,651.0
14,013.2
11
12
13
14
15

Financial and Operational Summary

5 YEARS SUMMARY OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2011	2012	2013	2014	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	3,195,932	4,026,904	5,908,787	6,151,073	**7,356,881**
Other net income	682,522	189,542	79,035	167,651	**434,889**
Operating expenses	(1,526,997)	(2,044,061)	(3,194,968)	(2,972,947)	**(3,675,554)**
Operating profit	2,351,457	2,172,385	2,792,854	3,345,777	**4,116,216**
Net profit	1,106,821	601,084	942,349	1,146,764	**1,899,186**
Net profit attributable to:					
Equity shareholders	1,023,027	557,940	912,900	1,121,029	**1,859,549**
Non-controlling interests	83,794	43,144	29,449	25,735	**39,637**
Basic and diluted earnings per share (RMB cents)	14.06	6.61	10.66	12.39	**19.12**

5 YEARS SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December				
	2011	2012	2013	2014	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Total non-current assets	41,356,375	44,152,975	50,811,145	62,996,820	**74,900,999**
Total current assets	10,174,321	9,545,946	9,859,871	11,141,483	**7,651,780**
Total assets	51,530,696	53,698,921	60,671,016	74,138,303	**82,552,779**
Total current liabilities	15,898,777	14,881,944	19,344,110	25,740,898	**28,533,234**
Total non-current liabilities	23,472,478	26,125,678	26,466,004	31,512,204	**35,395,087**
Total liabilities	39,371,255	41,007,622	45,810,114	57,253,102	**63,928,321**
NET ASSETS	12,159,441	12,691,299	14,860,902	16,885,201	**18,624,458**
Total equity attributable to equity shareholders of the Company	11,331,519	11,820,042	14,024,769	16,101,254	**17,797,808**
Non-controlling interests	827,922	871,257	836,133	783,947	**826,650**
TOTAL EQUITY	12,159,441	12,691,299	14,860,902	16,885,201	**18,624,458**

02
Management Discussion and Analysis

2015 BUSINESS REVIEW

The year of 2015 marked the completion of the "12th Five-Year Plan", and is also a critical stage for the change of China's economic structure. Facing slowdown in economic growth, decline in the growth rate of power consumption, and exacerbated grid curtailment in certain areas, the Company's management and staff made joint and huge efforts to respond proactively to the new situation and changes in the power market. At the same time, the Company still insisted to uphold quality and economic efficiency as its core task, continued to optimize the layout and adjust the power structure, and promoted project construction in full swing, thereby achieving a breakthrough of 10 million kilowatts in installed capacity and pushing the operating performance to a new height.

Production safety remained stable, further improvement in production management

In 2015, the Company upheld the core concept of safe development, intensified the implementation of safety measures in production and engineering works, and further consolidated the foundation of safe production. Simultaneously, the Company actively developed self-managed maintenance model for turbine equipment by targeting specific technical renovations, strengthening fault analysis, and promoting refined management. As a result, the equipment reliability was further enhanced.

Steady growth in gross power generation as a result of notable achievement in marketing efforts and control over the progress of project operation

The Company adhered to the marketing approaches of "economic efficiency-centric and market demand-oriented" on an ongoing basis, made corresponding responses to the new requirements under the power sector reform, innovated marketing models and carried out differentiated marketing activities according to the special features of the power market in different areas, so as to effectively monitor the ratio in areas with stringent grid curtailment. Meanwhile, the Company reinforced control over the progress of project construction and achieved a steady increase in power generation.

In 2015, the gross power generation of the Company reached 14,669,067.6 MWh, representing a year-on-year increase of 20.5%. Of which, wind power generation amounted to 13,851,505.2 MWh, representing a year-on-year increase of 18.6% and solar power generation amounted to 817,562.4 MWh, representing a year-on-year increase of 62.6%.

The power generation by business sector and region in 2015 and 2014 is set out as follows:

	Gross power generation of the year (MWh)		
Business sector and region	**2015**	2014	Change
Wind power generation	**13,851,505.2**	11,675,171.9	18.6%
Including: Inner Mongolia	**3,133,980.9**	2,795,683.6	12.1%
Liaoning	**2,174,850.7**	2,057,122.2	5.7%
Shandong	**1,679,158.4**	1,686,521.0	-0.4%
Yunnan	**2,124,725.8**	1,546,919.3	37.4%
Shanxi	**1,141,230.5**	1,100,131.1	3.7%
Guizhou	**1,049,340.9**	676,062.7	55.2%
Guangdong	**704,901.2**	477,106.6	47.7%
Hebei	**586,689.1**	503,080.6	16.6%
Sichuan	**463,643.8**	43,078.2	976.3%
Xinjiang	**320,575.2**	534,315.8	-40.0%
Jilin	**181,318.2**	103,668.8	74.9%
Shanghai	**137,469.1**	116,963.2	17.5%
Shaanxi	**119,294.7**	34,518.8	245.6%
Zhejiang	**34,326.7**	–	–
Solar power generation	**817,562.4**	502,669.2	62.6%
Total	**14,669,067.6**	12,177,841.1	20.5%

The weighted average utilization hours of the Company's wind farms in 2015 were 1,882 hours, representing an increase of 0.4% as compared to 2014. The weighted average utilization hours of the Company's solar power projects in 2015 were 1,591 hours, representing an increase of 12.0% as compared to 2014.

The weighted average utilization hours of the Company by business sector and region in 2015 and 2014 are set out as follows:

	Weighted average utilization hours (hour)		
Business sector and region	**2015**	2014	Change
Weighted average utilization hours of wind power	**1,882**	1,875	0.4%
Including: Inner Mongolia	**1,651**	1,627	1.5%
Liaoning	**1,775**	1,730	2.6%
Shandong	**1,764**	1,853	-4.8%
Yunnan	**2,960**	2,923	1.3%
Shanxi	**1,724**	1,896	-9.1%
Guizhou	**1,674**	1,594	5.0%
Guangdong	**1,982**	1,882	5.3%
Hebei	**1,923**	1,853	3.8%
Sichuan	**2,771**	2,708	2.3%
Xinjiang	**1,619**	2,744	-41.0%
Jilin	**1,832**	1,841	-0.5%
Shanghai	**1,633**	1,949	-16.2%
Shaanxi	**2,380**	1,902	25.1%
Zhejiang	**1,974**	–	–
Weighted average utilization hours of solar power	**1,591**	1,420	12.0%

Full-swing progression in project construction and record high of new installed capacity

In 2015, with the principle of maximising quality and economic efficiency, the Company co-ordinated the allocation of resources, strengthened the comprehensive management in infrastructure work and strived to promote project construction in full swing. The Company not only managed to commence operation of the projects of 1,252.0 MW in Tier I to III Resources Regions, but also timely completed the wind power project of 942.0 MW in Tier IV Resources Regions, which effectively avoided the risk of tariff cut, and assured project benefits in advance. The commencement in operation of Huaneng Yunhe Huangyuan Wind Farm Project has filled up the previous empty footprint of the Company in Zhejiang Province.

The Company's newly installed capacity in 2015 was 2,334.0 MW, of which the newly installed wind power projects was 2,194.0 MW. Of which, the newly installed photovoltaics power projects was 140.0 MW. The scale of the newly installed capacity reached a record high. As at 31 December 2015, the Company accumulated a total installed capacity that exceeded 10 million kilowatt, reaching 10,345.4 MW.

By enhancing the refined management, the Company constructed quality wind power projects. Huaneng Yunnan Dali Wuzipo Wind Farm was awarded the 2015 China Power Quality Engineering Award and the National High Quality Project Award.

The breakdown of the Company's installed capacity by business sector and region as at 31 December 2015 and 2014 is set out as follows:

	Installed capacity (MW)		
Business sector and region	**As at 31 December 2015**	As at 31 December 2014	Change
Wind power installed capacity	**9,720.4**	7,526.4	29.2%
Including: Inner Mongolia	**2,467.2**	1,766.2	39.7%
Liaoning	**1,359.0**	1,245.0	9.2%
Shandong	**952.7**	952.7	–
Yunnan	**1,116.5**	817.5	36.6%
Shanxi	**694.0**	694.0	–
Guizhou	**729.0**	679.5	7.3%
Guangdong	**502.6**	353.1	42.3%
Hebei	**361.5**	357.0	1.3%
Sichuan	**493.5**	246.0	100.6%
Xinjiang	**447.5**	198.0	126.0%
Jilin	**396.0**	99.0	300.0%
Shanghai	**108.0**	60.0	80.0%
Shaanxi	**58.5**	58.5	–
Zhejiang	**34.5**	–	–
Solar power installed capacity	**625.0**	485.0	28.9%
Including: Qinghai	**255.0**	255.0	–
Gansu	**150.0**	150.0	–
Ningxia	**30.0**	30.0	–
Inner Mongolia	**70.0**	20.0	250.0%
Yunnan	**90.0**	–	–
Shanxi	**20.0**	20.0	–
Liaoning	**10.0**	10.0	–
Total	**10,345.4**	8,011.4	29.1%

Achievements in preliminary work of new projects with continuous enrichment in resource reserve

In 2015, facing enhanced environmental requirements and intensifying competition for resources, the Company actively responded to such external situation and achieved several breakthroughs and significant results.

The Company undertook regular wind power projects with an aggregate installed capacity of 1,648.5 MW which were included in the fifth batch of the "12th Five-Year" wind power project pre-approval list issued by the National Energy Administration. The projects are mostly located in Tier IV Resources Regions with high tariff and limited grid curtailment. The capacity of wind power included in the key wind farm development base plan and the distributed plan were 433.5 MW and 30.0 MW, respectively. The capacity of wind power included in wind power generation for heat supply plan was 50.0 MW. The total capacity included in the annual plan amounted to 2,162.0 MW.

The Company obtained a total approved capacity of 1,782.0 MW in wind power projects in 2015, in which 150.0 MW and 58.0 MW are located respectively in Henan and Hunan provinces where the Company established business presence for the first time. The project agreements for wind power development were executed to develop capacity of more than 1 million kilowatt, which further enriched the resource reserve.

While developing quality wind power projects, the Company also stepped up efforts to develop photovoltaic projects, obtained the filed photovoltaic projects with capacity of 300.0 MW for the year, and entered into agreements in relation to the development of photovoltaic capacity of 691.0 MW. The Company has entered into a strategic cooperation agreement with each of BAIC Motor Corporation Limited and Sichuan Xiongfei Group Co., Ltd., with an aim at accelerating the development of roof-top photovoltaic projects and actively exploring new modes for dispersion of micro-network and energy management.

Effective control over capital management

In 2015, the Company successively enhanced its capabilities in control over capital management and the cost of funding had been effectively controlled. While solidifying the main channel of debt financing, the Company further expanded the low-cost bond financing, which achieved reduction in interest of current borrowings and increase in low-interest financing. Through refined internal management, the Company had been able to match its business with finance needs and further upgraded its management efficiency. While both the scale of operation capacity (on average) and interests on debts increased substantially, the net financial expenses were decreased, both as compared to the same period last year.

New achievements in technology innovation

In 2015, the Company promoted scientific and technological innovation in full swing. The project entitled "Research and Application of the Technology in relation to the Connection of Distributed Wind Farms to 10 KV Sub-grid" was awarded the second prize in the "China Power Innovation Award" by China Electricity Council. Three projects of the National 863 Plan relating to the key-technology in construction of offshore wind power stations successfully passed the technical check by the Ministry of Science and Technology of China, which initially formed an offshore wind power research system of the Company and accumulated valuable experience in the development of key technologies and management of technological innovation.

Further enhancement of the Company's image in capital market

In 2015, the Company successively improved and enhanced the management of investor relations and the standard of corporate governance, and further enhanced its recognition in international capital markets. In recent years, the Company has consecutively been listed as one of the "Top 500 Global New Energy Enterprises" and received a series of honors and awards, including the "Most Influential Leader at Listed Companies Award" and the "Most Valuable Listed Company for Investment Award" in the campaign of 2015 China Securities Golden Bauhinia Award, the "ARC Annual Report Design Award for the 2014 Annual Report", the "Best Corporate Governance" Award from "*The Asset*" of 2015, the "Best Investor Relationship Award" and the "Best CFO Award" from the Chinese Financial Market Awards for listed companies and so on. The Company's shares are included as one of the constituents in the MSCI China Index and the Hang Seng Composite LargeCap and MidCap Index, thus increasing the Company's influence in the market.

2016 BUSINESS OUTLOOK

The "13th Five-Year Plan" is an important period for the scale development of renewable energy, and is a critical time for the Company to emerge into a world-class renewable energy enterprise. The PRC government is determined to promote structural adjustment, transformation and upgrading of the energy sector. Policy support is expected to further increase and renewable energy industry is at a historical moment of strategic opportunities. However, under the new normal for economic development, the growth of power demand is slowing down apparently and the situation of the surplus power supply will further exacerbate. With the reinforced reform of the power sector, competition in the power market will become more intense, and with the reduction of the wind power and solar power on-grid tariff, it will be more difficult to obtain high-quality resources. The Company will face many challenges.

In 2016, facing the new normal for economic development, new trend in the structural reform and the new changes to the energy market, the Company will raise its risk awareness, opportunity awareness and innovation awareness with confidence, continue to adhere to the principle of quality and economic efficiency, respond to the power reform and market requirements, further speed up structural adjustments, reforms and innovation, seize strategic opportunities, strive to create a good start of "13th Five-Year Plan" and accelerate the building of a world-class new energy enterprise with international competitive edge.

For 2016, the Company will focus on the following work:

Constantly solidifying safety measures, enhancing the level of production and operation maintenance

The Company will promote safety management, occupational health, and environmental management systems, establish a sound safety management system and constantly solidify the safety measures in full swing. The Company will further improve the production standardization system, strengthen the comprehensive management of equipment, so as to effectively enhance the level of production and operation maintenance.

Continuing to optimize structural layout, and accelerating development of high-quality resources

The Company will make efforts to promote access to high-quality resources. The Company will strategically distribute projects and develop resources in areas with good access to the power grids, high tariff, limited grid curtailment and good regional resources as its priority. The Company will increase the proportion of reserves of photovoltaic projects, increase efforts to develop hybrid (wind and photovoltaic) power projects, distributed and low wind speed power projects.

Accurately developing infrastructure construction, and continuously to construct high-quality projects

The Company will respond effectively to reduce the risk of the tariff cut policy, continue to optimize the layout and actively carry out projects construction in the Tier IV Resources Regions. The Company will strengthen its management, improve the quality of projects that are put into operation, reduce project costs, so as to achieve an orderly and effective project development and construction, and lay the foundation for the development by the Company under the "13th Five-Year".

Enhancing marketing management, and effectively alleviate the pressure of grid curtailment

The Company will conduct in-depth studies on the power reform package and the trading rules in different markets and adhere to the marketing concept that centralizes on market competition. The Company will grasp real-time trends of the regional power markets, research and ascertain the future trend in the power sector in advance and plan the relevant work in well sufficient time, so as to be comprehensively prepared to deal with the market competition.

Attributing efforts to reduce construction costs and financial costs, and continuously improve the profitability and competitiveness of new projects

The Company will enhance the on-site management of infrastructure works and budget estimate audit, strictly review project settlement to further reduce construction costs. The Company will strive to improve the Company's profitability and competitiveness by broadening financing channels, reforming financing methods and constantly reducing financial costs.

RESULTS OF OPERATIONS AND ANALYSIS

Overview

In 2015, the Group substantially improved its profitability and achieved a net profit of RMB1,899.2 million, representing an increase of RMB752.4 million or 65.6% as compared with RMB1,146.8 million of the previous year. Net profit attributable to equity shareholders of the Company was RMB1,859.5 million, representing an increase of RMB738.5 million or 65.9% as compared with RMB1,121.0 million of the previous year.

Revenue

In 2015, the Group achieved revenue of RMB7,356.9 million, representing an increase of RMB1,205.8 million or 19.6% as compared with RMB6,151.1 million of the previous year, which was mainly because: in 2015, the Group's electricity sales was 14,013.2 million kWh, representing an increase of 2,362.2 million kWh or 20.3% as compared with 11,651.0 million kWh of the previous year. The Group's on-grid tariff (tax inclusive) of 2015 was RMB0.614/kWh, which is in line with the previous year.

Other net income

In 2015, the Group's other net income amounted to RMB434.9 million, representing an increase of RMB267.2 million or 159.3% as compared with RMB167.7 million of the previous year. The main reason was the increase in government subsidy and penalty income from suppliers.

Operating expenses

In 2015, the Group's operating expenses amounted to RMB3,675.6 million, representing an increase of RMB702.7 million or 23.6% as compared with RMB2,972.9 million of the previous year, which was primarily due to the increase in depreciation and amortization of the newly installed capacity of operational projects, the increase in personnel costs, repairs and maintenance, administrative expenses and other operating expenses.

Depreciation and amortization: In 2015, the Group's depreciation and amortization expenses amounted to RMB2,735.3 million, representing an increase of RMB465.0 million or 20.5% as compared with RMB2,270.3 million of the previous year, which was mainly due to the increase in installed capacity of projects in operation.

Personnel costs: In 2015, the Group's expenditure on personnel costs was RMB370.2 million, representing an increase of RMB110.1 million or 42.3% as compared with RMB260.1 million of the previous year. The increase was attributable to: (a) the increasing number of staff following the expansion in the scale of the Company, and (b) part of the personnel cost being recognised in profit or loss with more projects put into operation.

Repairs and maintenance, administrative expenses and other operating expenses: In 2015, the Group's repairs and maintenance, administrative expenses and other operating expenses amounted to RMB570.0 million, representing an increase of RMB160.8 million or 39.3% as compared with RMB409.2 million of the previous year. The main reason was the increase in repairs and maintenance, operating tax, lease charges and other relevant expenses with more projects put into operation.

Operating profit

In 2015, the Group's operating profit was RMB4,116.2 million, representing an increase of RMB770.4 million or 23.0% as compared with RMB3,345.8 million of the previous year.

Net finance expenses

In 2015, net finance expenses of the Group amounted to RMB2,073.0 million, representing a decrease of RMB38.7 million or 1.8% as compared with RMB2,111.7 million of the previous year. The decrease was primarily due to the decrease in average cost rate of borrowings and the increase in exchange gains.

Income tax

In 2015, the income tax of the Group amounted to RMB141.4 million, representing an increase of RMB55.7 million or 65.0% as compared with RMB85.7 million of the previous year. The increase was mainly due to the increase in the profit before taxation.

Liquidity and source of funding

As at 31 December 2015, the current assets of the Group amounted to RMB7,651.8 million, including deposits, cash and restricted deposits of RMB4,530.6 million, trade debtors and bills receivable of RMB2,900.0 million. Current liabilities of the Group amounted to RMB28,533.2 million, comprising RMB18,727.0 million of short-term borrowings (including short-term debentures and long-term borrowings due within one year) and

RMB9,250.1 million of other payables (which primarily consisted of payables for equipment purchased from suppliers, construction payables and retention payables).

As at 31 December 2015, the Group's outstanding borrowings (including corporate bonds) amounted to RMB49,404.1 million, representing an increase of RMB5,255.8 million as compared with RMB44,148.3 million as at 31 December 2014. As at 31 December 2015, the Group's outstanding borrowings comprised short-term borrowings (including short-term debentures and long-term borrowings due within one year) of RMB18,727.0 million and long-term borrowings (including corporate bonds) of RMB30,677.1 million, which were principally denominated in RMB.

Capital expenditure

In 2015, the capital expenditure of the Group amounted to approximately RMB15,879.5 million, representing an increase of RMB648.9 million or 4.3% as compared with RMB15,230.6 million of 2014, which was primarily due to the expenditure for the construction of wind power projects and solar power projects. The capital expenditure was mainly funded by internal resources, bank borrowings and other financing sources.

Net gearing ratio

As at 31 December 2015, the net gearing ratio of the Group, which was calculated by dividing net debt (total borrowings and obligations under finance lease minus cash and cash equivalents) by the sum of net debt and total equity, was 72.2%, representing an increase of 1.4 percentage points as compared with 70.8% as at 31 December 2014.

Material investments

In December 2015, through Huaneng Renewables (Hong Kong) Limited (a wholly-owned subsidiary of the Company), the Company subscribed for 243,722,000 H shares of China Energy Engineering Corporation Limited (Stock Code: 03996) at the offer price of HKD1.59 and the total subscription price was approximately USD50 million.

Material acquisitions and disposals

The Group did not make any material acquisition or disposal in 2015.

Pledge of assets

As at 31 December 2015, certain property, plant and equipment of the Group were pledged for bank loans of Huaneng Ge'ermu Photovoltaic Power Generation Co. Ltd..

Contingent liabilities

As at 31 December 2015, the Group did not have any material contingent liability.

RISK FACTORS AND RISK MANAGEMENT

Risk associated with polices

Wind power and solar companies are largely dependent on policies of the state and the industry, laws and regulations and the incentive schemes. Changes of policies, laws and regulations in equipment manufacturing and power grid sector have a great impact on wind power and solar enterprises. Although the network condition was improving gradually, the problem of energy waste caused by the abandonment of wind power was negatively affecting the industry development. The risks caused by the changes in different factors will affect the operation of the Company.

To this end, the Company will closely follow the policy guidance, strengthen policy judgment, improve the predictability of the policies, proactively estimate the possible adverse effects brought by all unfavorable factors and to coordinate the development and implementation of practical measures to reduce any potential risks, so as to gain the initiative to manage risks associated with policies.

Risk associated with grid curtailment

While the country's economy is slowing down, the structural changes in the economy and further implementation of energy conservation policy had accelerated the effort of phasing out or closing down of disused production capacity. It led to a reduction of production or even closure of some high-energy consumption industries which had caused a significant drop in electricity consumption in certain industrial areas. The growth of electricity consumption by the whole society was slowing down over the prior year. At the same time, the transportation channels were experiencing transportation deficiency problems to various degrees due to the network structure and led to serious grid curtailment in some areas.

In this regard, the Company had further improved the layout of special projects in recent years. It changed the development focus of special projects into regional offices of having good network of electricity. In addition, the Company actively participated in the formulation of consumption policy making of both national and local wind power, reflecting the reasonable demands of wind power companies. It aimed to strive for the best interest of both the industry and the Company on making favorable policies and to create a better operation and development environment for the Company.

Risk associated with tariffs

Stable price policies formed the basis of growth of the Company's profitability. Any price adjustment might have an impact on the profit level of some new wind and solar power projects or may even deprive certain planned projects of development conditions.

Therefore, the Company will strengthen its research on the tariff policy. Focusing on economic efficiency, the Company will upfront lock up resources in areas with better resources, higher tariffs and higher yields on the return of investments. Also, it would speed up project construction in areas with excellent resources and to complete adjustment of the corporate structure to ensure that the Company's effectiveness would be fully optimized.

Risk associated with climate

Wind power and solar companies were sensitive to seasonal climate changes. Wind resources change along with seasonal changes which was the key factor affecting the electricity supply. The risk posed by climate instability had limited the electricity supply obviously. Furthermore, extreme weather like typhoons, freeze, strong dust storms, fog and haze, lightning and so forth, would pose greater risks to the operation of the wind and solar companies.

To this end, for those areas having serious problem of extreme weather like typhoons and freeze, the Company would conduct critical assessment on selection of machinery type and network solutions so as to raise the design standard. It also fully assessed the impact of climate on both wind farm security and effectiveness in order to formulate feasible and practical solutions. For projects already in operation, the Company, based on the past experience gained on dealing with extreme weather, prepared contingency plans and strengthened on-site drills which help to improve its capacity to counter and handle disasters.

Human Resources

SUMMARY OF HUMAN RESOURCES

As at 31 December 2015, the Company had a total of 1,944 full-time employees, among which 191 received postgraduate degrees or above (representing 9.8% of the total number of employees), 1,237 received undergraduate degrees (representing 63.6% of the total number of employees) and 516 received college diplomas or below (representing 26.6% of the total number of employees).

The Company had 9 employees aged above 55 (representing 0.5% of the total number of employees); 381 employees aged between 36 and 55 (representing 19.6% of the total number of employees); 1,554 employees aged 36 or below (representing 79.9% of the total number of employees).

EMPLOYEE INCENTIVES

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

In accordance with the law, the Company has established a social security system for payment of the corporate's part of the social insurance costs for social welfare protection, including employee pensions and health care benefits. In accordance with the national policy, the Company has also established a corporate annuities and supplementary medical insurance policy to supplement the basic employee pension and medical benefits. The Company has concerned about staff's production and living, and actively organized "Warmth and Care Delivery" activities, and provided support and help for staff in need.

STAFF TRAINING

To meet the needs for healthy development of the Company and self-development of employees, the Company attaches great importance to the nurturing of its workforce and has been strengthening employee training. With a view to enhancing the professional capability and management skills of employees, the Company organized a wide range of trainings under different levels and categories in 2015 for various personnel ranging from the management to technical employees. The Company provides a four-level orientation and training program to newly-joined staff including management interface cognition, standardized management of power generation system, wind power enterprises basic practice and scientific and refined management of listed companies, and designs training programs based on the professional and specialty backgrounds of individual employees. The Company's subsidiaries organized various professional training and induction training courses delivered by professional lecturers and experienced technical experts; employees took part in various kinds of technical skills competitions and won a first-class award for team contest in the 2nd Wind Power Generation Maintenance Skills Competition for the Electric Power Industry in China, through which the professional quality of our existing employees was significantly enhanced. The Company also actively encourages its subsidiaries to carry out on-the-job training, appraisal and certification of skilled personnel so as to improve employees' quality.

REMUNERATION POLICY

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

Social Responsibility Report

ENVIRONMENTAL PROTECTION RESPONSIBILITY

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

As a renewable energy corporation, the Company diligently fulfilled the responsibility of energy conservation and emission reduction in 2015 by generating green electricity of 14,669,067.6 MWh, equivalent to a reduced emission of approximately 13.21 million tonnes of carbon dioxide. During the year, three voluntary emissions reduction projects were successfully filed with the National Development and Reform Commission, and three projects were granted the certificates of voluntary emission reduction with an aggregate of 0.22 million tonnes registered, of which one project completed the transaction of 64,000 tonnes.

SAFETY RESPONSIBILITY

In 2015, in addition to expand its production scale and enhance its operational efficiency, the Company stuck to the core idea of safe development and thoroughly implemented safety measures for production and engineering. It strengthened the promotion of compliance with laws and regulations, enhanced the responsibility awareness of leading cadres at all levels; valued employees' education, strengthened the monitoring of operations, taking a serious attitude to post-incident appraisals, enhanced employees' consciousness and technical level of safety production; thoroughly investigated and controlled daily potential risks, and provided safety protection to employees and the region where we operate via projects and initiatives such as "Special Rectification on On-floor and Off-floor Road Safety". We focused on eliminating the hazardous factors in the aspects of safety management, safety quality and safety environment so as to provide reliable safety protection for our employees.

PUBLIC WELFARE

In 2015, the Company actively participated in public welfare activities and proactively shouldered the social responsibility of a central enterprise and a listed company. The Company supported local economic, social and cultural initiatives, and initiated public welfare activities such as providing education funds, alleviating poverty, offering disaster relief and supporting reconstruction, so as to achieve harmonious development of the Company and society. The Company focuses on its missions of green power development and clean energy production by incorporating the concept of social responsibility into its development strategies, production and operation, and placing great emphasis on protecting and improving the environment, with a view to creating and establishing a sound image for "Huaneng".

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of Huaneng Renewables Corporation Limited (the "**Company**") hereby presents to the shareholders the corporate governance report for the period between 1 January 2015 and 31 December 2015 (the "**Reporting Period**").

CORPORATE GOVERNANCE PRACTICES

The Company has always placed an emphasis on corporate governance and promotion of innovative management of its corporate governance system. The Company is committed to maintaining and promoting stringent corporate governance, and considers it as an indispensable part in creating values for shareholders. The principle of the Company's corporate governance is to promote effective risk management and internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Company has complied with the Corporate Governance Code (the "**Code**") in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"). The Company periodically reviews its corporate governance practices to ensure continuous compliance with the Code. During the Reporting Period, except for the following deviation, the Company strictly complied with the principles and code provisions and some of the recommended best practices as set out in the Code. Mr. CAO Peixi (non-executive Director, chairman of the Board and chairman of the nomination committee) did not attend the 2014 annual general meeting of the Company held on 25 June 2015 due to work commitments. This constitutes a deviation from code provision E.1.2 of the Code, which states that the chairman of the Board should attend the annual general meeting.

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

BOARD OF DIRECTORS

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

Composition of the Board

The Board comprises eleven Directors, including three Non-executive Directors, four Executive Directors, and four Independent Non-executive Directors. The biographical details of the Directors as at the date of this report are set out on page 70 to page 73 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among the Board members. Each Director has sound knowledge, experience and expertise relevant to the business operation and development of the Company. All Directors are aware of their joint and several responsibilities to shareholders.

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

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

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

Notes:

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

(2) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014. On the same day, Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board. The term of Mr. WANG Kui as a Non-executive Director of the Company to fill a vacancy lasted until the holding of the 2014 annual general meeting of the Company. Subsequently, the appointment of Mr. WANG as the Non-executive Director of the second session of the Board of the Company was approved by the 2014 annual general meeting of the Company. For details, please refer to the Company's announcement dated 12 August 2014, and the announcement of poll results of the 2014 annual general meeting dated 25 June 2015.

(3) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director of the Company on 12 August 2014, and Mr. HE Yan was appointed as Executive Director of the Company on the same day. The term of Mr. HE Yan as an Executive Director to fill a vacancy will lasts until the holding of the 2014 annual general meeting. Subsequently, the appointment of Mr. He as the Executive Director of the second session of the Board of the Company was approved by the 2014 annual general meeting of the Company. For details, please refer to the Company's announcement dated 12 August 2014, and the announcement of poll results of the 2014 annual general meeting dated 25 June 2015.

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

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

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

Board Meetings and General Meetings

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

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

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

		The Second Session of the Board (four meetings)		General Meetings (one meeting)	
Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate	Number of Meetings Attended/Held	Attendance Rate
CAO Peixi	Chairman of the Board, Non-executive Director	3/4	75% (Additional attendance by proxy: 1)	0/1	0%
ZHANG Tingke	Vice Chairman of the Board, Non-executive Director	4/4	100%	0/1	0%
WANG Kui	Non-executive Director	4/4	100%	0/1	0%
LIN Gang	Executive Director, President	4/4	100%	1/1	100%
XIAO Jun	Executive Director	4/4	100%	1/1	100%
YANG Qing	Executive Director	4/4	100%	1/1	100%
HE Yan	Executive Director	4/4	100%	1/1	100%
QIN Haiyan	Independent Non-executive Director	4/4	100%	0/1	0%
DAI Huizhu	Independent Non-executive Director	4/4	100%	1/1	100%
ZHOU Shaopeng	Independent Non-executive Director	4/4	100%	0/1	0%
WAN Kam To	Independent Non-executive Director	4/4	100%	1/1	100%

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

Powers Exercised by the Board and the Management

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

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

Chairman and President

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

Procedures of the Board Meeting approved by the Board clearly defined the division of duties between the Chairman and the President.

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

Remuneration of the Directors and Senior Management

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

Appointment and Re-election of Directors

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

Continuing Professional Development of Directors

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

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

Below is the summary of the training received by the Directors for the period between 1 January 2015 and 31 December 2015 based on the records provided by the Directors:

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

Notes:

A: attending briefing and/or seminar

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

BOARD COMMITTEES

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

Audit Committee

The audit committee consists of three Non-executive Directors, namely Mr. ZHOU Shaopeng (Independent Non-executive Director), Mr. WANG Kui (Non-executive Director) and Mr. WAN Kam To (Independent Non-executive Director). Mr. ZHOU Shaopeng currently serves as the chairman of the audit committee.

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

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

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

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

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

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

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

(1) On 17 March 2015, the audit committee of the second session of the Board held its first meeting in 2015 to review and pass the following resolutions: (1) Resolution regarding the Company's 2014 Annual Results Announcement and 2014 Annual Report; (2) Resolution regarding the 2014 Annual Final Financial Report; (3) Resolution regarding the Company's 2014 Annual Profit Distribution; (4) Resolution regarding the Company's 2014 Annual Internal Control Report; (5) Resolution regarding the Company's 2014 Annual Internal Audit Report; (6) Resolution regarding the Audit Fee for 2014 and the Appointment of Auditor of the Company for 2015; (7) Resolution regarding the Company's 2014 Annual Connected Transactions Report; and (8) Resolution regarding the Review Opinion from KPMG on the Company's 2014 Annual Financial Statements.

(2) On 18 August 2015, the audit committee of the second session of the Board held its second meeting in 2015 to review and pass the following resolutions: (1) Resolution regarding the Company's 2015 Interim Results Announcement and 2015 Interim Report; (2) Resolution regarding the Company's 2015 Interim Financial Report; and (3) Resolution regarding the Review Opinion from KPMG on the Company's 2015 Interim Financial Report.

All members of the audit committee attended the above two meetings.

Remuneration Committee

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

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

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

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

On 17 March 2015, the remuneration committee of the second session of the Board held its first meeting in 2015 to consider the remuneration of Directors, supervisors and senior management members of the Company. All members of the remuneration committee attended the meeting.

Nomination Committee

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

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

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

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

On 25 December 2015, the nomination committee of the second session of the Board held its first meeting in 2015 to consider the Resolution regarding whether the Board of the Company complied with the relevant requirements.

All members of the nomination committee attended the meeting.

Board Diversity Policy

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In addition, appropriate insurance coverage for Directors' liability has been arranged against possible legal proceedings to be taken against the Directors.

CORPORATE GOVERNANCE FUNCTIONS

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

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

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

AUDITORS AND REMUNERATION

KPMG and KPMG Huazhen LLP were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2015.

For the year ended 31 December 2015, the fee for audit services was RMB15.0 million. For the year ended 31 December 2015, the fees for non-audit services amounted to RMB3.5 million. The non-audit services mainly involved the review of the Company's 2015 interim results.

The responsibilities of the Company's external auditor, KPMG, regarding its report on the Financial Statements are set out on page 77 to page 78 of this annual report.

COMMUNICATIONS WITH SHAREHOLDERS

The Company attaches great importance to the management of investor relations. It constantly strengthens and improves the investor relations management standards, discloses the information of the Company in a true, accurate, complete and timely manner in strict accordance with regulatory requirements, so as to increase the transparency and visibility of the Company, thereby improving the Company's image in the capital market.

In 2015, the capital market in general was very volatile. The industry segment and share price of the Company were fluctuating as affected by relevant policies such as tariffs adjustment of the state's "13th Five-Year Plan". To cope with changes in the external environment, the Company has further strengthened its efforts in investor relations management by proactively developing new channels, communicating with investors by different means of communication in a timely manner, enhancing the daily communication with investors in particular. The Company has achieved a comprehensive and efficient exchanges, which helps in establishing a bridge for effective communication between the Company and the capital market.

- In March and August 2015, the management of the Company carried out 2014 annual results roadshow and 2015 interim results roadshow in Hong Kong respectively, organized two investment analyst meetings, one press conference and scores of "one-on-one" conferences.
- In May 2015, the Company conducted its first non-deal roadshow in Europe. More than a dozen of one-to-one meetings and group meetings with the existing investors and potential investors of the Company were conducted, detailing the operations, future development and prospects of the Company. The roadshow, which was well-received by the investors, facilitated target-oriented and in-depth communications and enhanced investors' understanding of the Company and the industry.
- The Company received nearly 90 batches of visits from institutional investors and met over 170 investors during the year.

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

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

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

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

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

ARTICLES OF ASSOCIATION

In order to reflect the new share capital structure as well as the registered capital of the Company and the amendment of relevant laws and regulations such as the "Company Law of the People's Republic of China" and "Guidelines for Articles of Association of Chinese Listed Companies", the amendments of the Articles of Association were approved by the eleventh meeting of the second session of the Board held on 17 March 2015 and the 2015 annual general meeting held on 25 June 2015.

For details, please refer to the announcements of the Company dated 25 March 2015 and 25 June 2015 and the circular dated 8 May 2015.

COMPANY SECRETARY

During the Reporting Period, Ms. SONG Yuhong served as the sole company secretary of the Company. During the Reporting Period, Ms. SONG had duly compiled with the relevant training requirement under Rule 3.29 of the Listing Rules, satisfying the requirement of 15 hours per year.

Report of the Board of Directors

The Board hereby presents to shareholders the annual report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL BUSINESS

The Company is principally engaged in wind power generation. Details of the subsidiaries, a joint venture and an associate of the Company are set out in Notes 16, 17 and 18 to the Financial Statements.

SHARE ISSUE AND LISTING

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

On 21 October 2013, the Company completed the placing of an aggregate of 582,317,360 H shares, representing approximately 6.4% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.7% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares). After the placing, the total number of issued shares of the Company increased from 8,446,898,000 shares to 9,029,215,360 shares. The total number of issued H shares increased from 2,911,586,800 H shares to 3,493,904,160 H shares. As at 31 December 2013, China Huaneng Group, the controlling shareholder of the Company, directly and indirectly held 61.30% of the Company's total issued shares. For further details, please refer to the Company's announcements dated 15 October 2013 and 21 October 2013, respectively. Approximately HK$155 million was not yet utilized as at 31 December 2015.

On 23 December 2014, the Company completed the placing of an aggregate of 698,780,832 H shares, representing approximately 7.18% of the total number of issued shares (as enlarged by the allotment and issue of the placing shares) and approximately 16.67% of the total number of H shares in issue (as enlarged by the allotment and issue of the placing shares). After the placing, the total number of issued shares of the Company increased from 9,029,215,360 shares to 9,727,996,192 shares. The total number of issued H shares increased from 3,493,904,160 H shares to 4,192,684,992 H shares. As at 31 December 2014, China Huaneng Group, the controlling shareholder of the Company, directly and indirectly held 56.90% of the Company's total issued shares. For further details, please refer to the Company's announcements dated 16 December 2014 and 23 December 2014. The net proceeds from the placing amounted to approximately HK$1,720,613,283 (after deduction of the commissions and estimated expense), which has been fully utilized as at 31 December 2015.

SHARE CAPITAL

As at 31 December 2015, the Company had 9,727,996,192 shares in issue with nominal value of RMB1.00 each. The total issued share capital of the Company was RMB9,727,996,192.

RESULTS

The audited results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of comprehensive income on page 79 to page 80. The financial position of the Group as at 31 December 2015 is set out in the consolidated statement of financial position on page 81 to page 82. The consolidated cash flow of Group for the year ended 31 December 2015 is set out in the consolidated cash flow statement on page 84 to page 86.

A discussion and analysis of the Group performance during the year, financial position as at the end of the year and the material factors underlying its results and future development in the Company's business are set out in the section headed "Management Discussion and Analysis" on page 18 to page 29 of this annual report.

RESERVES

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

PROFIT DISTRIBUTION

The Board recommends the payment of a final dividend of RMB0.03 per ordinary share (tax inclusive) in cash. Subject to the approval in the annual general meeting, final dividends will be distributed on or before 31 August 2016.

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

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

PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 13 to the Financial Statements for details of properties, plants and equipment of the Group during the year.

BONDS

During the year, the Company successfully issued short-term debentures with an amount of RMB2 billion in meeting its operational needs. Please refer to Note 23 to the financial statements for details.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company as of 31 December 2015 are set out in Note 23 to the Financial Statements.

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

Between 1 January 2015 and 31 December 2015 (the "**Reporting Period**"), neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PRE-EMPTIVE RIGHTS

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

Notes:

(1) Due to work adjustment, Mr. ZHAO Keyu resigned from the positions of Non-executive Director of the Company and member of the audit committee under the Board on 12 August 2014. On the same day, Mr. WANG Kui was appointed as Non-executive Director of the Company and member of the audit committee under the Board. The term of Mr. WANG Kui as a Non-executive Director of the Company to fill a vacancy lasted until the holding of the 2014 annual general meeting of the Company. Subsequently, the appointment of Mr. WANG as the Non-executive Director of the second session of the Board of the Company was approved by the 2014 annual general meeting of the Company. For details, please refer to the Company's announcement dated 12 August 2014, and the announcement of poll results of the 2014 annual general meeting dated 25 June 2015.

(2) Due to work adjustment, Mr. YU Chunping resigned from the position of Executive Director of the Company on 12 August 2014, and Mr. HE Yan was appointed as Executive Director of the Company on the same day. The term of Mr. HE Yan as an Executive Director of the Company to fill a vacancy lasted until the holding of the 2014 annual general meeting of the Company. Subsequently, the appointment of Mr. He as the Executive Director of the second session of the Board of the Company was approved by the 2014 annual general meeting of the Company. For details, please refer to the Company's announcement dated 12 August 2014, and the announcement of poll results of the 2014 annual general meeting dated 25 June 2015.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on page 70 to page 76 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

REMUNERATION OF DIRECTORS AND SUPERVISORS

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

During the financial year ended 31 December 2015, there was no transaction, arrangement and contract of significance in relation to the Company's business in which the Company or its subsidiaries was a party or in which a Director and supervisor or their connected entities had a material interest, either directly or indirectly, subsisting during the financial year ended 31 December 2015.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year of 2015, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

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

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

As at 31 December 2015, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong (the "**SFO**")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which have to be recorded in the register under section 352 of the SFO, referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 31 December 2015, to the best knowledge of the Directors, the following persons (other than the Directors, chief executive or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as record in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Class of shares	Capacity/Nature of interests	Number of shares held (Shares)	Approximate percentage in the relevant class of shares (%)[2]	Approximate percentage in the total share capital (%)[3]
Controlling shareholder					
China Huaneng Group[1]	Domestic shares	Beneficial owner/ Interest of controlled corporation	5,535,311,200 (Long position)	100%	56.90%
Other substantial shareholders					
National Council for Social Security Fund	H shares	Beneficial owner	280,192,800 (Long position)	6.68%	2.88%
Value Partners Group Limited	H shares	Interest of controlled corporation	252,138,000 (Long position)	6.01%	2.59%
GIC Private Limited	H shares	Investment manager	248,896,000 (Long position)	5.94%	2.56%
JPMorgan Chase & Co.	H shares	Beneficial owner/ Investment manager/ Custodian	225,889,204 (Long position)	5.38%	2.32%
			217,717,646 (Lending pool)	5.19%	2.24%
BlackRock, Inc.	H shares	Interest of controlled corporation	213,915,247 (Long position)	5.10%	2.20%
			18,817,300 (Short position)	0.45%	0.19%

Notes:

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

(2) It is calculated on the basis that the Company has issued 5,535,311,200 domestic shares or 4,192,684,992 H shares as at 31 December 2015.

(3) It is calculated on the basis that the Company has issued 9,727,996,192 shares as at 31 December 2015.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors and Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during 2015.

SUBSEQUENT EVENTS

To meet its operational needs, on 28 January 2016, the Company issued a super short-term debentures of RMB2,000 million with a maturity period of 270 days at par with the issuing interest rate of 2.9% and on 3 March 2016, the Company issued another super short-term debentures of RMB2,000 million with a maturity period of 180 days at par with the issuing interest rate of 2.68%.

CONNECTED TRANSACTIONS

Major connected transactions of the Company for the year ended 31 December 2015 are as follows:

NON-EXEMPT ONE-OFF CONNECTED TRANSACTION

The Company entered into the following non-exempt connected transactions in 2015. The purposes of the Company to enter into such connected transactions were to meet the operational needs of the Company and to get the most favourable terms and conditions from the market for the benefit of the Company. The relevant information regarding the connected transactions was set out in the Company's announcement dated 7 May 2015.

Connected Transaction	Connected Persons	Consideration *(RMB '000)*
1. Capital increase to Huaneng Tiancheng Financial Leasing Co., Ltd. ("**Tiancheng Leasing Company**")	Huaneng Capital Services Corporation Ltd. ("**Huaneng Capital**"), China Hua Neng Group Hong Kong Limited ("**Hua Neng HK**"), Huaneng Lancang River Hydropower Co., Ltd. ("**Huaneng Lancang River**"), Huaneng Power International, Inc. ("**HPI**")	USD equivalent of 120,000

(1) Increase Capital to Huaneng Tiancheng Financial Leasing Co., Ltd.

On 7 May 2015, the Company and its wholly-owned subsidiary, Huaneng Renewables (Hong Kong) Limited ("**Huaneng Renewables HK**"), jointly revised the Joint Venture Agreement and Tiancheng Leasing Company Articles with Huaneng Capital, Hua Neng HK, Huaneng Lancang River and HPI. The Company and Huaneng Renewables HK also entered into Capital Increase Agreement with Huaneng Capital, Hua Neng HK, Huaneng Lancang River, HPI and Tiancheng Leasing Company. Huaneng Renewables HK, Huaneng Capital, Hua Neng HK, Huaneng Lancang River and HPI shall subscribe for the newly increased registered capital of Tiancheng Leasing Company, while the Company shall not subscribe any newly increased registered capital of Tiancheng Leasing Company. The capital of Tiancheng Leasing Company shall be increased by RMB1,700 million. Following completion of the Transaction, the registered capital of Tiancheng Leasing Company shall be changed to RMB2,700 million. Huaneng Renewables HK proposes to subscribe for the portion of the newly increased capital of Tiancheng Leasing Company in the equivalent of RMB126.00 million by USD and becomes a shareholder of Tiancheng Leasing Company, of which USD equivalent of RMB120.00 million shall be the registered capital, while the remaining USD equivalent of RMB6.00 million shall be used to increase the capital reserve fund.

Prior to completion of the Transaction, the registered capital of Tiancheng Leasing Company is RMB1,000 million and the investors and their respective shareholding proportion are: Huaneng Capital (45%), Hua Neng HK (25%), Huaneng Lancang River (15%) and the Company (15%). Following completion of the Transaction, the registered capital of Tiancheng Leasing Company shall be changed to RMB2,700 million, and Huaneng Renewables HK and HPI shall become the shareholders of Tiancheng Leasing Company. The investors and their respective shareholding proportion shall be: Huaneng Capital (39%), Hua Neng HK (21%), HPI (20%), Huaneng Lancang River (10%), the Company (5.56%) and Huaneng

Renewables HK (4.44%). The original shareholders, Huaneng Capital, Hua Neng HK, Huaneng Lancang River and the Company, have waived their pre-emptive rights to subscribe for the newly increased registered capital according to the proportion of their capital contribution (prior to completion of the Transaction) in Tiancheng Leasing Company.

Prior to completion of the Transaction, the Company holds 15% of the registered capital of Tiancheng Leasing Company. After the completion of the Transaction, the Company and Huaneng Renewables HK in aggregate hold 10% of the registered capital of Tiancheng Leasing Company, and therefore, it constitutes a deemed disposal as defined under the Chapter 14 of the Hong Kong Listing Rules. On the date of entering of the Capital Increase Agreement, being 7 May 2015, Huaneng Group holds an approximately 56.90% equity interest of the Company, including an approximately 54.06% direct equity interest held by Huaneng Group and an approximately 2.85% equity interest held through Huaneng Capital. Huaneng Capital and Hua Neng HK are wholly-owned subsidiaries of Huaneng Group; Huaneng Lancang River is owned as to 56% by Huaneng Group, and HPI is directly and indirectly owned as to 50.01% by Huaneng Group. Huaneng Lancang River and HPI are controlled subsidiaries of Huaneng Group. Under the Hong Kong Listing Rules, Huaneng Group is a connected person of the Company and the transaction among the Company, Huaneng Renewables HK and the associates of Huaneng Group (including Huaneng Capital, Hua Neng HK, Huaneng Lancang River and HPI) constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) exceeds 0.1% but all are less than 5%, the transaction is only subject to the reporting and announcement requirements set out in Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirements.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company has entered into certain non-exempt continuing connected transactions during 2015. The table below sets out the annual caps for 2015 and the actual transaction amounts of such connected transactions:

Connected Transaction	Connected Person	Annual Cap for 2015 *(RMB'000)*	Actual Transaction Amount for 2015 *(RMB'000)*
1. Provision of production services to the Company	Huaneng Group	105,700	58,665
2. Provision of insurance services to the Company	Huaneng Group	90,000	53,410
3. Provision of office leasing and related property services to the Company	Huaneng Group	32,370	26,455
4. Provision of production services to Huaneng Group	Huaneng Group	10,000	70
5. Provision of deposit services to the Company	China Huaneng Finance Corporation Limited ("**Huaneng Finance**")	2,500,000	2,477,234[(1)]
6. Entering into of Domestic Voluntary Emission Reduction Project Development Agreement	Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon Asset Management**")	6,000	0
7. Provision of financial leasing services to the Company	Tiancheng Leasing Company	900,000 and leasing interest 85,000	324,786[(2)] and leasing interest 23,825

Notes: (1) The actual transaction amount disclosed represents the highest daily deposit balance.

(2) The actual transaction amount disclosed represents the balance as at 31 December 2015.

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

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

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

The actual transaction amounts of the above four continuing connected transactions in 2015 are RMB58.665 million, RMB53.410 million, RMB26.455 million and RMB0.070 million respectively, which are within the annual caps disclosed in the announcement of the Company dated 25 October 2013.

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

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

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

Under the Deposit and Loan Services Framework Agreement, the annual caps for the three years ending 31 December 2014, 31 December 2015 and 31 December 2016 are RMB2.5 billion respectively. The actual transaction amount of the continuing connected transactions in 2015 is RMB2,477.234 million, which is within the annual cap disclosed in the announcement dated 30 December 2013.

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

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

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

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

If as a result of the project being not registered or having not been issued by the project, which lead to fail to reduce emissions, the Company does not pay any fees to the Huaneng Group account or pay reductions to a special reductions account.

Under the Domestic Voluntary Emission Reduction Project Development Agreement, each of the proposed annual caps for 2014, 2015 and 2016 are RMB6 million. The Company is not required to pay any fees for the first certification or before the first certification. However, upon successful registration of the project, it is required to pay in advance for the certification fees for the second or subsequent certifications (consultation fees for project supervision after the second or subsequent certification will be negotiated by both parties separately and determined after signing of the certification service agreement) and deduct the same before allocating project revenue. The proposed annual caps, consideration and payment arrangements were negotiated on arm's length terms, taking into account the prevailing market conditions. The pricing policy of the Domestic Voluntary Emission Reduction Project Development Agreement was reflected in the tiered proportions and the Company's share of the revenue from emission reduction units following the obtaining of different stage(s) of emission reductions certification. Such pricing policy was based on arm's length negotiation taking into account the risks associated with the development of domestic voluntary emission reduction projects and the risks associated with the revenue to be generated from selling of the CCER units. As at the date the Company entered into the Domestic Voluntary Emission Reduction Project Development Agreement, being 30 June 2014, Huaneng Group held a 61.30% equity interest in the Company, including a 58.24% equity interest directly held by Huaneng Group and a 3.07% equity interest held through Huaneng Capital, a wholly-owned subsidiary of Huaneng Group. Huaneng Carbon Asset Management has five existing shareholders, all of which are units under Huaneng Group (with Huaneng Capital holding 60%, the Company holding 10%, Huaneng Sichuan Hydropower holding 10%, Huaneng Lancang River holding 10%, and Xi'an Thermal Power Research Institute Co., Ltd. holding 10%). As such, Huaneng Carbon Asset Management is a connected person of the Company and the transaction as contemplated under the Domestic Voluntary Emission Reduction Project Development Agreement constitutes a continuing connected transaction of the Company.

The actual transaction amount of the continuing connected transactions in 2015 is nil, which is within the annual cap disclosed in the Company's announcement dated 30 June 2014.

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

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

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

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

The actual transaction amount of the continuing connected transaction in 2015 is RMB324.786 million and leasing interest of RMB23.825 million, which is within the annual cap disclosed in the Company's announcements dated 12 August 2014 and 15 September 2014.

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

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

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

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

The Company has engaged KPMG, its external auditor, to report on the Company's abovementioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 Auditor Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor letter has been provided by the Company to the Hong Kong Stock Exchange.

The related party transactions in 2015 that fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules were disclosed in Note 33(a) to the Financial Statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, purchase from the Group's five largest suppliers as defined under the Listing Rules in aggregate contributed less than 30% of the Group's total purchase of goods and services for the year.

For the year ended 31 December 2015, sales to the Group five largest customers in aggregate contributed 63.3% of the Group's total sales for the year, among which, sales to the largest customer contributed 14.7% of the Group's total sales for the year.

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

REMUNERATION POLICIES

As at 31 December 2015, the Company had 1,944 full-time employees. Remuneration of employees of the Company will be determined based on the complexity involved with the positions and the responsibilities to be performed by the employees, as well as with reference to work performance. The remuneration of Directors, supervisors and senior management of the Company includes the following components:

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

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

(2) Bonus

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

(3) Pension contribution

All Directors, supervisors and senior management are entitled to the pension plan maintained by the Company, including basic pension insurance and enterprise annuity. Pension contribution accounts for approximately 9% of the total remuneration.

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

During the Reporting Period, the Company's senior management positions included President, Vice-President, Chief Financial Officer and Secretary to the Board, and their remunerations ranged from approximately RMB650,000 to RMB950,000 (before tax).

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the reporting period.

MANAGEMENT CONTRACTS

No contracts concerning management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

RELATIONSHIPS WITH STAKEHOLDERS

The Company maintains good relationship with customers, suppliers and other business partners and bank enterprises to achieve its long-term goals. Our senior management have kept good communication, promptly exchanged ideas and shared business update with them. In 2015, there was no material and significant dispute between our Group and its customers, suppliers and other business partners.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and senior management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2015, the Company has not entered into any equity-linked agreement.

OTHER DISCLOSURES

An analysis of the Company's performance using key financial performance indicators, a discussion on the principal risks and uncertainties facing by the Company and an indication of likely future development in the Company's business are set out in the section headed "Management Discussion and Analysis" in this annual report; discussions on the Company's environmental policies and performance and permitted indemnity provisions provided by the Company to its Directors are included in the sections headed "Social Responsibility Report" and "Corporate Governance Report" respectively in this annual report. These discussions form part of this Directors' Report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has always placed an emphasis on corporate governance and promotion of innovative management of its corporate governance system. The Company is committed to maintaining and promoting stringent corporate governance, and considers it as an indispensable part in creating values for shareholders. The principle of the Company's corporate governance is to promote effective risk management and internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Company has complied with the Code in Appendix 14 of the Listing Rules. The Company periodically reviews its corporate governance practices to ensure continuous compliance with the Code. During the Reporting Period, except for the following deviation, the Company strictly complied with the principles and code provisions and some of the recommended best practices as set out in the Code. Mr. CAO Peixi (non-executive Director, chairman of the Board and chairman of the nomination committee) did not attend the 2014 annual general meeting of the Company held on 25 June 2015 due to work commitments. This constitutes a deviation from code provision E.1.2 of the Code, which states that the chairman of the Board should attend the annual general meeting.

PUBLIC FLOAT

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

MATERIAL LITIGATION

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

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

2. To address the quality issue in relation to the equipment supplied by the Defendant, the Plaintiffs and the Defendant entered into a Supplemental Agreement on Rectification and Subsequent Withdrawal of Quality Assurance relating to the Wind Turbine Generation Units Supply Contract《風電發電機組供貨合同之整改及後續退出質保事宜補充協議》(the "**Supplemental Agreement**") on 22 August 2013. It was

agreed in the Supplemental Agreement that the Defendant shall complete the rectification by 31 December 2013, and upon passing the assessment following the completion of the rectification, the Plaintiffs will pay quality assurance deposit related amounts to the Defendant. If the Defendant fails to pass the assessment as agreed or fails to complete the rectification by 31 December 2013, the Plaintiffs are no longer required to make any further payments to the Defendant under the original supply contract and shall remain entitled to all the remedies and rights available under the user agreement and the original supply contract. However, after signing of the Supplemental Agreement, the Defendant failed to perform its rectification obligation under the Supplemental Agreement.

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

4. Notwithstanding the execution of the two supplemental agreements, the Defendant still has not completed the rectification as agreed. As a result, the Plaintiffs petition to the Court for judgement that the Plaintiffs shall no longer be required to pay to the Defendant the quality assurance deposit related amounts totalling approximately RMB1,132.7 million on account of the breach of the contract by the Defendant, for the award of liquidated damages of approximately RMB90.562 million by the Defendant to the Plaintiffs and that all litigation costs associated with the matter be borne by the Defendant.

The Company subsequently received counter-claim from Sinovel to pay a compensation of RMB77.5 million due to the delay of payments by the Plaintiffs in relation to wind turbine purchase.

On 22 July 2015, the Company, on behalf of its relevant subsidiaries, entered into a Settlement Agreement in relation to the Quality Assurance for the Wind Turbine Generation Units《就風力發電機有關質保問題達成的和解協議》(the "**Settlement Agreement**") with Sinovel, and the settlement was entered into during mediation procedure in the court. Major terms of the settlement are as follows:

1. The parties confirm that the remaining contract price of the Wind Turbine Generation Units Supply Contract(s) and its supplements (collectively as the "**Contracts**") payable to Sinovel by the Company is approximately RMB1,050 million. Since the equipment supplied by Sinovel to the relevant subsidiaries of the Company under the Contracts has quality defects, Sinovel agrees to pay approximately RMB470 million as damages to the Company, which will be offset from the remaining contract price.

2. Sinovel must provide the Company with spare parts valuing RMB30 million in accordance with the terms of, and within 15 business days after the execution of the Settlement.

3. Within 30 days after the execution of the Settlement Agreement, Sinovel shall deliver to the relevant subsidiary of the Company all the application software, documentation files, protection settings and control parameters relating to the equipment as agreed in the Contracts.

4. Within 90 days after the execution of the Settlement Agreement, Sinovel shall upgrade the main control system of the equipment under the Contracts, remove the time limit logic from the system and promptly provide the relevant subsidiary of the Company with the latest edition of the application software without time limit on use.

5. Within 30 days after the execution of the Settlement Agreement, Sinovel shall provide the relevant subsidiary of the Company with a detailed list of the spare parts and components for the equipment under the original contract.

6. Sinovel shall, within 10 working days at the request of the relevant subsidiary of the Company in writing, cancel the correction of the sampling wind speeds of the wind speed and direction sensor of the equipment.

7. Upon termination of the Contracts, the relevant subsidiary of the Company warrants not to provide any third party with any technical data relating to the control system software and source code supplied by Sinovel and, without the consent of Sinovel, not to modify such technical data on its own.

8. The relevant subsidiary of the Company shall allow Sinovel or a third party designated by Sinovel to leave the site with all the parts and components replaced.

9. The Company shall within 30 days after the execution of the Settlement Agreement return all the goods and materials that Sinovel left over on the project sites of the Company's subsidiaries according to the checklist(s) confirmed under the Settlement Agreement.

10. Sinovel agrees that all the spare parts and components stored at the joint warehouse of the relevant subsidiary of the Company shall belong to the relevant subsidiary of the Company. The relevant subsidiary of the Company will no longer claim from Sinovel any spare parts or components or special tools or devices as agreed in the Contracts.

11. The Company shall return a total of 4 broken gear wheel boxes to Sinovel within 30 days after the execution of the Settlement Agreement, and return a total of 16 broken gear wheel boxes to Sinovel within 365 days after the execution of the Settlement Agreement.

12. Within 3 days after the execution of the Settlement Agreement, Sinovel shall deliver to the relevant subsidiary of the Company an outstanding VAT invoice (special) of approximately RMB137 million.

13. Within three days after the Settlement Agreement takes effect, the Company shall, for and on behalf of its relevant subsidiaries, settle the remaining contract price of approximately RMB580 million to Sinovel in a lump sum.

14. Within 90 days after the execution of the Settlement Agreement, Sinovel shall provide trainings to the on-site personnel of the relevant subsidiary of the Company in accordance with the "on-site training" clause of the technical specifications set forth in the Contracts.

15. The relevant subsidiary of the Company shall, within 15 days after the execution of the Settlement Agreement, deliver to Sinovel the information relating to the gearboxes and generators replaced by itself; information relating to the replacements of gearboxes and generators occurring after the execution of the Settlement Agreement shall be delivered by the relevant subsidiary of the Company within 15 days after the end of each quarter.

16. In the event that Sinovel fails to perform its obligations as agreed in the Settlement Agreement, the relevant subsidiary of the Company shall be entitled to a refund of the final payment under the Contracts amounting to approximately RMB580 million that has been paid as well as a compensation for all the losses incurred thereby as a result of such failure. In the event that the relevant subsidiary of the Company fails to perform its obligations as agreed in the Settlement Agreement, for each day overdue, the relevant subsidiary of the Company shall pay liquidated damages to Sinovel that equal to 0.05% of RMB580 million (or, in case of deliverables, the price of those that have not been delivered).

17. After the completion of performance of the Settlement Agreement, neither party shall have any claim against the other under or in respect of the Contracts.

For details, please refer to the announcements of the Company dated 29 September 2014 and 22 July 2015.

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

AUDIT COMMITTEE

The 2015 annual results and the financial statements for the year ended 31 December 2015 of the Group prepared in accordance with IFRSs have been reviewed by the audit committee of the Company.

AUDITORS

KPMG and KPMG Huazhen LLP were engaged as the international and domestic auditors of the Company respectively for the year ended 31 December 2015. KPMG has audited the accompanying financial statements, which were prepared in accordance with International Financial Reporting Standards. The Company has retained KPMG and KPMG Huazhen LLP (Previously "KPMG Huazhen") since the date of its listing. A resolution for the reappointment of KPMG and KPMG Huazhen LLP as the international and domestic auditors of the Company for the year ending 31 December 2016 will be proposed at the forthcoming annual general meeting of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2015 annual general meeting is proposed to be held in June 2016. Details of the resolutions to be considered and approved and the date of the annual general meeting will be set out in the notice of 2015 annual general meeting to be issued by the Company in due course.

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

Beijing, the PRC, 15 March 2016

Report of the Supervisory Committee

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

In 2015, all members of the Supervisory Committee strictly complied with relevant laws and regulations and the Articles of Association and earnestly performed their duties to protect the interest of the shareholders and the benefit of the Company. The relevant implementation procedures were in compliance with relevant laws and regulations and the Articles of Association. Set out below is a summary of the major tasks performed by the Supervisory Committee in the Reporting Period:

MEETINGS CONVENED BY THE SUPERVISORY COMMITTEE

In accordance with applicable laws and regulations, the Articles of Association and the practical needs of the Company's development, the Supervisory Committee convened two meetings and completed the following tasks in 2015:

1. At the fifth meeting of the second session of the Supervisory Committee held on 17 March 2015, the proposals on the work report of the Supervisory Committee for 2014, annual result announcement and annual report of the Company for 2014, annual final financial report for 2014, financial budget report for 2015 and profit distribution plan for 2014 were considered and approved.

2. At the sixth meeting of the second session of the Supervisory Committee held on 18 August 2015, the proposals on the interim results announcement and interim report of the Company for 2015 and the interim financial report of the Company for 2015 were considered and approved.

WORK OF THE SUPERVISORY COMMITTEE

In 2015, the Supervisory Committee mainly carried out the following tasks:

Monitoring Company's Operation

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

Examining the Company's Financial Condition

During the Reporting Period, the Supervisory Committee carefully examined and reviewed the relevant financial information and the auditors' reports of the Company. The Supervisory Committee is of the opinion that the preparation of the Company's financial statements complies with the International Financial Reporting Standards and is not aware of any irregularities. Having duly reviewed the 2015 annual financial report and relevant information to be submitted by the Board to the general meeting of shareholders, and as audited by the independent auditors with an unqualified opinion, the Supervisory Committee is of the opinion that the annual report reflects the financial condition and operating results of the Company on a consistent basis and in an accurate, true and fair manner.

Monitoring the Company's Information Disclosure

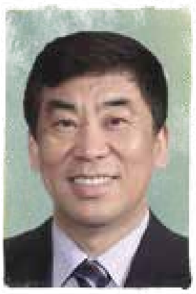
During the Reporting Period, the Supervisory Committee reviewed the information disclosure system and all relevant documents that the Company has publicly published and is of the opinion that the Company has disclosed the relevant information in a timely, true, accurate and complete manner in accordance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

Chief Supervisor
HUANG Jian

Beijing, the PRC, 15 March 2016

Biographies of Directors, Supervisors & Senior Management

NON-EXECUTIVE DIRECTORS



CAO Peixi (曹培璽), aged 60, is the Chairman of the Board of the Company, the President of China Huaneng Group ("**Huaneng Group**"), the Chairman of Huaneng International Power Development Corporation ("**HIPDC**"), and the Chairman of Huaneng Power International, Inc. ("**HPI**"). Mr. Cao was appointed as a Non-executive Director of the Company in August 2010 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Cao has successively served as deputy general manager and general manager of Shandong Qingdao Power Plant (山東青島發電廠), assistant head of Shandong Power Bureau (山東電力局), deputy head (Vice President) of Shandong Power Industry Bureau (Company) (山東電力工業局(公司)), Chairman and President of Shandong Power Group Corporation (山東電力集團公司), Vice President and President of China Huadian Corporation (中國華電集團公司) and Chairman of HPI. Mr. Cao graduated from Shandong University, majoring in electrical engineering. He also graduated from Party School of the Central Committee of C.P.C. with a master's degree in engineering. Mr. Cao is a researcher-level senior engineer.

ZHANG Tingke (張廷克), aged 59, is the Vice Chairman of the Board of the Company, a Vice President of Huaneng Group, and Chairman of the board of directors of Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd. (山東石島灣核電有限公司). Mr. Zhang was appointed as a Non-executive Director of the Company in November 2011 and was re-elected as a Non-executive Director of the Company in June 2013. Mr. Zhang has served successively as deputy chief of the Planning Department, deputy head (Vice President) of Henan Power Bureau (河南省電力局), head of Preparation Office of Yuzhou Power Plant (禹州電廠), Chairman of Huaneng International Trade-Economics Co., Ltd. (華能國際經濟貿易有限責任公司), Vice President of HIPDC, Chairman of Huaneng IT Industry Holding Co., Ltd. (華能信息產業控股有限公司), Chairman of Sichuan Huaneng Hydropower Development Co., Ltd. (四川華能水電開發有限責任公司), and Chairman of Huaneng Lancang River Hydropower Co., Ltd. (華能瀾滄江水電有限責任公司). Mr. Zhang graduated from Tsinghua University majoring in power system and automation. He also graduated from China Europe International Business School with an MBA degree. Mr. Zhang is a senior engineer.

WANG Kui (王葵), aged 49, is a Non-executive Director of the Company and the chief of the Planning and Development Department of Huaneng Group. He was appointed as a Non-executive Director of the Company on 12 August 2014. Mr. Wang has served successively as deputy chief of Planning Division of Comprehensive Planning Department, deputy chief (in charge of work) and chief of Planning Division of Planning and Development Department of China Huaneng Group, deputy head of Preparation Team of the Founding of Xinjiang Energy Development Co., Ltd., Vice President of Huaneng Xinjiang Energy Development Co., Ltd., member of the Standing Committee of the CPC Committee and vice governor (assigned to aid Xinjiang) of Kizilsu Kirghiz Autonomous Prefecture, Vice President and President of Huaneng Shanxi Branch. He graduated from Beijing Institute of Economics with a bachelor's degree in quantitative economics. Mr. Wang subsequently received a MBA degree from Guanghua School of Management, Peking University. Mr. Wang is a senior engineer.

EXECUTIVE DIRECTORS

LIN Gang (林剛), aged 51, is an Executive Director and the President of the Company. Mr. Lin joined the Company in February 2012 and was appointed as an Executive Director of the Company. He was re-elected as an Executive Director of the Company in June 2013. Mr. Lin has served successively as deputy chief of Engineering Division of Engineering Department of HPI, assistant to general manager and deputy general manager of Huaneng Beijing Branch (Beijing Thermal Power Plant) (華能北京分公司(北京熱電廠)), deputy manager of General Planning Department, deputy manager (in charge of the department) of Marketing and Sales Department of Huaneng Power International, Inc. (HPI), President of Huaneng Northeast Branch (華能東北電力分公司) and concurrently director of Heilongjiang Office, manager of Marketing and Sales Department of HPI, assistant to President of HPI, and Vice President of HPI. Mr. Lin graduated from North China Electric Power University, specializing in thermal power, and holds a master degree in science. He also graduated from Guanghua School of Management, Peking University with an EMBA degree. Mr. Lin is a professor-level senior engineer.

XIAO Jun (肖俊), aged 53, is an Executive Director and a Vice President of the Company. Mr. Xiao joined the Company in April 2013 and was appointed as an Executive Director of the Company in June 2013. Mr. Xiao has served successively as deputy chief of Planning Division of Strategic Department of Ministry of Power Industry (電力工業部), deputy chief of the Planning Division of Strategic Investment Department of State Power Company (國家電力公司), deputy chief (in charge of work), chief of the Strategic Investment Division of Power Department of the State Economic and Trade Commission, deputy manager of Planning and Development Department, deputy manager of (in charge of work) and head of International Cooperation Department of China Huaneng Group. Mr. Xiao graduated from Wuhan University of Hydraulic and Electrical Engineering with a bachelor degree majoring in electric power system and automation. He also graduated from Tsinghua University with a MBA degree and the National University of Singapore with a MPA degree. Mr. Xiao is a senior engineer.

YANG Qing (楊青), aged 47, is an Executive Director, Vice President and Chief Financial Officer of the Company. Ms. Yang joined the Company in May 2002. She was appointed as an Executive Director of the Company in August 2010 and was re-appointed as an Executive Director of the Company in June 2013. Ms. Yang has served successively as deputy chief of the Financial Department of Huaneng Group, chief of the First Financial Department of Huaneng Group, deputy chief accountant cum manager and deputy chief accountant of the Financial Department of Huaneng New Energy Environment Industrial Co., Ltd., Vice President and chief accountant of HNEIC. Ms. Yang graduated from the accounting department of Central University of Finance & Economics, majoring in foreign financial accounting, and subsequently obtained a master's degree in economics from the School of Finance of Renmin University of China. Ms. Yang is a senior accountant.

HE Yan (何焱), aged 51, is an Executive Director and Vice President of the Company. Mr. He joined the Company in May 2002. He was appointed as an Executive Director of the Company in August 2010, and retired as an Executive Director of the Company on 21 June 2013. He was re-appointed as an Executive Director of the Company on 12 August 2014. Mr. He has served successively as manager of First Business Department of Huaneng Construction Consultation Co., Ltd. (華能工程諮詢公司), deputy manager of Assets Operation Department of Huaneng Comprehensive Industrial Co., Ltd. (華能綜合產業公司), manager of New Energy Department and manager of Construction and Engineering Department of Huaneng New Energy Environment Industrial Co., Ltd., and Vice President of HNEIC. He graduated from Wuhan University, majoring in logic, and was a postgraduate student with a master's degree. He subsequently obtained an MBA degree from University of California. Mr. He is a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

QIN Haiyan (秦海岩), aged 46, is an Independent Non-executive Director of the Company, the director of China General Certification Center (北京鑒衡認證中心), the secretary-general of the Wind Power Committee of China Renewable Energy Society (中國可再生能源學會風能專業委員會), and standing director of China Renewable Energy Society. He is also the deputy head of the Climatic Resources Application Research Committee of China Meteorological Society (中國氣象學會氣候資源應用研究委員會), Vice-Chairman of the Renewable Energy Committee of China Association of Resources Comprehensive Utilization (中國資源綜合利用協會可再生能源專業委員會) and member of the Technical Committee of National Wind Power Machinery Standardization (全國風力機械標準化技術委員會). Mr. Qin was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Qin has led over 20 research projects in the area of renewable energies. For example, he was the person-in-charge for the "Analysis of the Development Potential of China's Offshore Wind Power", and the person-in-charge for the "Establishment of Certification for Wind Turbines", a project sponsored by the PRC government, World Bank and the Global Environment Facility. He graduated from Shanghai Jiao Tong University with a bachelor's degree in engineering. He also obtained an MBA degree from Renmin University of China.

DAI Huizhu (戴慧珠), aged 77, is an Independent Non-executive Director of the Board of the Company, and the senior consultant, professor and Supervisor of Doctorate Students of Renewable Energy Department of China Electric Power Research Institute (中國電力科學研究院新能源研究所). Ms. Dai was appointed as an Independent Non-executive Director of the Company in August 2010 and was reappointed as an Independent Non-executive Director of the Company in June 2013. Ms. Dai held various positions at Northeast Institute of Electric Power Engineering (東北電力學院), including assistant lecturer, lecturer, associate professor, professor head of Research Section of Electrical Engineering Fundamentals and deputy head of Electric Power Research Institute. She also held various positions at China Electric Power Research Institute, including, among others, head of New Energy Power Generation Laboratory, head of Graduate Department and chief engineer of Rural Electrification Research Department. Ms. Dai has conducted in-depth studies in the renewable energy and directed many research projects. She was the person-in-charge and participated in the drafting of "Research Report on Electric Power System" as part of the Evaluation of Renewable Energies, a project sponsored by the PRC government, World Bank and Global Environment Facility. Ms. Dai has led many award-winning research projects in wind power area. Ms. Dai has also published a number of research papers within and outside China. Ms. Dai graduated from Tsinghua University majored in electrical engineering.

ZHOU Shaopeng (周紹朋), aged 69, is an Independent Non-executive Director of the board of the Company, a professor at Chinese Academy of Governance (國家行政學院). Mr. Zhou was appointed as an Independent Non-executive Director of the Company in August 2010 and was re-appointed as an Independent Non-executive Director of the Company in June 2013. Mr. Zhou has served as an assistant researcher, associate researcher, researcher and Supervisor of Doctorate Students of Industrial Economics Institute of Chinese Academy of Social Sciences (中國社會科學院工業經濟研究所). Mr. Zhou was the author or co-author of over 30 academic books and research reports. He has also published over 300 research papers. Mr. Zhou graduated from Beijing Mechanical Institute (北京機械學院) majored in Industrial Economics and graduated from Chinese Academy of Social Sciences with a master's degree in economics. He also obtained a doctorate degree in economics from the Chinese Academy of Social Sciences.

WAN Kam To (尹錦滔), aged 63, is an Independent Non-executive Director of the board of the Company. In addition, he serves as an independent non-executive director at China Resources Land Limited (Hong Kong Stock Exchange: 1109), Dalian Port (PDA) Company Limited (Hong Kong Stock Exchange: 2880, Shanghai Stock Exchange: 601880), Fairwood Holdings Limited (Hong Kong Stock Exchange: 0052), KFM Kingdom Holdings Limited (Hong Kong Stock Exchange: 3816), Shanghai Pharmaceutical Holding Co., Ltd. (Hong Kong Stock Exchange: 2607, Shanghai Stock Exchange: 601607), S. Culture International Holdings Limited (Hong Kong Stock Exchange: 1255), Kerry Logistics Network Limited (Hong Kong Stock Exchange: 0636), Harbin Bank Co., Ltd. (Hong Kong Stock Exchange: 6138) and Target Insurance (Holdings) Limited (Hong Kong Stock Exchange: 6161) and a fellow of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wan was appointed as an Independent Non-executive Director of the Company in August 2010. Mr. Wan has served as a partner of PricewaterhouseCoopers, an independent director of Mindray Medical International Limited (New York Stock Exchange: MR) and RDA Microelectronics, Inc. (NASDAQ: RDA) and an independent non-executive director of Real Gold Mining Limited (Hong Kong Stock Exchange: 0246) and Greater China Professional Services Limited (Hong Kong Stock Exchange: 8193). He graduated from Hong Kong Polytechnic University (previously known as Hong Kong Polytechnic) with a Higher Diploma in accountancy.

SUPERVISORS

HUANG Jian (黃堅), aged 53, is a supervisor of the Company, the Assistant to the President of Huaneng Group, a supervisor of HPI and a Director of Huaneng Capital Services Co., Ltd. (華能資本服務有限公司). Mr. Huang was appointed as a supervisor of the Company in November 2011 and was re-appointed as a supervisor of the Company in June 2013. Mr. Huang has held various positions in HIPDC including the deputy chief of the Cost and Pricing Office of the Finance Department, chief of the Pricing General Office of the Finance Department, chief accountant of the Beijing Branch and deputy manager of the Finance Department. He also served as the deputy chief accountant, chief accountant, Vice President and secretary to the board of directors of HPI, and deputy chief economist and a director of the Budgeting and Comprehensive Planning Department of Huaneng Group, a Non-executive Director of HPI and the Chairman of the Board of Huaneng Hainan Power Ltd., Huaneng Carbon Assets Management Company and Huaneng Capital Services Co., Ltd. Mr. Huang graduated from the accounting department of the Institute of Fiscal Science of the Ministry of Finance, with a master's degree in economics. He is a senior accountant.

WANG Huanliang (王煥良), aged 57, is a supervisor of the Company and the deputy chief auditor of Huaneng Group. Mr. Wang was appointed as a supervisor of the Company in August 2010 and was re-appointed as a supervisor of the Company in June 2013. Mr. Wang has held various positions at the Power Planning and Design Institute of the Ministry of Water Resources and Electrical Power (水電部電力規劃設計院), including, among others, accountant, section chief and deputy chief of the Finance Section, deputy chief and chief of the Operating Finance Section of the Finance Department. He has also served as the deputy manager of the Finance Department of Huaneng Group, the Vice Chairman and President of Beihai Xinli Industrial Co., Ltd. (北海新力實業股份有限公司), head of Beihai Port Management Bureau (北海港務局), Vice President and chief accountant of Huaneng Energy & Communications Holding Co., Ltd. (華能能源交通產業控股有限公司) and head of the Audit Department of Huaneng Group. Mr. Wang graduated from the Correspondence School of Renmin University of China. He also graduated from the Chinese Academy of Social Sciences with a master's degree in currency and banking. He is a senior accountant.

YU Zewei (于澤衛), aged 54, is a supervisor and head of Discipline Inspection Commission of the Company. Mr. Yu was appointed as a supervisor of the Company in July 2012. Mr. Yu has served successively as deputy manager of Basic Industries and Transportation Department of Huaneng Comprehensive Industrial Co., Ltd. (華能綜合產業公司), senior engineer of Planning Department of Huaneng New Energy Environment Industrial Co., Ltd., manager of Production and Technology Department of HNEIC, manager of Planning Department of the Company, manager of Corporate Culture Deportment of the Company, general manager of Jilin Tongyu Wind Power Brach of HIPDC, general manager of Huaneng Tongyu Xinhua Wind Power Co., Ltd., general manager of Huaneng Keyouzhongqi Wind Power Co., Ltd.. Mr. Yu graduated from Northern Jiaotong University, majoring in material management engineering, with a master's degree in engineering. Mr. Yu is a senior engineer.

SENIOR MANAGEMENT

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

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

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

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

HE Ji (何驥), aged 55, is a Vice President of the Company. Mr. He joined the Company in December 2012. Mr. He has served successively as deputy chief and chief of the Safety Supervision Division of Huaneng Group, chief of the Safety Supervision Division of Safety Supervision and Technology Environmental Protection Department of Huaneng Group, head of Discipline Inspection Commission, Chairman of Labor Union of Huaneng Hebei Corporation (華能河北分公司), Vice President of Huaneng Hebei Corporation. Mr. He obtained a bachelor's degree in power engineering from Tsinghua University. He is a senior engineer.

DING Kun (丁坤), aged 44, is a Vice President of the Company. Mr. Ding joined the Company in October 1998. Mr. Ding has served successively as deputy general manager and chief engineer of Huaneng Dali Hydropower Co., Ltd., general manager of Jilin Tongyu Wind Power Branch of HIPDC, the person-in-charge of HNEIC Inner Mongolia Branch, the preparatory bureau of Wuchuan Wind Power Project and Wulate Middle Banner Wind Power Project, assistant to president and concurrently manager of Construction and Engineering Department of HNEIC, assistant to president and concurrently manager of Construction and Engineering Department of the Company. Mr. Ding obtained a bachelor's degree in engineering from Beijing University of Agricultural Engineering and a master's degree in engineering from Kunming University of Science and Technology. He is a senior engineer.

YAN Shusen (閻樹森), aged 49, is a Vice President of the Company. Mr. Yan joined the Company in May 2011. Mr. Yan has served successively as deputy director of the Policy Research Office of Peking University, deputy head of the Development and Planning Department and concurrently the director of the Undertakings Development and Planning Office of Peking University, a confirmed chief rank investigation and research fellow and concurrently the vice chief of the Youth Cadre Services Division of Cadre Services Bureau I, chief of the Youth Cadre Services Division of Cadre Services Bureau I and chief of the Personnel General Division of Division I of the Personnel Services Bureau under the Central Committee of Communist Party of China ("CCCPC") Organization Department, director of the Office and chief of Division I of the Personnel Services Bureau under the CCCPC Organization Department. Mr. Yan graduated from the politics and administrative management department of Peking University with a doctorate degree, and also held a juris doctor degree. He is an associate research fellow.

Biographies of Directors, Supervisors and Senior Management

SHI Yan (史岩), aged 48, is a Vice President and general counsel of the Company. Mr. Shi joined the Company in June 2014. He has served successively as deputy chief of the legal division under the department of general management of Huaneng Group (in charge of work), deputy director of the legal affairs office and the chief of contract and dispute office in the enterprise management and legal affairs department. Mr. Shi graduated from Renmin University of China in commercial law. He also obtained a master degree in law from Peking University. He is a senior economist.

AO Hai (敖海), aged 43, is a Vice President of the Company. Mr. Ao joined the Company in October 2006. He has served successively as deputy manager, manager and production safety department manager of Electrical Branch Company of Fuxin Power Plant, engineering manager, assistant to general manager, deputy manager, deputy manager(in charge of work), general manager, manager of science and technology department, manager of safety production department, manager of construction department and assistant to president of Huaneng Fuxin Wind Power Co., Ltd. Mr. Ao obtained a bachelor degree from Harbin Institute of Technology in power system and its automation. He is an Engineer.

SONG Yuhong (宋育紅), aged 48, is the Company secretary and assistant of the President of the Company. Ms. Song joined the Company in April 2002. She has served successively as deputy manager of New Energy Department, deputy manager of the Second Project Department, and manager of the Commerce Department of HNEIC. Ms. Song graduated from Beijing University of Technology with a bachelor's degree in engineering. She also graduated from North China Electric Power University with a master's degree in management. She is a senior engineer.

COMPANY SECRETARY

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

Independent Auditor's Report

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

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

We have audited the consolidated financial statements of Huaneng Renewables Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 79 to 173, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

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

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

15 March 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

	Note	**2015** **RMB'000**	2014 RMB'000
Revenue	4	**7,356,881**	6,151,073
Other net income	5	**434,889**	167,651
Operating expenses			
Depreciation and amortisation	7(b)	**(2,735,263)**	(2,270,303)
Service concession construction costs		**–**	(33,394)
Personnel costs	7(a)	**(370,247)**	(260,056)
Repairs and maintenance		**(108,597)**	(86,186)
Administration expenses		**(189,180)**	(187,147)
Other operating expenses		**(272,267)**	(135,861)
		(3,675,554)	(2,972,947)
Operating profit		**4,116,216**	3,345,777
Finance income		**169,517**	77,513
Finance expenses		**(2,242,488)**	(2,189,199)
Net finance expenses	6	**(2,072,971)**	(2,111,686)
Share of loss of a joint venture and an associate		**(2,689)**	(1,677)
Profit before taxation	7	**2,040,556**	1,232,414
Income tax	8	**(141,370)**	(85,650)
Net profit		**1,899,186**	1,146,764

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

	Note	2015 RMB'000	2014 RMB'000
Other comprehensive income for the year, net of tax	11		
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale securities: net movement in the fair value reserve		**10,445**	–
Exchange difference on translation of financial statements of a subsidiary outside mainland China		**21,120**	1,778
		31,565	1,778
Total comprehensive income for the year		**1,930,751**	1,148,542
Net profit attributable to:			
Equity shareholders of the Company		**1,859,549**	1,121,029
Non-controlling interests		**39,637**	25,735
Net profit		**1,899,186**	1,146,764
Total comprehensive income attributable to:			
Equity shareholders of the Company		**1,891,114**	1,122,807
Non-controlling interests		**39,637**	25,735
Total comprehensive income for the year		**1,930,751**	1,148,542
Basic and diluted earnings per share (RMB cents)	12	**19.12**	12.39

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2015
(Expressed in RMB unless otherwise stated)

	Note	**2015** **RMB'000**	2014 RMB'000
Non-current assets			
Property, plant and equipment	13	**68,657,975**	57,873,350
Lease prepayments	14	**317,057**	157,170
Intangible assets	15	**681,685**	696,207
Interest in an associate	17	**30,548**	31,446
Interest in a joint venture	18	**78,794**	80,586
Other non-current assets	19	**5,130,858**	4,153,212
Deferred tax assets	26(b)	**4,082**	4,849
Total non-current assets		**74,900,999**	62,996,820
Current assets			
Inventories		**42,965**	13,130
Trade debtors and bills receivable	20	**2,899,958**	3,160,350
Prepayments and other current assets	21	**122,087**	176,421
Tax recoverable	26(a)	**10,362**	3,526
Restricted deposits		**26,842**	1,595
Assets held for sale	13(iii)	**45,794**	–
Cash at bank and on hand	22	**4,503,772**	7,786,461
Total current assets		**7,651,780**	11,141,483
Current liabilities			
Borrowings	23	**18,726,955**	17,306,317
Obligations under finance leases	24	**495,757**	434,040
Other payables	25	**9,250,091**	7,960,599
Tax payable	26(a)	**60,431**	39,942
Total current liabilities		**28,533,234**	25,740,898
Net current liabilities		**(20,881,454)**	(14,599,415)
Total assets less current liabilities		**54,019,545**	48,397,405

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2015
(Expressed in RMB unless otherwise stated)

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Borrowings	23	**30,677,113**	26,842,020
Obligations under finance leases	24	**2,018,120**	2,768,888
Deferred income	27	**230,517**	247,596
Other non-current liabilities	28	**2,449,506**	1,634,382
Deferred tax liabilities	26(b)	**19,831**	19,318
Total non-current liabilities		**35,395,087**	31,512,204
NET ASSETS		**18,624,458**	16,885,201
CAPITAL AND RESERVES	29		
Share capital		**9,727,996**	9,727,996
Reserves		**8,069,812**	6,373,258
Total equity attributable to equity shareholders of the Company		**17,797,808**	16,101,254
Non-controlling interests		**826,650**	783,947
TOTAL EQUITY		**18,624,458**	16,885,201

Approved and authorised for issue by the board of directors on 15 March 2016.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

		Attributable to the equity shareholders of the Company								
	Note	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Statutory surplus reserve RMB'000 (Note 29(d)(ii))	Exchange reserve RMB'000 (Note 29(d)(iii))	Fair value reserve RMB'000 (Note 29(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014		9,029,215	2,165,997	107,951	(15,355)	–	2,736,961	14,024,769	836,133	14,860,902
Changes in equity for 2014:										
Net profit		–	–	–	–	–	1,121,029	1,121,029	25,735	1,146,764
Other comprehensive income		–	–	–	1,778	–	–	1,778	–	1,778
Total comprehensive income		–	–	–	1,778	–	1,121,029	1,122,807	25,735	1,148,542
Issuance of new shares, netting of issuance expenses	29(c)	698,781	658,821	–	–	–	–	1,357,602	–	1,357,602
Transfer to reserve fund		–	–	16,763	–	–	(16,763)	–	–	–
Dividends by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(40,812)	(40,812)
Dividends to equity shareholders of the Company	29(b)	–	–	–	–	–	(180,584)	(180,584)	–	(180,584)
Acquisition of a subsidiary under common control		–	(223,340)	–	–	–	–	(223,340)	–	(223,340)
Cease control of a subsidiary		–	–	–	–	–	–	–	(37,109)	(37,109)
Balance at 31 December 2014		9,727,996	2,601,478	124,714	(13,577)	–	3,660,643	16,101,254	783,947	16,885,201
Balance at 1 January 2015		9,727,996	2,601,478	124,714	(13,577)	–	3,660,643	16,101,254	783,947	16,885,201
Changes in equity for 2015:										
Net profit		–	–	–	–	–	1,859,549	1,859,549	39,637	1,899,186
Other comprehensive income		–	–	–	21,120	10,445	–	31,565	–	31,565
Total comprehensive income		–	–	–	21,120	10,445	1,859,549	1,891,114	39,637	1,930,751
Net capital contributions by non-controlling interests		–	–	–	–	–	–	–	39,265	39,265
Transfer to reserve fund		–	–	34,973	–	–	(34,973)	–	–	–
Dividends by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	(36,199)	(36,199)
Dividends to equity shareholders of the Company	29(b)	–	–	–	–	–	(194,560)	(194,560)	–	(194,560)
Balance at 31 December 2015		9,727,996	2,601,478	159,687	7,543	10,445	5,290,659	17,797,808	826,650	18,624,458

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

	2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Net profit	**1,899,186**	1,146,764
Adjustments for:		
Depreciation	**2,696,223**	2,237,472
Amortisation	**39,040**	32,831
Amortisation of deferred income	**(15,538)**	(15,812)
Provision for/(reversal of) impairment loss on property, plant and equipment	**2,859**	(55,439)
Interest expenses on financial liabilities	**2,238,129**	2,143,297
Foreign exchange differences, net	**(116,975)**	(14,249)
Interest income on financial assets	**(41,215)**	(55,473)
Dividend income	**(10,140)**	(7,700)
Share of loss of a joint venture and an associate	**2,689**	1,677
Net loss on disposal of property, plant and equipment	**–**	98
Income tax	**141,370**	85,650
Others	**5,599**	13,459
Changes in working capital:		
Increase in inventories	**(29,835)**	(8,664)
Decrease/(increase) in trade debtors and bills receivable	**138,424**	(420,205)
(Increase)/decrease in prepayments and other current assets	**(17,694)**	252,034
Increase in other payables	**876,148**	866,037
Cash generated from operations	**7,808,270**	6,201,777
PRC income tax paid	**(126,437)**	(76,649)
Net cash from operating activities	**7,681,833**	6,125,128

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

	2015	2014
	RMB'000	*RMB'000*
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	**(12,643,666)**	(13,393,976)
Payments for acquisition of subsidiaries, net of cash acquired	**–**	(363,070)
Payment for acquisition of available-for-sale equity securities	**(324,419)**	–
Payments for acquisition of unquoted equity investment	**(144,000)**	(150,000)
Dividends received	**10,140**	7,700
Interest received	**45,561**	58,951
Time deposits	**367,716**	545,600
Restricted deposits	**(25,247)**	168,568
Others	**200,285**	165,202
Net cash used in investing activities	**(12,513,630)**	(12,961,025)

The notes on pages 87 to 173 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

	Note	2015 RMB'000	2014 RMB'000
Cash flows from financing activities			
Net proceeds from insurance of shares		**–**	1,358,252
Net capital contributions from non-controlling interests		**39,265**	–
Proceeds from borrowings		**33,933,969**	29,726,496
Repayment of borrowings		**(28,688,107)**	(19,237,864)
Dividends paid by subsidiaries to non-controlling interests		**(19,841)**	(32,432)
Dividends paid to equity shareholders of the Company		**(194,560)**	(180,584)
Interest paid		**(2,440,215)**	(2,227,822)
Payment of finance lease obligations		**(849,967)**	(506,399)
Others		**(3,000)**	(11,030)
Net cash from financing activities		**1,777,544**	8,888,617
Net (decrease)/increase in cash and cash equivalents		**(3,054,253)**	2,052,720
Cash and cash equivalents at 1 January		**6,384,626**	4,322,198
Effect of foreign exchange rate changes		**139,280**	9,708
Cash and cash equivalents at 31 December	22	**3,469,653**	6,384,626

Note:

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

The notes on pages 87 to 173 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2015
(Expressed in RMB unless otherwise stated)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huaneng Renewables Corporation Limited (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 5 August 2010 as a joint stock company with limited liability. The Company and its subsidiaries (the "**Group**") are mainly engaged in wind power and solar power generation and sale in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in an associate and a joint venture.

As at and for the year ended 31 December 2015, a portion of the Group's funding requirements for capital expenditures were partially satisfied by short-term financing. Consequently, as at 31 December 2015, the Group has net current liabilities of approximately RMB20.9 billion. Taking into consideration of the expected operating cash flows of the Group and the undrawn available banking facilities, the Group are expected to refinance certain short-term borrowings and also consider alternative sources of financing, where applicable and when needed. Therefore, the directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared the consolidated financial statements on a going concern basis.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

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

- *Annual Improvements to IFRSs 2010-2012 Cycle*
- *Annual Improvements to IFRSs 2011-2013 Cycle*

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

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have material impact on the Group's related party disclosures.

(d) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Subsidiaries and non-controlling interests

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

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of finance position in accordance with notes 2(o) or (p) depending on the nature of the liability.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(f) Associates and joint ventures

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Associates and joint ventures (continued)

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in debt and equity securities

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

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

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(u)(iv) and (v).

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Business combinations under common control

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

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

(i) Property, plant and equipment

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

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

(j) Intangible assets

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

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

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

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

Both the period and method of amortisation are reviewed annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leased assets (continued)

(iii) Operating lease charges

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

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

(l) Impairment of assets

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

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

– significant financial difficulty of the debtor;

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

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

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

(ii) Impairment of other assets

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

– property, plant and equipment;

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

– intangible assets; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

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

– Reversals of impairment losses

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

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

(m) Inventories

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

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

(n) Trade and other receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Interest-bearing borrowings

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

(p) Trade and other payables

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

(q) Cash and cash equivalents

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (continued)

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

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

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

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

  – the same taxable entity; or

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

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

(i) Sale of electricity

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

(ii) Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation revenue that represents the sales of electricity is recognised in the period in accordance with note 2(u)(i).

(iii) Rendering of services

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(iv) Dividends

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

(v) Interest income

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

(vi) Government grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies

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

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

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

(w) Borrowing costs

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Non-current assets held for sale

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

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

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

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

(y) Related parties

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

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

(ii) has significant influence over the Group; or

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Related parties (continued)

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

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

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

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

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

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

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

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

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

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

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

(a) Recoverability of receivables in relation to carbon credits

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

(b) Impairment losses for other bad and doubtful debts

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

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

(c) Impairment losses of non-current assets

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

(d) Recognition of deferred tax assets

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

(e) Depreciation

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

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

(f) Income tax

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

4 REVENUE

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

	2015	2014
	RMB'000	*RMB'000*
Sales of electricity *(note (i))*	**7,354,091**	6,114,168
Service concession construction revenue	**–**	33,394
Others	**2,790**	3,511
	7,356,881	6,151,073

Note:

(i) Sales of electricity were mainly generated by the wind power plants of the Group. The Group has a single reportable operating segment. As the Group does not have material operations outside the PRC, no geographic segment information is presented. Revenue from the PRC government controlled power grid companies amounted to RMB7,354,091,000 for the year ended 31 December 2015 (2014: RMB6,114,168,000).

5 OTHER NET INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grants	**182,432**	115,060
Penalty income from suppliers and constructors *(note (i))*	**243,164**	44,439
Net loss on disposal of property, plant and equipment	**–**	(98)
Others	**9,293**	8,250
	434,889	167,651

5 OTHER NET INCOME (CONTINUED)

Note:

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

As Sinovel Wind Group Co., Ltd. ("**Sinovel**") failed to fulfil the warranty obligation as specified in the wind turbine purchase agreements which resulted in the repairs and maintenance work not conducted timely and the wind turbine not running stably, certain subsidiaries of the Company initiated a civil action against Sinovel in 2014. On 22 July 2015, the Company, on behalf of its relevant subsidiaries, entered into a settlement agreement with Sinovel. According to the settlement agreement, Sinovel agreed to pay compensations to the Company for revenue losses due to certain spare parts of wind turbines not running stably and repairs and maintenance work not conducted timely by Sinovel during the warranty period. The compensations were agreed to directly offset from the remaining contract price (Note 25)). The compensation for revenue losses of approximately RMB105 million was recognised in other net income.

6 FINANCE INCOME AND EXPENSES

	2015	2014
	RMB'000	*RMB'000*
Interest income on financial assets	**41,215**	55,473
Foreign exchange gains	**118,162**	14,340
Dividend income	**10,140**	7,700
Finance income	**169,517**	77,513
Interest on bank and other borrowings and finance charges on obligations under finance leases	**2,656,726**	2,413,650
Less: interest expenses capitalised into property, plant and equipment and intangible assets *(note (i))*	**418,597**	270,353
	2,238,129	2,143,297
Foreign exchange losses	**1,187**	34,562
Bank charges and others	**3,172**	11,340
Finance expenses	**2,242,488**	2,189,199
Net finance expenses recognised in profit or loss	**(2,072,971)**	(2,111,686)

6 FINANCE INCOME AND EXPENSES (CONTINUED)

Note:

(i) The borrowing costs have been capitalised at rates of 4.08% to 6.31% for the year ended 31 December 2015 (2014: 5.59% to 6.85%).

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2015	2014
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**331,753**	231,995
Contributions to defined contribution retirement plan	**38,494**	28,061
	370,247	260,056

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

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	2015	2014
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments	**4,637**	3,958
– intangible assets	**34,403**	28,873
Depreciation		
– property, plant and equipment	**2,696,223**	2,237,472
Impairment losses recognised/(reversed) in other operating expenses		
– property, plant and equipment *(Note 13(iii))*	**2,859**	(55,439)
Auditors' remuneration		
– audit services	**15,000**	14,400
– other services	**3,500**	3,320
Operating lease charges		
– hire of properties	**28,801**	22,497
Cost of inventories	**56,361**	38,604

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2015 *RMB'000*	2014 *RMB'000*
Current tax		
Provision for the year		
– PRC *(note (i) and Note 26(a))*	**133,453**	89,104
– Hong Kong profits tax *(note (ii))*	**–**	–
Under/(over)-provision for prior years *(Note 26(a))*	**6,637**	(4,733)
	140,090	84,371
Deferred tax		
Origination and reversal of temporary differences *(Note 26(b))*	**1,280**	1,279
	141,370	85,650

Notes:

(i) The provision for income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the year ended 31 December 2015 and 2014.

(ii) Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group incorporated in Hong Kong in 2011, is subject to Hong Kong profits tax which is calculated at 16.5% of its estimated assessable profit for the year. The subsidiary had no assessable profit for 2015 and 2014.

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

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

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**2,040,556**	1,232,414
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**510,139**	308,104
Tax effect of non-deductible expenses	**1,875**	7,534
Tax effect of non-taxable income	**(2,724)**	(2,388)
Tax effect of differential tax rate of certain subsidiaries of the Group *(note (i))*	**(400,003)**	(305,791)
Tax effect of temporary differences utilised while not recognised in prior years	**–**	(13,860)
Tax effect of temporary differences not recognised	**715**	–
Tax effect of unused tax losses not recognised	**98,240**	110,678
Tax effect of tax losses utilised while not recognised in prior years	**(31,223)**	(11,745)
Tax credits in relation to purchase of certain environmental protection equipment *(note (ii))*	**(42,051)**	(2,593)
Under/(over)-provision for prior years *(Note 26(a))*	**6,637**	(4,733)
Others	**(235)**	444
Income tax	**141,370**	85,650

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

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

Notes:

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

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

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

(ii) Pursuant to Caishui [2008] No. 48 Notice on Issues Concerning Implementation of Catalogue of Corporate Income Tax Incentives for Special Equipment for Environmental Protection, the Catalogue of Corporate Income Tax Incentives for Special Equipment for Energy and Water Conservation, and the Catalogue of Corporate Income Tax Incentives for Special Equipment for Work Safety (關於執行環境保護專用設備企業所得税優惠目錄、節能節水專用設備企業所得税優惠目錄和安全生產專用設備企業所得税優惠目錄有關問題的通知), certain subsidiaries of the Group, being enterprises have purchased special equipment for use in environmental protection, energy and water conservation and work safety purposes stipulated in above mentioned catalogues, 10% of the amount invested in the special equipment can be deducted from the income tax in the current year, and such unused tax credit could be carried forward to the following five years.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' and Supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2015 Total *RMB'000*
Directors					
Mr. Cao Peixi (Chairman)	–	–	–	–	–
Mr. Zhang Tingke	–	–	–	–	–
Mr. Wang Kui	–	–	–	–	–
Mr. Lin Gang	–	333	527	90	950
Mr. Xiao Jun	–	333	527	83	943
Ms. Yang Qing	–	291	448	81	820
Mr. He Yan	–	291	448	81	820
Independent non-executive directors					
Mr. Qin Haiyan	140	–	–	–	140
Ms. Dai Huizhu	140	–	–	–	140
Mr. Zhou Shaopeng	140	–	–	–	140
Mr. Wan Kam To	140	–	–	–	140
Supervisors					
Mr. Huang Jian	–	–	–	–	–
Mr. Wang Huanliang	–	–	–	–	–
Mr. Yu Zewei	–	291	448	80	819
	560	1,539	2,398	415	4,912

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

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

10 INDIVIDUALS WITH HIGH EMOLUMENTS

Of the five individuals with the highest emoluments, four (2014: three) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other one (2014: two) individuals are as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**291**	573
Bonuses	**448**	897
Retirement scheme contributions	**81**	146
	820	1,616

The emoluments of the one (2014: two) individuals with the highest emoluments are within the following bands:

	2015	2014
HKD 500,001 to HKD 1,000,000	**–**	–
HKD 1,000,001 to HKD 1,500,000	**1**	2

11 OTHER COMPREHENSIVE INCOME

	2015	2014
	RMB'000	*RMB'000*
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale equity securities:		
– Changes in fair value recognised during the year	**10,445**	–
– Tax expense	**–**	–
Net movement in the fair value reserve	**10,445**	–
Exchange difference on translation of financial statements of a subsidiary outside mainland China		
– Before and net of tax amount	**21,120**	1,778
Other comprehensive income	**31,565**	1,778

(Expressed in RMB unless otherwise stated)

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to the equity shareholders of the Company for the year ended 31 December 2015 of RMB1,859,549,000 (2014: RMB1,121,029,000) and the weighted average number of shares in issue during the year ended 31 December 2015 of 9,727,996,000 (2014: 9,044,531,000 shares).

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

	2015	2014
	Thousands shares	*Thousands shares*
Issued ordinary shares at 1 January	**9,727,996**	9,029,215
Effect of new shares issued	**–**	15,316
	9,727,996	9,044,531

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

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2014	3,507,828	39,730,331	177,183	68,416	8,658,127	52,141,885
Additions	8,999	22,056	37,074	14,706	13,744,205	13,827,040
Transfer from construction in progress	972,127	7,948,356	–	–	(8,920,483)	–
Disposals	–	(474)	(1,988)	–	–	(2,462)
Reclassification	42,474	(42,474)	–	–	–	–
Cease control of a subsidiary	–	–	(1,060)	(219)	(60,814)	(62,093)
At 31 December 2014	4,531,428	47,657,795	211,209	82,903	13,421,035	65,904,370
At 1 January 2015	**4,531,428**	**47,657,795**	**211,209**	**82,903**	**13,421,035**	**65,904,370**
Additions	**553**	**239**	**12,622**	**11,251**	**13,524,143**	**13,548,808**
Transfer from construction in progress	**1,501,453**	**11,198,931**	**1,278**	**4,219**	**(12,705,881)**	**–**
Disposals	**–**	**(13,588)**	**–**	**–**	**–**	**(13,588)**
Reclassification to assets held for sale *(note (iii))*	**–**	**(54,132)**	**–**	**–**	**–**	**(54,132)**
Reclassification	**(22,042)**	**21,663**	**(1,051)**	**1,430**	**–**	**–**
At 31 December 2015	**6,011,392**	**58,810,908**	**224,058**	**99,803**	**14,239,297**	**79,385,458**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2014	332,738	5,318,487	66,770	28,136	95,783	5,841,914
Depreciation charge for the year	141,368	2,072,923	20,320	11,743	–	2,246,354
Impairment losses reversed	–	–	–	–	(55,439)	(55,439)
Written back on disposal	–	(107)	(1,497)	–	–	(1,604)
Cease control of a subsidiary	–	–	(134)	(71)	–	(205)
At 31 December 2014	474,106	7,391,303	85,459	39,808	40,344	8,031,020
At 1 January 2015	**474,106**	**7,391,303**	**85,459**	**39,808**	**40,344**	**8,031,020**
Depreciation charge for the year	**196,432**	**2,471,452**	**22,307**	**12,991**	**–**	**2,703,182**
Written back on disposal	**–**	**(1,240)**	**–**	**–**	**–**	**(1,240)**
Impairment losses recognised *(note (iii))*	**–**	**2,859**	**–**	**–**		**2,859**
Reclassification to assets held for sale *(note (iii))*	**–**	**(8,338)**	**–**	**–**	**–**	**(8,338)**
Reclassification	**(5,896)**	**6,357**	**(734)**	**273**	**–**	**–**
At 31 December 2015	**664,642**	**9,862,393**	**107,032**	**53,072**	**40,344**	**10,727,483**
Net book value:						
At 31 December 2014	4,057,322	40,266,492	125,750	43,095	13,380,691	57,873,350
At 31 December 2015	**5,346,750**	**48,948,515**	**117,026**	**46,731**	**14,198,953**	**68,657,975**

Notes:

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

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

Certain properties and equipment of the Group with an aggregate net book value of RMB3,265,205,000 as at 31 December 2015 (2014: RMB3,690,677,000), are accounted for as finance leases (of which RMB890,768,000 are finance leases pursuant to sales and leaseback transactions (2014: RMB949,221,000)), with lease periods of 60 to 120 months.

Certain properties and equipment held under finance leases with an aggregate net book value of RMB1,750,398,000 as at 31 December 2015 (2014: RMB1,808,701,000), are pledged by the future electricity revenue of relevant wind power projects of the Group.

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(iii) Pursuant to the contracts signed between three subsidiaries and a local grid company, these three subsidiaries of the Company committed to sell certain electricity transmission lines and related equipments to the local grid company. Accordingly, these assets were reclassified from property, plant and equipment to assets held for sale at the lower of the carrying amount and the fair value less cost to sell. The fair value was determined using replacement cost method by an independent third party valuer, which is categorised as Level 3 measurement. The difference between the carrying amount of these assets and the fair value less cost to sell amounted to RMB2,859,000 was recognised as impairment loss and recorded in other operating expenses. The transaction is expected to be completed in 2016.

(iv) As at 31 December 2015, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

(v) As at 31 December 2015, certain property, plant and equipment with net book value of RMB419,795,000 (31 December 2014: RMB442,659,000) have been pledged as securities for the loans and borrowings granted to a subsidiary of the Company.

14 LEASE PREPAYMENTS

	2015 ***RMB'000***	2014 *RMB'000*
Cost:		
At 1 January	**172,671**	149,452
Additions	**166,036**	23,219
At 31 December	**338,707**	172,671
Accumulated amortisation:		
At 1 January	**15,501**	11,543
Amortisation for the year	**6,149**	3,958
At 31 December	**21,650**	15,501
Net book value:	**317,057**	157,170

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

As at 31 December 2015, the Group is in the process of applying for registration of the ownership certificates for certain of its land use right. The directors are of the opinion that the Group is entitled to lawfully occupy or use these land.

15 INTANGIBLE ASSETS

	Concession assets *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2014	783,947	5,551	789,498
Additions	17,454	4,920	22,374
At 31 December 2014	801,401	10,471	811,872
At 1 January 2015	**801,401**	**10,471**	**811,872**
Additions	**2,400**	**18,501**	**20,901**
At 31 December 2015	**803,801**	**28,972**	**832,773**
Accumulated amortisation:			
At 1 January 2014	84,074	2,432	86,506
Charge for the year	27,809	1,350	29,159
At 31 December 2014	111,883	3,782	115,665
At 1 January 2015	**111,883**	**3,782**	**115,665**
Charge for the year	**32,003**	**3,420**	**35,423**
At 31 December 2015	**143,886**	**7,202**	**151,088**
Net book value:			
At 31 December 2014	689,518	6,689	696,207
At 31 December 2015	**659,915**	**21,770**	**681,685**

The Group entered into service concession agreements with local government (the "**Grantor**") in prior periods to construct and operate power plants for a concession period of 25 years. The Group is responsible for construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group needs to dismantle the power plants or negotiate with the Grantor for a renewal of the service concession agreement. The Group has recognised intangible assets related to the service concession arrangements, representing the rights the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the power plants.

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

Notes to the Financial Statements

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16 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2015, the subsidiaries of the Company, all of which are unlisted limited liability companies, were listed as follows:

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
1	Huaneng Shantou Nan'ao Wind Power Company Limited 華能汕頭南澳風力發電有限公司 *(note (ii))*	the PRC	RMB23,000,000	60%	Wind power generation
2	Huaneng Shantou Wind Power Company Limited 華能汕頭風力發電有限公司 *(note (ii))*	the PRC	RMB194,190,000	50%	Wind power generation
3	HNEEP-CLP Changdao Wind Power Co., Ltd 華能中電長海風力發電有限公司 *(note (ii))*	the PRC	RMB99,072,000	55%	Wind power generation
4	HNNE-CLP Weihai Wind Power Company Limited 華能中電威海風力發電有限公司 *(note (ii))*	the PRC	RMB253,240,000	55%	Wind power generation
5	Huaneng Rongcheng Wind Power Company Limited 華能榮成風力發電有限公司	the PRC	RMB60,000,000	100%	Wind power generation
6	Huaneng Shouguang Wind Power Company Limited 華能壽光風力發電有限公司	the PRC	RMB186,730,000	55%	Wind power generation
7	Huaneng Changyi Wind Power Company Limited 華能昌邑風力發電有限公司	the PRC	RMB217,340,000	100%	Wind power generation
8	Huaneng Weifang Binhai Wind Power Company Limited 華能濰坊濱海風力發電有限公司	the PRC	RMB129,000,000	100%	Wind power generation
9	Huaneng Lijin Wind Power Company Limited 華能利津風力發電有限公司	the PRC	RMB85,000,000	100%	Wind power generation
10	Huaneng Dongying Hekou Wind Power Company Limited 華能東營河口風力發電有限公司	the PRC	RMB530,972,880	100%	Wind power generation
11	Huaneng Laoting Wind Power Company Limited 華能樂亭風力發電有限公司 *(note (ii))*	the PRC	RMB185,280,000	55%	Wind power generation

(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
12	Huaneng Chengde Wind Power Company Limited 華能承德風力發電有限公司	the PRC	RMB318,000,000	100%	Wind power generation
13	Huaneng Hong Kong Electric Dali Wind Power Company Limited 華能港燈大理風力發電有限公司 *(note (ii))*	the PRC	RMB150,690,000	55%	Wind power generation
14	Huaneng Eryuan Wind Power Company Limited 華能洱源風力發電有限公司	the PRC	RMB240,000,000	100%	Wind power generation
15	Huaneng Fuxin Wind Power Company Limited 華能阜新風力發電有限責任公司	the PRC	RMB1,453,250,000	100%	Wind power and Solar power generation
16	Huaneng Panjin Wind Power Company Limited 華能盤錦風力發電有限公司	the PRC	RMB172,336,120	53%	Wind power generation
17	Huaneng Jinzhou Wind Power Company Limited 華能錦州風力發電有限公司	the PRC	RMB177,500,000	100%	Wind power and solar power generation
18	Huaneng Tongliao Wind Power Company Limited 華能通遼風力發電有限公司	the PRC	RMB1,374,554,000	100%	Wind power generation and relevant services
19	Huaneng Hulunbuir Wind Power Company Limited 華能呼倫貝爾風力發電有限公司 *(note (ii))*	the PRC	RMB100,000,000	51%	Wind power generation
20	Huaneng Baotou Wind Power Company Limited 華能包頭風力發電有限公司	the PRC	RMB384,790,700	100%	Wind power and Solar power generation
21	Huaneng Huhhot Wind Power Company Limited 華能呼和浩特風力發電有限公司	the PRC	RMB294,241,300	100%	Wind power and solar power generation

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(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
22	Huaneng Keyouzhongqi Wind Power Company Limited 華能科右中旗風力發電有限公司	the PRC	RMB337,488,000	100%	Wind power generation
23	Huaneng Yangjiang Wind Power Company Limited 華能陽江風力發電有限公司	the PRC	RMB260,548,600	100%	Wind power generation
24	Huaneng Jimo Wind Power Company Limited 華能即墨風力發電有限公司	the PRC	RMB72,000,000	100%	Wind power generation
25	Huaneng Tongyu Xinhua Wind Power Company Limited 華能通榆新華風力發電有限公司	the PRC	RMB275,250,000	100%	Wind power generation
26	Huaneng Xinjiang Santanghu Wind Power Company Limited 華能新疆三塘湖風力發電有限責任公司	the PRC	RMB222,500,000	100%	Wind power generation
27	Huaneng Weining Wind Power Company Limited 華能威寧風力發電有限公司	the PRC	RMB391,500,000	100%	Wind power generation
28	Huaneng Ningwu Wind Power Company Limited 華能寧武風力發電有限公司	the PRC	RMB163,000,000	100%	Wind power generation
29	Huaneng New Energy Shanghai Power Company Limited 華能新能源上海發電有限公司	the PRC	RMB110,500,000	100%	Wind power generation
30	Huaneng Tieling Wind Power Company Limited 華能鐵嶺風力發電有限公司	the PRC	RMB155,500,000	75%	Wind power generation
31	Huaneng Yuanping Wind Power Company Limited 華能原平風力發電有限公司	the PRC	RMB160,846,400	100%	Wind power generation
32	Huaneng Tianzhen Wind Power Company Limited 華能天鎮風力發電有限公司	the PRC	RMB191,535,400	100%	Wind power generation
33	Huaneng Pianguan Wind Power Company Limited 華能偏關風力發電有限公司	the PRC	RMB162,668,900	100%	Wind power generation

(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
34	Huaneng Hezhang Wind Power Company Limited 華能赫章風力發電有限公司	the PRC	RMB292,500,000	100%	Wind power generation
35	Huaneng Tieling Daxing Wind Power Company Limited 華能鐵嶺大興風力發電有限公司	the PRC	RMB479,320,000	75%	Wind power generation
36	Huaneng Baicheng Wind Power Company Limited 華能白城風力發電有限公司	the PRC	RMB135,890,000	100%	Wind power and solar power generation
37	Huaneng Yantai Wind Power Company Limited 華能烟台風力發電有限公司	the PRC	RMB50,000,000	100%	Wind power generation
38	Huaneng Dali Wind Power Company Limited 華能大理風力發電有限公司	the PRC	RMB210,000,000	100%	Wind power generation
39	Huaneng Weifang Wind Power Company Limited 華能濰坊風力發電有限公司	the PRC	RMB225,740,300	100%	Wind power generation
40	Huaneng Gaizhou Wind Power Company Limited 華能蓋州風力發電有限公司	the PRC	RMB85,550,000	100%	Wind power generation
41	Huaneng Raoping Wind Power Company Limited 華能饒平風力發電有限公司	the PRC	RMB165,830,000	100%	Wind power generation
42	Huaneng Tielingkaiyuan Wind Power Company Limited 華能鐵嶺開原風力發電有限公司	the PRC	RMB12,860,240	75%	Wind power generation
43	Huaneng Dingbian New Energy Power Company Limited 華能定邊新能源發電有限公司	the PRC	RMB163,110,000	100%	Wind power and solar power generation
44	Huaneng Chenbaerhuqi Wind Power Company Limited 華能陳巴爾虎旗風力發電有限公司	the PRC	RMB74,020,000	100%	Wind power generation
45	Huaneng Manzhouli Wind Power Company Limited 華能滿洲里風力發電有限公司	the PRC	RMB75,000,000	100%	Wind power generation

(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
46	Huaneng Zhanjiang Wind Power Company Limited 華能湛江風力發電有限公司	the PRC	RMB179,818,100	100%	Wind power generation
47	Huaneng Xinjiang Qinghe Wind Power Company Limited 華能新疆青河風力發電有限公司	the PRC	RMB75,000,000	100%	Wind power generation
48	Huaneng Nanhua Wind Power Company Limited 華能南華風力發電有限公司	the PRC	RMB82,575,800	100%	Wind power generation
49	Huaneng Zhaojue Wind Power Company Limited 華能昭覺風力發電有限公司	the PRC	RMB245,000,000	100%	Wind power generation
50	Huaneng Renewables (Hong Kong) Limited 華能新能源(香港)有限公司	Hong Kong	100,000 shares	100%	Investment management
51	Huaneng Tangshan Fengnan Wind Power Company Limited 華能唐山豐南風力發電有限公司	the PRC	RMB45,000,000	100%	Wind power generation
52	Huaneng Yunlong Wind Power Company Limited 華能雲龍風力發電有限公司	the PRC	RMB63,000,000	100%	Wind power generation
53	Huaneng Changning Wind Power Company Limited 華能昌寧風力發電有限公司	the PRC	RMB76,439,000	100%	Wind power generation
54	Huaneng Weishan Wind Power Company Limited 華能巍山風力發電有限公司	the PRC	RMB33,000,000	100%	Wind power generation
55	Huaneng Yishui Wind Power Company Limited 華能沂水風力發電有限公司	the PRC	RMB78,400,000	100%	Wind power generation
56	Huaneng Mingyang New Energy Investment Company Limited 華能明陽新能源投資有限公司	the PRC	RMB100,000,000	63%	Wind power generation
57	Huaneng Heqing Wind Power Company Limited 華能鶴慶風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation

(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
58	Huaneng Kunming Wind Power Company Limited 華能昆明風力發電有限公司	the PRC	RMB3,000,000	100%	Wind power generation
59	Huaneng Wutai Wind Power Company Limited 華能五台風力發電有限公司	the PRC	RMB71,500,000	100%	Wind power generation
60	Huaneng Huili Wind Power Company Limited 華能會理風力發電有限公司	the PRC	RMB170,000,000	100%	Wind power generation
61	Huaneng Butuo Wind Power Company Limited 華能布拖風力發電有限公司	the PRC	RMB180,000,000	100%	Wind power generation
62	Huaneng Shenchi Wind Power Company Limited 華能神池風力發電有限公司	the PRC	RMB232,420,100	100%	Wind power generation
63	Huaneng Huailai Wind Power Company Limited 華能懷來風力發電有限公司	the PRC	RMB50,000,000	100%	Wind power and solar power generation
64	Huaneng Fanshi Wind Power Company Limited 華能繁峙風力發電有限公司	the PRC	RMB140,628,600	100%	Wind power generation
65	Huaneng Gansu Jinchang New Energy Power Company Limited 華能甘肅金昌新能源發電有限公司	the PRC	RMB20,000,000	100%	Wind power and solar power generation
66	Jinchang Century Concord New Energy Company Limited 金昌協合新能源有限公司	the PRC	RMB50,000,000	100%	Solar power generation
67	Yongchang Century Concord Solar Power Company Limited 永昌協合太陽能發電有限公司	the PRC	RMB50,000,000	100%	Solar power generation
68	Huaneng Ningnan Wind Power Company Limited 華能寧南風力發電有限公司	the PRC	RMB150,000,000	100%	Wind power generation

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(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
69	Huaneng Qingtongxia New Energy Power Company Limited 華能青銅峽新能源發電有限公司	the PRC	RMB32,000,000	100%	Solar power generation
70	Huaneng Fuchuan Wind Power Company Limited 華能富川風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
71	Huaneng Gonghe Solar Power Company Limited 華能共和光伏發電有限公司	the PRC	RMB211,190,000	100%	Solar power generation
72	Huaneng Shanwei Wind Power Company Limited 華能汕尾風力發電有限公司	the PRC	RMB115,000,000	100%	Wind power generation
73	Huaneng Jiaxing Wind Power Company Limited 華能嘉興風力發電有限公司	the PRC	RMB20,000,000	85%	Wind power generation
74	Huaneng Yunhe Wind Power Company Limited 華能雲和風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
75	Huaneng New Energy Panxian Wind Power Company Limited 華能新能源盤縣風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
76	Huaneng Ge'ermu Photovoltaic Power Generation Company Limited 華能格爾木光伏發電有限公司	the PRC	RMB295,111,800	100%	Solar power generation
77	Jinzhou Century Concord Xingda Wind Power Company Limited 錦州協合興達風力發電有限公司	the PRC	RMB83,500,000	100%	Wind power generation
78	Huaneng Chifeng New Energy Company Limited 華能赤峰新能源有限公司	the PRC	RMB516,160,000	100%	Wind power generation
79	Huaneng New Energy Shilin Photovoltaic Power Company Limited 華能新能源石林光伏發電有限公司	the PRC	RMB10,000,000	100%	Solar power generation

(Expressed in RMB unless otherwise stated)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Name of the company	Place of Establishment	Registered capital	Percentage of attributable equity interest held directly by the Company	Principal activities
80	Huaneng Xiangyun Wind Power Company Limited 華能祥雲風力發電有限公司	the PRC	RMB1,000,000	100%	Wind power generation
81	Huaneng Laiyang Wind Power Company Limited 華能萊陽風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
82	Huaneng Qixia Wind Power Company Limited 華能棲霞風力發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
83	Huaneng Wulatehouqi New Energy Power Company Limited 華能烏拉特後旗新能源發電有限公司	the PRC	RMB20,000,000	100%	Wind power generation
84	Huaneng Zhenglanqi New Energy Power Company Limited 華能正藍旗新能源發電有限公司	the PRC	RMB55,000,000	100%	Wind power and solar power generation
85	Huaneng Siziwangqi New Energy Power Company Limited 華能四子王旗新能源發電有限公司	the PRC	RMB38,000,000	100%	Wind power and solar power generation
86	Huaneng Qinhuangdao Wind Power Company Limited 華能秦皇島風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power and solar power generation
87	Huaneng Kumul Photovoltaic Power Generation Company Limited 華能哈密光伏發電有限公司 *(note (iii))*	the PRC	RMB10,000,000	100%	Solar power generation
88	Huaneng Wulatezhongqi Wind Power Company Limited 華能烏拉特中旗風力發電有限公司 *(note (iii))*	the PRC	RMB20,000,000	100%	Wind power and solar power generation
89	Huaneng Burqin Wind Power Company Limited 華能布爾津風力發電有限公司 *(note (iii))*	the PRC	RMB10,000,000	100%	Wind power and solar power generation

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

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

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

(iii) These companies were newly established in 2015.

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	Huaneng Shantou Wind Power Company Limited		HNNE-CLP Weihai Wind Power Company Limited		Huaneng Panjin Wind Power Company Limited		Huaneng Laoting Wind Power Company Limited		Huaneng Hong Kong Electric Dali Wind Power Company Limited	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**50%**	50%	**45%**	45%	**47%**	47%	**45%**	45%	**45%**	45%
Current assets	**20,852**	28,795	**36,294**	43,553	**44,024**	47,520	**19,880**	25,699	**36,703**	27,713
Non-current assets	**378,041**	403,817	**503,730**	536,967	**384,807**	405,664	**370,227**	390,116	**290,843**	308,677
Current liabilities	**(54,379)**	(60,380)	**(105,251)**	(113,617)	**(63,662)**	(90,304)	**(28,997)**	(39,024)	**(32,813)**	(27,374)
Non-current liabilities	**(114,026)**	(141,864)	**(139,597)**	(178,571)	**(176,480)**	(191,240)	**(164,168)**	(182,008)	**(99,524)**	(121,884)
Net assets	**230,488**	230,368	**295,176**	288,332	**188,689**	171,640	**196,942**	194,783	**195,209**	187,132
Carrying amount of NCI	**115,244**	115,184	**132,829**	129,749	**89,150**	81,136	**88,624**	87,652	**87,844**	84,209
Revenue	**73,132**	73,765	**72,635**	75,045	**46,152**	45,990	**45,115**	40,318	**63,801**	60,487
Profit and total comprehensive income for the year	**21,820**	21,885	**25,178**	18,133	**17,050**	1,031	**4,029**	1,872	**27,024**	21,061
Profit allocated to NCI	**10,910**	10,942	**11,330**	8,160	**8,014**	485	**1,813**	842	**12,161**	9,477
Dividends paid to NCI	**5,425**	12,632	**882**	–	**–**	–	**–**	4,402	**8,526**	10,830
Cash flows from operating activities	**61,733**	56,552	**74,920**	61,517	**62,924**	61,633	**32,535**	34,014	**48,507**	64,127
Cash flows from investing activities	**(1,297)**	(4,602)	**(15,230)**	(12,325)	**(3,898)**	53	**(10,070)**	(24,941)	**(1,573)**	(4,626)
Cash flows from financing activities	**(62,881)**	(50,654)	**(47,770)**	(49,555)	**(43,785)**	(47,647)	**(27,300)**	(37,679)	**(44,777)**	(51,393)

17 INTEREST IN AN ASSOCIATE

	2015	2014
	RMB'000	*RMB'000*
Interest in an associate	**30,548**	31,446

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

Summarised financial information of the associate is disclosed as below:

	2015	2014
	RMB'000	*RMB'000*
Current assets	**25,203**	14,678
Non-current assets	**261,793**	74,865
Current liabilities	**(220,586)**	(21,183)
Non-current liabilities	**–**	–
Equity	**66,410**	68,360
Included in the above assets and liabilities:		
Cash and cash equivalents	**22,070**	13,942
Revenue	**–**	–
Loss for the year	**(1,950)**	(1,170)
Other comprehensive income	**–**	–
Total comprehensive income	**(1,950)**	(1,170)
Reconciled to the Group's interest in the associate		
Gross amounts of the net assets	**66,410**	68,360
The Group's effective interest	**46%**	46%
The Group's share of the net assets	**30,548**	31,446
Carrying amount in the consolidated financial statements	**30,548**	31,446

18 INTEREST IN A JOINT VENTURE

	2015 **RMB'000**	2014 RMB'000
Interest in a joint venture	**78,794**	80,586

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

According to the articles of association of the investee, the decisions about its relevant activities require the unanimous consent of the Company and the other equity owner. The parties sharing control have rights to the net assets of the arrangement.

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

	2015 **RMB'000**	2014 RMB'000
Current assets	**71,574**	84,396
Non-current assets	**116,130**	106,826
Current liabilities	**(116)**	(50)
Non-current liabilities	**(30,000)**	(30,000)
Equity	**157,588**	161,172
Included in the above assets and liabilities:		
Cash and cash equivalents	**20,968**	12,866
Revenue	**–**	–
Loss for the year	**(3,584)**	(3,022)
Other comprehensive income	**–**	–
Total comprehensive income	**(3,584)**	(3,022)
Reconciled to the Group's interest in the joint venture		
Gross amounts of the net assets	**157,588**	161,172
The Group's effective interest	**50%**	50%
The Group's share of the net assets	**78,794**	80,586
Carrying amount in the consolidated financial statements	**78,794**	80,586

19 OTHER NON-CURRENT ASSETS

	2015	2014
	RMB'000	*RMB'000*
Deductible VAT *(note (i))*	**4,030,599**	3,521,658
Unquoted equity investments in non-listed companies, at cost *(note (ii))*	**525,067**	381,067
Available-for-sale equity securities, measured at fair value-Listed in HongKong *(note (iii))*	**334,864**	–
Deposits and advances to third parties *(note (iv))*	**44,354**	53,777
Long-term receivables due from a fellow subsidiary *(note (v))*	**141,321**	142,057
Other long-term assets *(note (vi))*	**54,653**	54,653
	5,130,858	4,153,212

Notes:

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

(ii) On 26 May 2015, Huaneng Renewables (Hong Kong) Limited, a subsidiary of the Group subscribed for certain portion of the newly increased capital of a fellow subsidiary named Huaneng Tiancheng Financial Leasing Co., Ltd. ("**Huaneng Tiancheng**") for an amount of RMB126 million. After the completion of this transaction, the Group holds 10% equity interests in Huaneng Tiancheng.

19 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

The following list contains the unquoted equity investments in non-listed entities as of 31 December 2015, all of which are corporate entities and established in the PRC:

	Name of the Company	Particulars of registered capital *RMB'000*	Percentage of attributable equity interest	Principal activities
1	China Huaneng Finance Corporation Ltd. ("**Huaneng Finance**", 中國華能財務有限責任公司)	5,000,000	1%	Financial services
2	Jilin Zhanyu Wind Power Assets Management Co., Ltd. (吉林省瞻榆風電資產經營管理有限公司)	713,800	12.86%	Management of wind power equipment
3	Neimeng Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限責任公司)	1,500,000	6.49%	Hydro-power generation utilizing pumped storage technology
4	Huaneng Carbon Asset Management Co., Ltd. ("**Huaneng Carbon**", 華能碳資產經營有限公司)	150,000	10%	Management and investment of carbon assets
5	Huaneng Tiancheng (華能天成融資租賃有限公司)	2,700,000	10%	Financial leasing and leasing related services

As at 31 December 2015, the balance of investments in Huaneng Finance, Huaneng Carbon and Huaneng Tiancheng were RMB51,225,000, RMB15,000,000 and RMB276,000,000 respectively (2014: RMB51,225,000, RMB15,000,000 and RMB150,000,000).

(iii) The available-for-sale equity securities were purchased in December 2015, measured at fair value. As at 31 December 2015, the fair value is remeasured based on quoted market price with resultant gain amounting to RMB10,445,000 being recognised in other comprehensive income.

(iv) The deposits and advances to third parties are unsecured and interest free. The balance as at 31 December 2015 of the Group mainly represented deposits with third parties in connection with the finance lease arrangement in the amount of RMB37,444,000 (31 December 2014: RMB37,444,000), which are expected to be repaid at the end of the lease period.

19 OTHER NON-CURRENT ASSETS (CONTINUED)

Notes: (continued)

(v) Long-term receivables due from a fellow subsidiary mainly represents the receivables due from Huaneng Carbon, which is not expected to be settled within one year.

(vi) On 10 December 2014, the Company entered into a Deed of Settlement ("**the Deed**") with a Certified Emission Reductions ("**CERs**") buyer and its parent company. According to the Deed, the CERs buyer and its parent company shall be liable for certain future carbon projects development, monitoring and verification related costs (the "**project costs**") of the Group up to a maximum aggregate sum of EUR8 million. If the aggregate project costs paid or incurred by or due to the CERs buyer and its parent company as at 30 June 2018 is less than EUR8 million, the CERs buyer and its parent company shall be paid in cash to the Company for any shortfall between the aggregate project costs actually paid or incurred and EUR8 million by 15 July 2018. The Company recorded it as other non-current assets at its present value.

20 TRADE DEBTORS AND BILLS RECEIVABLE

	2015 ***RMB'000***	2014 *RMB'000*
Amounts due from third parties	**2,899,958**	3,160,350
Less: allowance for doubtful debts	**–**	–
	2,899,958	3,160,350

20 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

(a) Ageing analysis

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

	2015	2014
	RMB'000	*RMB'000*
Current	**2,899,958**	3,160,350
Past due	**–**	–
	2,899,958	3,160,350
Less: allowance for doubtful debts	**–**	–
	2,899,958	3,160,350

The Group's trade receivables are mainly wind power electricity sales receivables from local grid companies. Generally, the receivables are due within 15-30 days from the date of billing, except for the tariff premium, representing 26% to 79% of total electricity sales, collected by certain power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement.

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2015, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval. The directors of the Company are of the opinion that the approvals will be obtained in due course and the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the grid companies in the past and the tariff premium is funded by the PRC government.

20 TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

(b) Impairment of trade debtors and bills receivable

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

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

	2015 **RMB'000**	2014 *RMB'000*
At 1 January	**–**	14,063
Written off	**–**	(14,063)
At 31 December	**–**	–

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

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

21 PREPAYMENTS AND OTHER CURRENT ASSETS

	2015 **RMB'000**	2014 *RMB'000*
Government grant receivable	**18,331**	5,990
Amounts due from fellow subsidiaries	**12,413**	5,852
Interest receivable	**1,357**	1,345
Staff advance	**5,054**	5,832
Deposits *(note (i))*	**37,222**	107,732
Prepayments	**5,175**	15,151
Others	**43,353**	35,337
	122,905	177,239
Less: allowance for doubtful debts	**818**	818
	122,087	176,421

Note:

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

22 CASH AT BANK AND ON HAND

	2015	2014
	RMB'000	*RMB'000*
Cash on hand	**658**	2,270
Cash at bank and other financial institutions	**4,503,114**	7,784,191
	4,503,772	7,786,461
Representing:		
– Cash and cash equivalents	**3,469,653**	6,384,626
– Time deposits with original maturity over three months	**1,034,119**	1,401,835
	4,503,772	7,786,461

23 BORROWINGS

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

	2015	2014
	RMB'000	*RMB'000*
Bank and other loans		
– Secured	**6,705,635**	4,676,341
– Unsecured	**24,795,819**	24,433,813
Other borrowings *(Note 23(e))*		
– Unsecured	**1,854,368**	2,988,183
	33,355,822	32,098,337
Less: Current portion of long-term borrowings		
– Bank and other loans	**2,678,709**	4,119,362
– Other borrowings	**–**	1,136,955
	30,677,113	26,842,020

As at 31 December 2015, the Group's bank loans guaranteed by Huaneng Group amounted to RMB19,407,000 (2014: RMB19,594,000).

23 BORROWINGS (CONTINUED)

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

	2015 **RMB'000**	2014 *RMB'000*
Bank and other loans (unsecured)	**13,850,000**	11,850,000
Loan from a fellow subsidiary (unsecured)	**200,000**	200,000
Other borrowings *(Note 23(e))*		
– Unsecured	**1,998,246**	–
Current portion of long-term borrowings		
– Bank and other loans	**2,678,709**	4,119,362
– Other borrowings	**–**	1,136,955
	18,726,955	17,306,317

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

	2015	2014
Long-term (including current portion)		
Bank and other loans	**1% (note (i))**	1% *(note (i))*
	4.31%~6.15%	5.40%~7.21%
Other borrowings *(Note 23(e))*	**5.31%, 5.82%**	5.14%, 5.31% 5.82%
Short-term (excluding current portion of long-term borrowings)		
Bank and other loans	**3.92%~5.49%**	5.04%~6.30%
Loan from a fellow subsidiary	**3.92%**	5.40%
Other borrowings *(Note 23(e))*	**3.66%, 4.11% 4.81%**	n/a

Note:

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

23 BORROWINGS (CONTINUED)

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 year or on demand	**2,678,709**	5,256,317
After 1 year but within 2 years	**5,008,666**	2,543,653
After 2 years but within 5 years	**9,831,378**	10,387,845
After 5 years	**15,837,069**	13,910,522
	33,355,822	32,098,337

(e) Significant terms of other borrowings:

	2015	2014
	RMB'000	*RMB'000*
Long-term		
Corporate bonds *(note (i))*	**856,902**	1,992,216
Other bond *(note (ii))*	**997,466**	995,967
Short-term		
Short-term debentures *(note (iii))*	**1,998,246**	–

Notes:

(i) On 29 October 2012, the Company issued a three-year unsecured corporate bond of RMB1,140 million at par with a coupon rate of 4.80% per annum and a five-year unsecured corporate bond of RMB860 million at par with a coupon rate of 5.09% per annum. The effective interest rates of above bonds are 5.14% and 5.31% per annum respectively. The Company has settled the three-year unsecured corporate bond in 2015.

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

(iii) On 12 March 2015, the Company issued a one-year unsecured short-term debentures of RMB500 million at par with a coupon rate of 4.60% per annum. The effective interest rate is 4.81%.

On 12 May 2015, the Company issued a one-year unsecured short-term debentures of RMB500 million at par with a coupon rate of 3.85% per annum. The effective interest rate is 4.11%.

On 21 July 2015, the Company issued a one-year unsecured short-term debentures of RMB1,000 million at par with a coupon rate of 3.45% per annum. The effective interest rate is 3.66%.

24 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	2015		2014	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**495,757**	**600,237**	434,040	601,251
After 1 year but within 2 years	**434,781**	**525,947**	539,407	693,009
After 2 years but within 5 years	**1,114,594**	**1,273,058**	1,430,985	1,722,992
After 5 years	**468,745**	**507,094**	798,496	891,491
	2,018,120	**2,306,099**	2,768,888	3,307,492
	2,513,877	**2,906,336**	3,202,928	3,908,743
Less: total future interest expense		**392,459**		705,815
Present value of finance lease obligations		**2,513,877**		3,202,928

As at 31 December 2015, the balance of obligations under finance lease with Huaneng Tiancheng was RMB324,786,000 (31 December 2014: RMB324,786,000).

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

25 OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment and intangible assets	**5,517,906**	4,246,702
Retention payable *(note (i))*	**2,593,494**	2,449,238
Bills payable	**706,484**	911,825
Dividends payable	**34,786**	18,428
Amounts due to fellow subsidiaries *(note (ii))*	**20,697**	16,893
Payables for staff related costs	**41,239**	33,901
Payables for other taxes	**62,540**	73,506
Interest payable	**160,275**	118,557
Other accruals and payables	**112,670**	91,549
	9,250,091	7,960,599

Notes:

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

(ii) Amounts due to fellow subsidiaries are all unsecured, interest-free and have no fixed terms of repayment.

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

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable/(recoverable) in the consolidated statement of financial position represents:

	2015	2014
	RMB'000	*RMB'000*
Net tax payable at 1 January	**36,416**	28,694
Provision for the year *(Note 8(a))*	**133,453**	89,104
Under/(over)-provision for prior years *(Note 8(a))*	**6,637**	(4,733)
Income tax paid	**(126,437)**	(76,649)
Net tax payable at 31 December	**50,069**	36,416
Representing:		
Tax payable	**60,431**	39,942
Tax recoverable	**(10,362)**	(3,526)
	50,069	36,416

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

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

Deferred tax assets arising from:	**Trial operation income** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2014	5,392	223	5,615
Charged to profit or loss	(766)	–	(766)
At 31 December 2014	4,626	223	4,849
At 1 January 2015	**4,626**	**223**	**4,849**
Charged to profit or loss	**(767)**	**–**	**(767)**
At 31 December 2015	**3,859**	**223**	**4,082**

Deferred tax liabilities arising from:	**Depreciation of fixed assets and amortisation of concession assets** *RMB'000*
At 1 January 2014	(18,805)
Charged to profit or loss	(513)
At 31 December 2014	(19,318)
At 1 January 2015	**(19,318)**
Charged to profit or loss	**(513)**
At 31 December 2015	**(19,831)**

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), as at 31 December 2015, the Group did not recognise deferred tax assets on accumulated tax losses of RMB1,658,871,000 (2014: RMB1,510,107,000), temporary differences primarily related to impairment provision of property, plant and equipment of RMB43,203,000 (2014: RMB40,344,000) and tax credits in relation to purchase of certain environmental protection equipment (Note 8(b(ii))) of RMB52,388,000 (2014: RMB9,019,000) as the directors considered it is not probable that sufficient future taxable profits will be available to allow the tax losses, temporary differences and tax credits to be utilised in relevant entities. The tax losses that will expire in the years ending 31 December 2016, 2017, 2018, 2019 and 2020 are RMB173,686,000, RMB235,813,000, RMB413,700,000, RMB442,712,000 and RMB392,960,000 respectively.

27 DEFERRED INCOME

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**247,596**	264,949
Additions	**–**	–
Credited to profit or loss	**(17,079)**	(17,353)
At 31 December	**230,517**	247,596

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

28 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities primarily including retention payables due to equipment suppliers and construction contractors which is not expected to be settled within one year.

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2014	9,029,215	2,013,351	107,951	822,387	11,972,904
Changes in equity for 2014:					
Total comprehensive income for the year	–	–	–	169,680	169,680
Issuance of new shares, netting of issuance expenses *(Note 29(c))*	698,781	658,821	–	–	1,357,602
Transfer to reserve fund	–	–	16,763	(16,763)	–
Acquisition of a subsidiary under common control	–	(42,766)	–	–	(42,766)
Dividends to equity shareholders of the Company *(Note 29(b))*	–	–	–	(180,584)	(180,584)
At 31 December 2014	9,727,996	2,629,406	124,714	794,720	13,276,836
At 1 January 2015	**9,727,996**	**2,629,406**	**124,714**	**794,720**	**13,276,836**
Changes in equity for 2015:					
Total comprehensive income for the year	**–**	**–**	**–**	**352,416**	**352,416**
Transfer to reserve fund	**–**	**–**	**34,973**	**(34,973)**	**–**
Dividends to equity shareholders of the Company *(Note 29(b))*	**–**	**–**	**–**	**(194,560)**	**(194,560)**
At 31 December 2015	**9,727,996**	**2,629,406**	**159,687**	**917,603**	**13,434,692**

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

	2015	2014
	RMB	*RMB*
Final dividend proposed after the end of the reporting period of RMB0.03 per share (2014: RMB0.02)	**291,839,886**	194,559,924

The directors resolved on 15 March 2016 that RMB0.03 per share is to be distributed to the equity shareholders for 2015, subject to approval of the equity shareholders at the coming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the financial year ended 31 December 2014, approved during the year, of RMB0.02 per share (year ended 31 December 2013: RMB0.02 per share)	**194,559,924**	180,584,307

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

	The Group and the Company	
	2015	2014
	RMB'000	*RMB'000*
Issued and fully paid		
5,535,311,200 domestic state-owned ordinary shares of RMB1.00 each	**5,535,311**	5,535,311
4,192,684,992 H shares of RMB1.00 each	**4,192,685**	4,192,685
	9,727,996	9,727,996

On 23 December 2014, the Company issued 698,780,832 H shares with a par value of RMB1.00, at a price of HKD2.50 per H share. The proceeds of RMB698,780,832 representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB658,821,294 (after net of issuance expenses of approximately RMB21,441,846) were credited to the capital reserve account.

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

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

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

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

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(ii) Statutory surplus reserve

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

(iii) Exchange reserve

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

(iv) Fair value reserve

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

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB909,477,000 (2014: RMB789,283,000).

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management

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

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group as at 31 December 2015 is 77% (2014: 77%).

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

(a) Credit risk

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

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

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Company and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 99.5% of the Group's total trade debtors as at 31 December 2015 (2014: 99.8%). For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

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

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

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount *RMB'000*	Contractual cash flows *RMB'000*	1 year or less *RMB'000*	1-2 years *RMB'000*	2-5 years *RMB'000*	More than 5 years *RMB'000*
31 December 2015						
Long-term borrowings *(Note 23(a))*	**30,677,113**	**39,418,269**	**1,490,976**	**6,479,567**	**12,982,839**	**18,464,887**
Short-term borrowings *(Note 23(b))*	**18,726,955**	**19,116,087**	**19,116,087**	**–**	**–**	**–**
Obligations under finance leases *(Note 24)*	**2,513,877**	**2,906,336**	**600,237**	**525,947**	**1,273,058**	**507,094**
Other non-current liabilities *(Note 28)*	**2,449,506**	**2,449,506**	**–**	**1,035,415**	**1,343,126**	**70,965**
Other payables *(Note 25)*	**9,250,091**	**9,250,091**	**9,250,091**	**–**	**–**	**–**
	63,617,542	**73,140,289**	**30,457,391**	**8,040,929**	**15,599,023**	**19,042,946**
31 December 2014						
Long-term borrowings *(Note 23(a))*	26,842,020	35,193,628	1,565,116	4,006,831	13,608,056	16,013,625
Short-term borrowings *(Note 23(b))*	17,306,317	17,840,014	17,840,014	–	–	–
Obligations under finance leases *(Note 24)*	3,202,928	3,908,743	601,251	693,009	1,722,992	891,491
Other non-current liabilities *(Note 28)*	1,634,382	1,634,382	–	970,246	533,028	131,108
Other payables *(Note 25)*	7,960,599	7,960,599	7,960,599	–	–	–
	56,946,246	66,537,366	27,966,980	5,670,086	15,864,076	17,036,224

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk

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

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the years ended 31 December 2015 and 2014, however, management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The detailed interest rates and maturity information of the Group's borrowings are disclosed in Note 23.

	2015	2014
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Borrowings	**4,872,021**	6,207,777
Less: Bank deposits (including restricted deposits)	**1,034,119**	1,401,835
	3,837,902	4,805,942
Net floating rate borrowings:		
Borrowings	**44,532,047**	37,940,560
Obligations under finance lease	**2,513,877**	3,202,928
Less: Bank deposits (including restricted deposits)	**3,495,837**	6,383,951
	43,550,087	34,759,537
Total net borrowings:	**47,387,989**	39,565,479

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB341,495,000 (31 December 2014: RMB287,210,000).

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

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The sensitivity analysis is performed on the same basis for 2014.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk

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

(i) Recognised assets and liabilities

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

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

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2015			2014		
	HKD	**USD**	**EUR**	HKD	USD	EUR
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	**1,235,560**	**2**	**1,967**	4,551,998	1,032	1,967
Other payables	**(2,111)**	**–**	**–**	–	–	–
Short-term borrowings	**–**	**(1,386)**	**–**	–	(1,306)	–
Long-term borrowings	**–**	**(18,021)**	**–**	–	(18,288)	–
Net exposure	**1,233,449**	**(19,405)**	**1,967**	4,551,998	(18,562)	1,967

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*
HKD	**5%**	**61,672**	5%	227,450
	(5)%	**(61,672)**	(5)%	(227,450)
USD	**5%**	**(728)**	5%	(683)
	(5)%	**728**	(5)%	683
EUR	**5%**	**98**	5%	98
	(5)%	**(98)**	(5)%	(98)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in respective functional currencies, translated into RMB at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender and the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values

(i) Financial assets and liabilities measured at fair value

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

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

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

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

At 31 December 2014, there were no financial instruments of the Group carried at fair value. As at 31 December 2015, the financial instruments of the Group carried at fair value are investments in available-for-sale equity securities (see Note 19), which fall into Level 1 of the fair value hierarchy described above. During the years ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost primarily including receivables, payables and borrowings are not materially different from their fair values as at 31 December 2015 and 2014, which are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

31 COMMITMENTS

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

	2015	2014
	RMB'000	*RMB'000*
Contracted for	**7,848,540**	9,089,583
Authorised but not contracted for	**17,348,769**	17,936,421
	25,197,309	27,026,004

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**5,452**	6,139
After 1 year but within 5 years	**10,257**	4,145
	15,709	10,284

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

32 CONTINGENCY

(a) Financial guarantees issued

At 31 December 2015, the Company has issued certain guarantees to banks and other financial institutions in respect of bank loans and finance lease arrangement granted to the subsidiaries, amounting to RMB2,698,673,000 (2014: RMB3,305,082,000).

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

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

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

	2015	2014
	RMB'000	*RMB'000*
Non-exempted continuing connected transactions		
Service provided to		
China Huaneng R&D Center	**66**	1,583
Service provided by		
Fellow subsidiaries *(note (ii))*	**136,685**	94,342
Net deposit in		
Huaneng Finance	**93,871**	1,281,500
Interest income		
Huaneng Finance	**24,919**	17,329
Finance lease from		
Huaneng Tiancheng	**–**	324,786
Interest expense		
Huaneng Tiancheng	**20,364**	–

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	2015	2014
	RMB'000	*RMB'000*
Other connected transactions		
Service provided to		
Fellow subsidiaries	**–**	131
Sales of carbon credits		
Huaneng Carbon	**360**	–
Repayments of loan guaranteed by		
Huaneng Group *(Note 23(a))*	**187**	1,258
Service provided by		
Fellow subsidiaries	**10,975**	2,397
Increase of investment in		
Huaneng Tiancheng	**126,000**	150,000
Loans received from		
Huaneng Finance	**8,050,000**	8,150,000
Loans repaid to		
Huaneng Finance	**(8,050,000)**	(7,950,000)
Interest expense		
Huaneng Finance	**20,358**	15,877
Working capital repaid to		
Huaneng Group	**–**	(3,483)
Working capital (repayment from)/provided to		
Fellow subsidiaries	**(115)**	229

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

Notes:

(i) The related party transactions listed above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on HKSE (the "**Listing Rules**"). The detailed disclosures required by Chapter 14A of the Listing Rules are provided in the "Reports of the Board of Directors" section of the annual report for the year ended 31 December 2015.

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

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary, Huaneng Finance, amounted to RMB2,294,913,000 as at 31 December 2015 (2014: RMB2,201,043,000). Details of the other outstanding balances with related parties are set out in Notes 19, 21, 23, 24 and 25.

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

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

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

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

For the years ended 31 December 2015 and 2014, all revenue from the sales of electricity is made to the provincial power grid companies which are government-related entities. As at 31 December 2015 and 2014, substantially all the trade and bills receivable are due from these power grid companies.

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

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

33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Commitments with related parties

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

	2015 **RMB'000**	2014 *RMB'000*
Services to be provided by related parties	**37,382**	39,834

According to the agreement signed between the Company and Huaneng Carbon on 10 December 2014, Huaneng Carbon agrees to purchase the carbon credits produced by certain projects of the Group from year 2012 to 2017 at a price of RMB5 per ton (to be adjusted by mutual agreements according to carbon market conditions). In addition, the Group agrees to engage Huaneng Carbon to provide carbon credits management service for the three years ending 31 December 2017. The annual management fee will be calculated at 2% of outstanding debt owed by Huaneng Carbon to the Group (see Note 19(v)) as at the last day of the preceding year.

(e) Key management personnel remuneration

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

	2015 **RMB'000**	2014 *RMB'000*
Salaries and other emoluments	**3,806**	3,727
Bonus	**4,967**	4,845
Retirement scheme contributions	**848**	763
	9,621	9,335

34 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENTS

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

	2015 **RMB'000**	2014 *RMB'000*
Acquisition of property, plant and equipment by means of finance lease	**–**	1,296,150

(Expressed in RMB unless otherwise stated)

35 PARENT AND ULTIMATE HOLDING COMPANY

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

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual Improvement to IFRSs 2012-2014 cycle	1 January 2016
Amendment to IFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendment to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to IAS 27, Equity method in separate financial statements	1 January 2016
Amendments to IAS 1, Disclosure initiative	1 January 2016
Amendments to IAS 7, Disclosure initiative	1 January 2017
Amendments to IAS 12, Income taxes - Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 15, Revenue from contracts with customers	1 January 2018
IFRS 9, Financial instruments (2014)	1 January 2018
IFRS 16, Leases	1 January 2019
Amendment to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	Unspecified

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

37 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2015	2014
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**397,014**	393,156
Intangible assets	**7,197**	1,118
Investments in subsidiaries	**14,459,402**	11,814,281
Investment in an associate	**32,367**	32,367
Investment in a joint venture	**85,100**	85,100
Other non-current assets	**15,646,788**	14,206,169
Total non-current assets	**30,627,868**	26,532,191
Current assets		
Trade debtors and bills receivable	**100**	100
Prepayments and other current assets	**15,493,444**	14,154,674
Cash at bank and on hand	**2,166,920**	4,946,479
Total current assets	**17,660,464**	19,101,253
Current liabilities		
Borrowings	**17,497,889**	16,247,413
Obligations under finance leases	**158,346**	192,685
Other payables	**871,765**	805,188
Tax payable	**3,418**	3,418
Total current liabilities	**18,531,418**	17,248,704
Net current (liabilities)/assets	**(870,954)**	1,852,549
Total assets less current liabilities	**29,756,914**	28,384,740

37 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**2015** **RMB'000**	2014 RMB'000
Non-current liabilities			
Borrowings		**16,231,762**	14,858,675
Obligations under finance leases		**89,960**	248,679
Deferred income		**500**	550
Total non-current liabilities		**16,322,222**	15,107,904
NET ASSETS		**13,434,692**	13,276,836
CAPITAL AND RESERVES	29		
Share capital		**9,727,996**	9,727,996
Reserves		**3,706,696**	3,548,840
TOTAL EQUITY		**13,434,692**	13,276,836

Approved and authorised for issue by the board of directors on 15 March 2016.

Name: Cao Peixi
Position: *Chairman*

Name: Yang Qing
Position: *Director*

38 NON-ADJUSTING SUBSEQUENT EVENT

On 28 January 2016, the Company issued a super short-term debentures of RMB2,000 million with a maturity period of 270 days at par with the issuing interest rate of 2.9% and on 3 March 2016, the Company issued another super short-term debentures of RMB2,000 million with a maturity period of 180 days at par with the issuing interest rate of 2.68%.

Corporate Information

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COMPANY'S WEBSITE

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COMPANY SECRETARY

Ms. SONG Yuhong

AUTHORIZED REPRESENTATIVES

Mr. LIN Gang
Ms. YANG Qing

NON-EXECUTIVE DIRECTORS

Mr. CAO Peixi (Chairman)
Mr. ZHANG Tingke (Vice Chairman)
Mr. WANG Kui

EXECUTIVE DIRECTORS

Mr. LIN Gang (President)
Mr. XIAO Jun
Ms. YANG Qing
Mr. HE Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. QIN Haiyan
Ms. DAI Huizhu
Mr. ZHOU Shaopeng
Mr. WAN Kam To

SUPERVISORS

Mr. HUANG Jian
Mr. WANG Huanliang
Mr. YU Zewei

AUDIT COMMITTEE

Mr. ZHOU Shaopeng (Chairman)
Mr. WAN Kam To
Mr. WANG Kui

NOMINATION COMMITTEE

Mr. CAO Peixi (Chairman)
Mr. ZHOU Shaopeng
Mr. QIN Haiyan

REMUNERATION COMMITTEE

Mr. QIN Haiyan (Chairman)
Ms. DAI Huizhu
Mr. LIN Gang

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Beijing
The PRC

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Glossary of Technical Terms

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

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